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NAVIGATING THE INVESTMENT LANDSCAPE: AN IN-DEPTH LOOK AT REAL AND FINANCIAL INVESTMENTS

НАВІГАЦІЯ В ІНВЕСТИЦІЙНОМУ ЛАНДШАФТІ: ПОГЛИБЛЕНИЙ ПОГЛЯД НА РЕАЛЬНІ ТА ФІНАНСОВІ ІНВЕСТИЦІЇ

Summary. *This paper explores the intricate and interconnected world of real and financial investments. Those two types of assets are involved in different investment strategies. The aim of this study is to investigate, characterize, and systematize the features of both real and financial investments, including their definition, characteristics, performance, strengths, and weaknesses. Through a comprehensive assessment of the investment landscape and analysis of the current world events, we have found that real assets offer the potential for stable income streams, long-term capital appreciation, and protection against inflation. Even though investors are interested in such wealth boost means, these investments also come with risks. On the other hand, financial investments help individuals to partake in world economic growth and earn income through dividends and interest payments. Nevertheless, these investments also assume significant risks. The results of the study show several factors that influence decisions, including macroeconomic conditions, market trends, and investor behavior. Understanding these aspects alongside the implications, like credit score improvement, is critical for successful investing. By presenting an overview of investment implications in*

the article, we aim to provide individuals seeking to make informed investment decisions to boost their wealth with a better understanding of how real and financial asset investments can help them achieve their long-term financial goals.

Key words: *real assets, real investing, financial assets, financial investing, investment risk, investment decision making.*

Анотація. *Ця стаття досліджує складний і взаємопов'язаний світ реальних і фінансових інвестицій. Ці два типи активів використовуються в різних інвестиційних стратегіях. Метою цього дослідження є дослідити, охарактеризувати та систематизувати характеристики як реальних, так і фінансових інвестицій, включаючи їх визначення, характеристики, продуктивність, сильні та слабкі сторони. Завдяки комплексній оцінці інвестиційного ландшафту та аналізу поточних подій у світі ми виявили, що реальні активи пропонують потенціал для стабільних потоків доходу, довгострокового приросту капіталу та захисту від інфляції. Незважаючи на те, що інвестори зацікавлені в таких засобах збільшення багатства, ці інвестиції також пов'язані з ризиками. З іншого боку, фінансові інвестиції допомагають людям брати участь у світовому економічному зростанні та отримувати дохід за рахунок дивідендів і процентних виплат. Тим не менш, ці інвестиції також несуть значні ризики. Результати дослідження показують кілька факторів, які впливають на рішення, включаючи макроекономічні умови, ринкові тенденції та поведінку інвесторів. Розуміння цих аспектів разом із наслідками, як-от покращення кредитного рейтингу, має вирішальне значення для успішного інвестування. Представляючи огляд інвестиційних наслідків у статті, ми прагнемо надати людям, які прагнуть приймати обґрунтовані інвестиційні рішення для збільшення свого багатства, краще розуміння того, як інвестиції в реальні та фінансові активи можуть допомогти їм досягти своїх довгострокових фінансових цілей.*

Introduction. Investment plays a crucial role in contemporary society by enabling individuals and institutions to increase their wealth and achieve their long-term financial goals [9]. Indeed, against the background of the global crisis, more and more people are concerned about and are looking into investments in order to secure their financial condition in the raging sea of global unpredictability.

This is especially true after a series of rocky years that shook the global investment landscape. After COVID-19 limitations and restrictions in 2020-2021, the investment tendency recovered by 64% upward, according to UNCTAD World Investment Report 2022. However, such a promising trajectory is unlikely to continue due to multi-faceted crises arising because of a full-scale invasion of Ukraine in 2022 [39].

Assets play a crucial role for both individuals and businesses, as they have a significant impact on their creditworthiness and overall sustainability. The quantity and quality of assets owned by an individual or organization serve as key indicators of their financial health. Additionally, assets facilitate the storage, transfer, and generation of wealth for the benefit of the country, businesses, and individuals [32].

Among the various investment options available, investments in real and financial assets have gained popularity worldwide. Real investment refers to tangible assets, such as land, buildings, and other physical properties that are owned by a business or an individual [5]. Conversely, financial assets can be characterized by their liquidity, as they can be readily and swiftly converted into cash. Investments in securities, bonds, and stocks are a few varieties of financial assets [6].

