



Cash Flow

vs

Capital Gains



PROS & CONS

How investors earn from real estate or
Private Fixed Money Funds

Definition

Recurring income
(monthly, quarterly,
etc.) from rents or
interest payments

Profit from selling an
asset at a higher
price

Timing

Immediate & regular

Delayed — realized
at sale or exit

Predictability

Generally stable
(especially in lending
funds)

Uncertain —
depends on market
appreciation

Tax Treatment

Taxed as ordinary
income (unless
sheltered)

Often taxed at lower
long-term capital
gains rate

Wealth Building

Great for replacing
income or early
retirement

Better for building
large equity over
time

Risk Profile

Lower risk — tied to income from assets

Higher risk — depends on market timing

Liquidity Impact

Improves cash position

Equity is locked until sale

Leverage Friendly

Easier to finance cash-flowing assets

Gains may be enhanced with leverage but carry more risk

Liquidity Impact

Easier to reinvest periodically

Lump-sum reinvestment at exit

Liquidity Impact

Less volatile (especially in notes/lending)

More volatile — subject to market cycles

Want to learn more about Private Money Lending?

[Click here to pick up “A step-by-step guide to make money as a Private Lender” on Amazon](#)