DOI: https://doi.org/10.30970/fp.3-4(54).2024.465758

JEL Classification G11, G12, D81

INVESTMENT PORTFOLIO OF AN INDIVIDUAL INVESTOR: CLASSIFICATION, CRITERIA FOR FORMATION AND MANAGEMENT

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Abstract. *The rapid development of financial markets, the emergence of new financial instruments, and the active development of innovations in investing have led to new challenges for the investment decision-making process of individual investors. The article describes the criteria for forming an investment portfolio, according to which its types are systematised, and approaches that can be used to allocate and balance assets, depending on the type of portfolio identified. The authors substantiate how to form and manage an individual investor's portfolio, particularly the advantages and disadvantages of self-management and using robotic advisors or financial consultants.*

Keywords: *investment, investment portfolio, financial instruments, diversification, risk, individual investor.*

Contemporary financial markets are characterised by increased uncertainty caused by macroeconomic and geopolitical factors, which requires investors to apply adaptive portfolio management strategies. In this context, diversification of assets to expand their range, mainly investing not only in traditional financial instruments but also in alternative instruments, is particularly important.

The purpose of the article is to systematise approaches to the classification of investment portfolio types in terms of the investor's objectives, risk tolerance, and allocation of assets in which funds are invested and to justify the ways of forming an investment portfolio of an individual investor in the context of an expanding range of investment instruments and dynamic development of financial markets.

The authors substantiate that the investment portfolio of an individual investor in modern conditions is a complex instrument that includes various financial assets, such as stocks, bonds, real estate, cash, and digital assets. Portfolio formation aims to balance asset value growth, income generation, and risk minimisation with the optimal portfolio structure, which is determined by the investor's financial goals, risk perception, investment horizon, and asset management strategy. An important aspect is assessing the level of risk tolerance, which affects the choice of instruments and determines the acceptable level of income volatility. Diversification, although not a guarantee of profitability, is a key tool for

optimising the risk-return ratio and helps to reduce potential losses through asset diversity.

Based on an assessment of current approaches to building an investment portfolio, we have identified key criteria for its formation, including risk tolerance, goals and methods of diversification and asset allocation, and systematised the types of investment portfolios by these criteria. The main types of portfolios include conservative, aggressive, growth, stability, ESG-oriented, sectoral, targeted, customised and index, with different asset allocation strategies defined for each. As a key tool for maintaining portfolio efficiency, we consider its regular analysis and balancing, which involves adjusting the asset structure in response to changes in the market situation, investors' financial priorities, the performance of individual assets and the emergence of new investment opportunities.

The article substantiates the ways of forming and managing an individual investor's portfolio, in particular, the advantages and disadvantages of self-management and using the services of robotic advisors or financial consultants. In general, the choice of investment strategy and portfolio management method depends on the level of financial awareness, availability of resources and individual investment priorities.

Keywords: investment, investment portfolio, financial instruments, diversification, risk, individual investor.

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