A typology of Investment Strategies

Top-Down Investment Strategies

These begin with macroeconomic, sectoral, or thematic views and drill down into asset selection.

1. **Global Macro Investing**
   Focuses on currencies, interest rates, and geopolitical trends.
2. **Sector Rotation**
   This strategy involves moving investments between sectors of the economy to take advantage of the economic cycle.
3. **Thematic Investing**
   Targets long-term structural trends (e.g., aging, climate tech, bureaucracy).
4. **ESG/Social Impact Investing**
   Screens investments based on environmental, social, and governance criteria.
5. **Innovation Investing**
   Seeks companies driving technological or societal change.
6. **Event-Driven Investing**
   Capitalizes on corporate actions like mergers, bankruptcies, or restructurings.
7. **Alternative Investing**
   Allocates to non-traditional assets (private equity, hedge funds, crypto, etc.).

Hybrid or Structural Strategies

These blend top-down and bottom-up elements or focus on portfolio construction.

1. **Diversification / Asset Allocation**
   Spreads risk across asset classes, sectors, and geographies.
2. **Passive Investing**
   Tracks market indices with minimal intervention.
3. **Active Investing**
   Selects assets to outperform benchmarks through timing and analysis.
4. **Copy Investing**
   Mirrors strategies of successful investors or firms.
5. **Dollar-Cost Averaging (DCA)**
   Invests fixed amounts periodically, regardless of market conditions.

Bottom-Up Investment Strategies

These focus on individual securities, company fundamentals, or price behaviour.

1. **Value Investing**
   Popularized by Warren Buffet and Benjamin Graham, value investing involves searching for stocks that are undervalued by the market. These investors use fundamental analysis to identify stocks trading for less than their intrinsic value.
2. **Growth Investing**
   Growth investors seek companies projected to grow faster than other companies. They are willing to pay more for these stocks based on the expectation that rapid growth will provide a return on their investment. This strategy often involves investing in tech companies or startups.
3. **Momentum Investing**
   This strategy is based on following recent stock price trends. Momentum investors believe that stocks that have recently risen will continue to grow, and those that have recently fallen will continue to fall.
4. **Income Investing**
   Income investors aim to build a portfolio that generates a regular and steady income. This income can come from dividends (stocks) or coupons (bonds). Utilities and municipal bonds are popular for these strategies..
5. **Contrarian Investing**
   This strategy involves buying and selling in contrast to the prevailing sentiment of the time. A contrarian investor buys when others are selling and sells when others are buying.
6. **Quantitative Investing**
   Uses algorithms and statistical models to select assets.

Sources:

18 Investing Strategies Every Investor Should Know | CMC Markets

https://thestrategystory.com/blog/investment-strategy-explained-with-types-and-examples/?form=MG0AV3>