The investment landscape is complex and challenging to navigate, requiring a thorough understanding of the foundations that influence investment decisions [23]. Both real and financial investments carry unique characteristics that make them attractive to investors, but they also bear their own set of risks, challenges, and consequences.

To steer through the investment landscape effectively, it is important to understand the advantages and disadvantages of these investment types and the factors that influence their performance. This paper, therefore, provides an in-depth look at real and financial investments, exploring their characteristics, performance, and how investors can make informed decisions when investing in these asset classes. The study draws upon the research and expertise of scholars and specialists from all over the globe.

The text is systematically arranged in a structured manner to provide readers with a comprehensive understanding of the study. The paper begins with an outline of the study's subject and object in Section 2. Subsequently, Section 3 explicates the research goal, succeeded by Section 4, which furnishes a comprehensive review of the pertinent literature. Section 5 delineates the research methods utilized in conducting the study, thereby enabling readers to understand the study's methodology. Section 6 is dedicated to the delivery and analysis of all the significant findings of the study, providing readers with a detailed examination of the results obtained. Section 7 explores the prospects for further research, presenting readers with forthcoming research possibilities. Finally, the study's conclusions are outlined in Section 8, recapping the research findings and offering insights into their implications for the sphere.

Object and subject of research. The object of this profound analysis of investments in real and financial assets includes their characteristics, performance, advantages, and disadvantages, as well as impact and implications. The subject of research is the decision-making operation of investors when investing in these asset categories and strategies to increase wealth. By

contributing insights into the key elements that influence investment results and the probable benefits and drawbacks of distinct investment options, this scientific work serves as an invaluable resource for individuals striving to improve their financial situation while making knowledgeable decisions.

Target of research. The goal of the research is to examine, categorize, and organize investments in real and financial assets, including their definition, traits, performance, benefits, and drawbacks, as well as the influencing variables and ramifications. The achievement of the intended objective requires the proper definition of a series of goals, which are as follows:

- To lay out and analyze the general features of real asset investments;
- To delineate and examine the general features of financial asset investments;
- To determine the advantages and disadvantages of each investment type;
- To specify similarities and differences between the abovementioned types of investments;
- To outline and evaluate the influencing factors associated with investment decisions;
- To present an overview of investment implications for individuals striving to increase wealth, improve credit scores and achieve long-term financial goals;
- To provide prospects for future research in the field of investment.

Literature analysis. Numerous scientists have published investment-related papers, scientific and analytical articles, and research studies on the topics of real and financial investment due to its high popularity around the world. Some examples from the past include Eugene F. Fama and Kenneth R. French on the relationship between investment returns and risk in 2004, William N. Goetzmann and Massimo Massa's examination of the diversification benefits of real estate investments in 2003, and Jonathan Berk and Richard Stanton's study of the impact of financial innovation on investment opportunities in 2007. Other relevant

researchers that have contributed to the field include Michael C. Jensen, Robert F. Bruner, and Myron S. Scholes.

Recent scientific works explore the relationship between sustainable investing and financial performance, such as the works of Gunnar Friede, Timo Busch, and Alexander Bassen on the effect of environmental, social, and governance (ESG) performance on corporate financial performance in 2015, and George Serafeim, Ioannis Ioannou, and Tensie Whelan's research on the link between sustainability and corporate financial performance in 2017. Other studies have investigated the impact of behavioral biases on investment decision-making, such as Richard H. Thaler and Cass R. Sunstein's work on choice architecture and nudging in 2008 and Daniel Kahneman and Amos Tversky's research on prospect theory and risk aversion in 1979.

The most up-to-date research is presented in the works of Andrieş Alin Marius, Plopeanu Aurelian, and Sprincean Nicu on the Institutional determinants of households' financial investment behavior across European countries in 2023 and Richard Batty on the changing investment landscape and diversification in 2022.

Based on the analysis of the scientific sources, it can be concluded that further research on real and financial investment, including behavioral finance, is necessary to fully understand the complexities and interrelationships of these investment types. Additionally, there is a need for more attention and coverage of these topics to benefit the general public and enhance their understanding of investment strategies and improve their financial welfare.

Research methods. This article employs a methodological framework to develop theoretical and practical principles for steering through the investment landscape, particularly in real and financial investment decisions. The framework employed consists of the following:

- The dialectical method of cognition serves as the theoretical foundation for apprehending the influence of various factors on investment decision-making and evaluation.

- The systemic analysis involves surveying the different elements associated with real and financial assets in investment, understanding what characteristics distinguish them, and identifying key variables that influence investment decisions.

- Comparison analysis entails outlaying the characteristics of different investment options, such as real and financial investments, and contrasting their potential risks and returns.

- Logical and abstract analysis assists in formulating theoretical generalizations and conclusions based on the data gathered and analyzed.

The aim of using this methodological framework is to provide investors with a comprehensive understanding of the factors that impact their investment decisions and to help them conceive strategies to achieve their financial goals. By analyzing real and financial investments, the article intends to identify the strengths and weaknesses of each option and provide strategies for maximizing returns while minimizing risks.

Research results. Investment in assets has been a paramount activity for individuals and businesses to boost their wealth and attain long-term financial objectives [13]. There are two primary types of investments: real assets and financial assets. Real assets are tangible assets such as real estate, commodities, and precious metals, while financial assets include stocks, bonds, mutual funds, and other securities. Each type of investment has its unique features, advantages, and disadvantages, making them appropriate for different investment objectives and risk appetites [31].

1. *Real Asset Investments*

Real asset investments are tangible assets that have intrinsic value, such as real estate, commodities, and precious metals. These assets provide a hedge against inflation and offer diversification benefits to an investment portfolio. Real estate investments can be in the form of rental properties or direct ownership, while commodities include natural resources such as oil, gas, and agricultural products. The term "real asset" likewise refers to rare metals like silver and gold [5].

Table 1

Examples of Real Asset Investments

Asset Class	Examples
Real Estate	Residential properties, commercial properties, farmland
Precious Metals	Gold, silver, platinum
Commodities	Oil, gas, agriculture, metals
Natural Resources	Timber, water, minerals, oil and gas reserves

Source: adapted from [5; 16]

Real asset investments are very popular because they provide a hedge against inflation. Inflation erodes the purchasing power of money, making it less valuable over time. Real assets, on the other hand, tend to appreciate in value over time, keeping pace with inflation [22]. Moreover, real asset investments offer diversification benefits to an investment portfolio. Real assets are a buffer against market volatility since they have low conjunction with other asset types like stocks and bonds [33].

However, real estate investments require significant capital, and they are illiquid, meaning that they cannot be easily converted into cash. Commodities, on the other hand, can be volatile and subject to price fluctuations, making them a risky investment. Moreover, precious metals do not provide any cash flow, making them unsuitable for investors seeking regular income [21].

Real asset investments represent a significant element of the global investment landscape, encompassing diverse asset types such as real estate, commodities, and natural resources. Compared to financial asset investments such

as stocks and bonds, real assets often require more time and effort to buy and sell and may be less liquid. Despite these challenges, real investments offer a spectrum of potential benefits, including diversification of investment portfolios, inflation hedging, and the potential for generating income through rent, royalties, or dividends [17].

Additionally, real asset investments may offer tax advantages through various deductions. In this context, it is important to understand the different categories of real asset investments, including physical assets like real estate and commodities, intellectual property like patents and trademarks, and natural resources like oil and gas reserves [8]. The following list provides the main characteristics and potential benefits of real asset investments, highlighting their importance in modern investment strategies:

– Real asset investments are typically less liquid than financial asset investments and may require more time and effort to buy and sell [5,6].

– They also offer diversification benefits to an investment portfolio, as they are less correlated with financial markets and can provide a hedge against inflation [30].

– Real assets can generate income through rent, royalties, or dividends but may also require ongoing maintenance costs and management expenses.

– Such assets can contribute tax advantages through deductions for depreciation, interest expenses, and other expenses linked to the investment [37].

– They are classified into three categories: physical assets, such as real estate and commodities; intellectual property, such as patents and trademarks; and natural resources, such as oil and gas reserves [5].

Real assets have the potential to provide investors with stable income, long-term capital gain, and protection against inflation. Nevertheless, investing in these assets also involves risks to consider. Therefore, it is important to outline some of the pivotal risks associated with real asset investments.

Real asset prices are affected by supply and demand forces, which can result in price fluctuations that may be sudden or gradual. Factors that influence market risk for real assets include changes in interest rates, economic growth rates, population growth, and government policies. For example, a downturn in the economy can cause property prices to drop, which can result in losses for real estate investors.

Market Risk ⟨···⟩

Real asset investments are generally less liquid than financial asset investments. This means that they may be harder to sell, particularly during periods of economic stress, and may require a longer time horizon for investors. Real estate, for instance, may take months or even years to sell, which could expose investors to significant risks if they need to raise cash quickly.

Liquidity Risk ⟨···⟩

Regulatory changes, such as new zoning laws or environmental regulations, can significantly impact real asset investments. For instance, changes in zoning laws can limit the development potential of a property, while new environmental regulations can require costly remediation efforts.

Regulatory Risk ⟨···⟩

Fig. 1. Potential risks of real asset investments

Source: adapted from [4; 11].

2. *Financial asset investments*

Financial asset investments are intangible possessions whose value is derived from a legal right or ownership stake, such as stocks, bonds, mutual funds, and other securities. Financial assets provide investors with exposure to a broad range of investment opportunities, enabling them to diversify their portfolios and manage risk effectively [7].

Stocks are equity securities that represent ownership in a company. When an investor buys a stock, they become a shareholder in the company and have the right to vote on corporate matters. Bonds, on the other hand, are debt securities that represent a loan to a company or government entity. Investors earn interest on the bond and receive the principal back when the bond matures. Mutual funds are types of investment instruments that combine the cash of many different participants and make investments in a diverse range of securities [42].

Table 2

Examples of Financial Asset Investments

Asset Class	Examples
Equity Securities	Common stocks, ETFs, REITs
Debt Securities	Corporate bonds, Treasury bills, municipal bonds
Hybrid Securities	Convertible bonds, preferred stocks

Source: adapted from [40; 41]

Financial investments can be easily converted into cash. They also provide regular income in the form of dividends, interest payments, and capital gains. Moreover, financial assets are highly transparent, with information readily available to investors, enabling them to make informed investment decisions [23].

On the other hand, financial asset investments have their challenges as well. Stocks and mutual funds are highly influenced by market volatility, meaning that their value can fluctuate greatly in response to economic and geopolitical events. Bonds, in their turn, are subject to interest rate risk [28]. Financial assets may come with extra expenses, such as management fees, transaction costs, and taxes, which can corrupt their returns.

Financial assets are a paramount component of the modern investment terrain, comprising a wide range of financial instruments such as stocks, bonds, mutual funds, and exchange-traded funds (ETFs) [20]. Compared to real asset investments, financial assets are generally more liquid, allowing investors to buy and sell them quickly on financial markets. This liquidity is often accompanied by transparency and ease of access, as investors can easily obtain information on the performance and value of their financial assets [7].

Financial investments also offer the potential for regular income through dividends, interest payments, or capital gains, although they may also entail higher risks and volatility. Moreover, they can secure tax advantages through various deductions, such as for capital losses and dividends obtained [37].

In this context, it is important to understand the different categories of financial asset investments, including equity securities like stocks and ETFs, debt

securities like bonds and Treasury bills, and hybrid securities that include convertible bonds and preferred stocks. With this in mind, we highlight the features of financial asset investments:

– Financial asset investments encompass a range of financial instruments, including stocks, bonds, mutual funds, and exchange-traded funds (ETFs).

– These investments are often more liquid than real asset investments, allowing for quick buying and selling on financial markets [6].

– Investors can easily access information on the performance and worth of financial assets, making them transparent and easier to manage [38].

– While financial investments can provide regular income through dividends, interest payments, or capital gains, they can also carry higher risks and volatility than real asset investments [18].

– Tax advantages, including deductions for capital losses, dividends received, and other investment-related expenses, are obtainable for financial assets [26].

– Financial asset investments can be categorized into three main types: equity securities, such as stocks and ETFs; debt securities, like bonds and Treasury bills; and hybrid securities, such as convertible bonds and preferred stocks [6].

Financial assets such as stocks, bonds, and mutual funds can provide investors with an opportunity to partake in the growth of companies and economies and receive income through dividends and interest payments. Nonetheless, potential risks should be considered before investing in financial assets. In the subsequent figure, we examine some of the significant risks related to financial asset investments.

The value of financial assets is subject to market risk, which arises from fluctuations in financial markets. Market risk is influenced by various factors such as changes in interest rates, inflation, global economic conditions, geopolitical events, and investor sentiment. For instance, a negative earnings report or news of political instability can lead to a decline in stock prices.

Market Risk

It is the risk that a financial asset cannot be sold quickly or at the expected price. This risk is particularly relevant for investments in emerging markets or small-cap stocks, which may have lower trading volumes and be more volatile.

Liquidity Risk

There is the risk that a borrower of a bond or loan will default on their payments. This risk is particularly relevant for corporate bonds where the creditworthiness of the issuer can impact the bond's yield. Peer-to-peer lending platforms, which connect investors with borrowers directly, also pose credit risk.

Credit Risk

It refers to the risk of erosion in the purchasing power of an investment over time due to inflation. This is a particular concern for fixed-income investments such as bonds, which have a fixed coupon rate. As inflation rises, the real value of the bond's coupon payments will decline.

Inflation Risk

Fig. 2. Potential risks of real asset investments

Source: adapted from [4; 11].

3. Differential analysis according to benefits and drawbacks of real and financial investments

Real and financial asset investments have their unique advantages and disadvantages, making them suitable for different investment objectives and risk appetites. Real asset investments provide a hedge against inflation and offer diversification benefits to an investment portfolio, while financial asset investments offer liquidity, regular income, and transparency [1].

Table 3 presents an insightful comparison of investing in real versus financial assets. The table outlines the advantages and disadvantages of each investment type, which can aid investors in making informed decisions that align with their financial objectives, risk tolerance, and investment preferences.

Table 3

Comparative analysis of real and financial assets

Advantages	Real Asset Investments	Financial Asset Investments
Inflation Hedge	+	-
Tangible Asset	+	-
Diversification	+	-
Regular Income	-	+
Liquidity	-	+
Transparency	-	+
Potential for Capital Appreciation	+	+
Risk of Illiquidity	+	-
Risk of Physical Damage or Destruction	+	-
Complexity of Ownership and Management	+	-

Source: adapted from [5; 31; 14]

The comparison table reveals that real assets have several advantages, such as being a hedge against inflation, a tangible asset, diversified, and the potential for capital appreciation. Conversely, financial assets provide regular income, liquidity, and transparency and have lower complexity of ownership and management. Both investment types have the potential for capital appreciation, but real assets have a lower risk of illiquidity and physical damage or destruction.

Real assets require significant capital, and they are illiquid, while commodities can be volatile and subject to price fluctuations. Moreover, precious metals do not provide any cash flow, making them unsuitable for investors seeking regular income. Financial asset investments are subject to market volatility, interest rate risk, and various fees and expenses, which can erode their returns.

Both types of investments share some similarities, such as their ability to provide diversification benefits to an investment portfolio. They also offer the potential for capital appreciation over the long term.

However, real and financial investments differ in several ways. Real assets are tangible assets that have intrinsic value, while financial assets are immaterial items with value derived from a right to contractural claim or ownership interest.

Real assets provide a hedge against inflation, while financial assets offer liquidity, regular income, and transparency. Real asset investments require significant capital and are illiquid, while financial asset investments can be easily converted into cash as well [36].

All in all, investors must evaluate their investment goals, risk tolerance, and preferences before selecting either investment type. For long-term growth and inflation protection, real assets are suitable, while financial assets are more appropriate for investors seeking regular income and liquidity. It is worth noting that both investments carry risks and rewards, and diversification is vital in mitigating those risks.

4. Investment decisions

The decision-making process of investors is a complex interplay of diverse factors. One such aspect is the prevalent economic conditions, which can influence investment decisions in significant ways. To illustrate the concept, inflation can erode the value of investments over time, and higher interest rates can make borrowing more expensive, impacting the profitability of investments. Likewise, GDP growth can impact the performance of companies, therefore affecting the stock market.

In addition to economic conditions, market trends such as bull and bear markets can also have a profound impact on investment decisions. In a bull situation, investors are often more optimistic and willing to take on more risk, as they believe that the market will continue to perform well. Conversely, during a bear market, investors tend to become more risk-averse, preferring to invest in safe-haven assets [24].

Similarly, investor emotion plays a vital role in investment decisions. Feelings such as fear and greed can drive investors to make irrational decisions, leading to suboptimal investment outcomes. When investors are optimistic, they may overestimate the potential returns of an investment and underestimate the

risks involved. In contrast, when they are pessimistic, they may overestimate the risks and underestimate the potential returns [10].

Behavioral finance theories have attempted to understand how these emotional and cognitive biases impact investment decisions. These theories are rooted in psychology and seek to shed light on the ways in which human behavior can deviate from traditional economic models [12]. By understanding these biases, investors can make more informed and rational investment decisions that align with their long-term financial goals [2].

Risk appetite, which refers to an individual readiness to bear risks, is also an essential aspect of investment decisions. Investors with a higher risk appetite may be more willing to fund riskier assets such as stocks and commodities, while individuals with a lower risk factor may prefer safer assets such as bonds and cash [3].

Therefore, it is important to have an overview of some of the most common behavioral factors that can influence investment decisions. These factors are based on the psychological biases that investors may have and can have a significant impact on the choices they make. Table 4 outlines various factors and describes their effects on investors. It's important for investors to be aware of these biases and how they can impact their decision-making process, as it can help them make more informed choices.

Table 4

Psychological Biases, Their Influence and Respective Effects on Investors' Decision-Making Process

Factors	Effect
Representativeness	Investors use their past experiences as a shortcut to guide their decision-making process.
Anchoring	They have a tendency to base their decisions too strongly on the initial piece of information they learn, which might result in less-than-ideal decisions.

Overconfidence	An unwarranted faith in their own cognitive abilities and intuition, which can cause them to overestimate their knowledge and skills.
Herding bias	Instead of exercising independent judgment and making their own conclusions, investors adhere to the pack's lead and base their financial decisions on what the majority is doing.
Mental accounting	Individuals organize their world into separate mental accounts, which can cause them to make suboptimal decisions by not considering the big picture.
Regret aversion	This bias can make investors either risk-averse or motivated to take greater risks, depending on how they perceive potential future regrets. It's like the fear of missing out on an investment opportunity or regretting a decision made in hindsight.
Loss aversion	People strongly prefer avoiding losses over acquiring gains. This means that losses are perceived to be twice as powerful as gains and can cause investors to be overly cautious or risk-averse.
Cognitive dissonance	The feeling of discomfort that arises when holding two conflicting thoughts or beliefs at the same time. Investors may experience this when they make investment decisions that go against their own values or beliefs.
Gambler's fallacy	This bias involves investors predicting that a trend will reverse, despite evidence to the contrary. It's like assuming that a coin toss will come up heads after a long streak of tails just because "it's about time."
Hindsight bias	Investors reinterpret past events based on the newly acquired information, which can cause investors to misremember their original thoughts and decisions.

Source: adapted from [2; 3; 25; 12]

Understanding the behavioral factors that influence investment decisions is crucial for investors who want to make informed choices. By being aware of these biases, investors can avoid making poor investment decisions that could negatively impact their portfolios. Additionally, such information can help investors develop strategies to counteract them and make better investment

choices. Overall, the more informed an individual is about these factors, the better equipped they will be to make financial progress in the future.

5. Implications for increasing wealth, improving credit score, and reaching financial goals

Investing in assets can be a powerful tool for individuals striving to increase their wealth and achieve long-term financial goals. Real assets provide a hedge against inflation and offer diversification benefits to an investment portfolio, while financial investments offer liquidity, regular income, and transparency [29].

Investing can also impact one's credit score, which can affect their ability to obtain debt consolidation loans. Debt consolidation is a process that helps individuals manage their debts by combining multiple loans or payments into a single, more manageable loan [15]. However, if an individual has a high debt-to-income ratio, poor credit history, or a history of missed payments, they may find it challenging to obtain a debt consolidation loan [34].

Assets such as stocks, bonds, or real estate investments can impact one's credit score in several ways, and this can ultimately affect their ability to obtain debt consolidation loans. Firstly, borrowing money to invest increases an individual's overall debt load, which in turn can negatively impact their credit utilization ratio [15]. Secondly, investing can lead to fluctuations in income or unexpected expenses, which can make it difficult for individuals to make on-time payments on their debts and negatively impact their credit score.

Individuals can also use investments to improve their credit scores by demonstrating responsible financial behavior, building a strong credit history, and seeking professional guidance to manage their debts and finances [35].

There are several strategies that persons can additionally use to improve their credit score while still investing. One of these strategies is to invest in assets that appreciate over time and generate a steady stream of income, such as rental properties or dividend-paying stocks. By building a diversified portfolio of such assets, individuals can increase their net worth and reduce their reliance on credit.

In addition to investing in income-generating assets, individuals can also take steps to build a strong credit history. This can include making on-time payments on loans and credit cards, keeping credit utilization low, and maintaining a long credit history. By demonstrating responsible financial behavior and a consistent track record of making payments on time, individuals can improve their credit scores over time [35].

To succeed, individual investors develop a sound investment strategy that aligns with their objectives and risk appetite. A sound strategy should include diversification across asset classes, sectors, and geographic regions, as well as regular monitoring and rebalancing of the portfolio [19].

Prospects for further research development. The field of investment is continuously evolving, driven by technological advancements, changing economic conditions, and regulatory developments. Future research in the field of investment should focus on developing innovative investment strategies that can adapt to changing market conditions and investor needs.

Moreover, it must be taken into account that real and financial investments are a multifaceted area that presents a wide range of opportunities for further research. One possible direction is to investigate the interlinkages between real and financial investments and their effects on economic growth. This research could help to identify the optimal mix of physical and financial assets that can contribute to sustainable economic development. A tangent area of further investigation is integrating environmental, social, and governance (ESG) into investment decisions. ESG factors refer to the environmental, social, and governance practices of companies, and they are becoming increasingly important to investors seeking to align their investments with their values and beliefs. Research could explore the impact of ESG factors on investment performance and whether ESG integration can enhance long-term financial returns.

With the rapid integration of AI and Machine Learning mechanisms into everyday life, the application of these techniques to investment decision-making.

These technological advancements can help investors analyze vast amounts of data, identify market trends and patterns, and make more informed decisions.

Another area of prospective study and research is to explore how real and financial investments affect society's welfare. This could involve investigating the social and environmental impact of investments in physical assets, such as infrastructure or real estate, or analyzing the distributional effects of investments in financial assets, such as stocks and bonds, on wealth and income inequality.

Deep analysis can be done in the sphere of the decision-making process of investors when choosing between real and financial assets. This research could examine the factors that shape individual investment preferences and how they weigh the risks and returns.

Overall, investments in real and financial assets offer a diverse array of opportunities for further research development. By expanding our knowledge of the interplay between real and financial investments and how they affect economic growth, welfare, investment decision-making, and performance, we can enhance our understanding of these important investment options and their role in achieving various objectives and boosting wealth.

Conclusions. The conducted research on the functioning of the investment outlet, namely, the study of decision-making regarding investment in real and financial assets, allows us to conclude that this scientific work is significant, given that the main characteristics were identified, a comparative analysis was carried out, the data obtained were systematized, and valuable information was provided for people seeking to increase their wealth, improve their credit rating and achieve long-term financial goals. Thus, the objectives were fully achieved, and the following important conclusions were highlighted:

– Real and financial assets are two different types of investments that offer different advantages and disadvantages that stem from their characterizing features. Investments in real assets, such as real estate and land, represent a tangible asset that can appreciate in value over time and provide a stable cash

flow through rental income. However, they require significant capital, have higher transaction costs, and are subject to market fluctuations. As for financial assets, which include stocks and bonds, etc., these provide higher liquidity, diversification, and lower transaction costs but are subject to greater volatility and uncertainty.

– The study also identified key risks that go hand in hand with investment decisions, such as market, credit, liquidity, inflation, and regulatory risks. These factors have a significant impact on investment performance and should be carefully considered when making investment decisions.

– This research also emphasized the importance of understanding investment behavior and bias in the context of the greater investment terrain. By recognizing the potential for such bias to influence investment decisions, investors can take steps to mitigate its impact, such as establishing clear investment objectives, diversifying their portfolios, and seeking advice from professionals.

– This research has shown that investing can affect credit scores and the ability to obtain debt consolidation loans. By investing in income-generating assets, building a strong credit history, monitoring their credit report, and seeking professional advice, people can effectively manage their debts and finances while building wealth through smart investments.

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