

Investing 101

MY MONEY *Dream* 
INVESTING For Mob, By Mob

MORNINGSTAR[®]



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Investing = BUILDING WEALTH

Now that you've decided to begin on your investing journey, let's take a look at the steps you may come across along the way

01

You decide that you'd like to invest a portion of your income.



02

Research and educate yourself on investing.



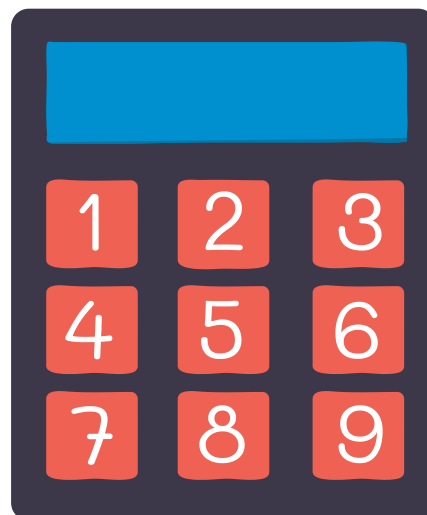
03

Visit an investment broker in person or online.



04

An investment broker makes informed financial investments on your behalf.



05

You're paid a piece of the profits and have your original deposit.

Module 1

GETTING TO KNOW YOURSELF

WHY DO WE INVEST?

To avoid losing money through economic cycles like inflation.

To make more money.

GOAL SETTING

Goal setting is the process of deciding what you want to achieve over a certain period of time. Be very specific and realistic about the goals you have and the time frame you'd like to reach them in.

Have a set amount for each goal and work out how much that would be weekly/fortnightly, this helps make the goal more realistic. For example, if you wanted to save \$5000 for a holiday over the next year, then you'd need to divide \$5000 by 52 to figure out that you would need to save \$96.15 per week to reach your goal in time.

$$5000 \div 52 = 96.15$$

Use the **goal planner on page 6** to set and track the progress of your goals.

EXAMPLE 1:



= **\$226,049**

EXAMPLE 2:



= \$243,994

EXAMPLE 3:



= \$204,845

Using the link below or by **scanning the QR code**, visit the Moneysmart website and use their online comparison tools and calculators to help you complete your triangle below.

<https://moneysmart.gov.au/budgeting/compound-interest-calculator>



= \$ _____



Goal Planner

GOAL 1

ACTION STEPS

1 _____	↑	4 _____
2 _____	↓	5 _____
3 _____		6 _____

PROGRESS

GOAL 2

ACTION STEPS

1 _____	↑	4 _____
2 _____	↓	5 _____
3 _____		6 _____

PROGRESS

Module 2

AN INTRODUCTION TO THE MAJOR ASSET CLASSES

MAJOR ASSET CLASSES

- **Cash:** Using term deposits to invest your cash can be useful when saving for bigger items like a car, or when you want to be certain about the interest that you'll earn.
- **Bonds:** Bonds can be issued by companies or governments and generally pay a fixed interest rate.
- **Property:** Buying your own home or investment property.
- **Real Estate Investment Trust (REIT):** A company owned and operated group of property assets, like office towers, shopping malls, industrial buildings and hotels. These assets are pooled together to create a trust that investors can buy into.
- **Direct Investment:** Any real estate investment held through direct ownership of an individual.
- **Shares:** A share is a portion of ownership or equity in a company. Shares are also sometimes referred to as stocks. It's like buying a little bit of ownership in a company that we interact with every day.

BONDS EXAMPLE:

Contribution

\$1000

Bond %

5% / year

Time

10 years

=

Each year you'll earn \$50 interest and after 10 years you'll also receive your \$1000 back.

Module 3

AN INTRODUCTION TO INVESTING TOOLS

WHAT IS A BROKER?

A broker is an individual or company that makes investments and trades within the market on your behalf.

HOW DO THEY WORK?

A broker will act on a client's behalf and make informed financial decisions based on factors such as financial aspects, goals, and time horizon.

Top tips

- Use Google to search for 'best brokerage companies or rankings' and use comparison sites like Finder to compare the differences between companies.
- Look for low costs per trade.
- Don't check your portfolio too often, once every month or two is sufficient.

Scan me for
investing tools!



Module 4

INVESTING MYTHS

Myth Busting

Myth 1

YOU NEED A LOT OF MONEY TO START INVESTING

Busted: Not true, you can start investing with as little as \$5, depending on the platform. Keep in mind that some brokers or investment companies may require a minimum of \$500 to begin trading.

Myth 2

INVESTING IS TOO RISKY

Busted: All investments have some form of risk associated with them; however, the overall risk that an investor takes can be controlled. You can help manage risk by working out your risk tolerance.

Myth 3

YOU MUST BE AN EXPERT TO START

Busted: Not at all, anyone can start investing and there are many resources, tools and professional advice platforms available to help you.

Myth 4

MARKET'S ALWAYS GO UP

Busted: Not true, it's important to keep a long-term mindset when it comes to investing as the market can change anytime, fluctuating up or down.

THE ECONOMIC CYCLE OF INFLATION CAN DECREASE THE VALUE OF YOUR MONEY. INVESTING IS ONE WAY TO PREVENT THIS FROM HAPPENING.

Module 5

DIRECT INVESTING VS OTHER STRATEGIES

Passive ETF	An investment product designed to emulate the performance of a market index, for example the ASX200.
Active ETF	Run by an investment professional whose goal is to beat the index through various strategies.
Managed Funds	Are unlisted investments where money is pooled together and is used by the investment manager to buy and manage investments.



Module 6

PORTFOLIO ADMINISTRATION

CRITICAL STEPS TO TAKE BEFORE MAKING INVESTMENTS:

- Read the fine print! It's important to understand what you're buying. Product Disclosure Statements (PDS) are very helpful in understanding what features, costs, distribution/dividend frequency, and fees are involved with your product. Every financial product has a PDS.
- Review the fund overview section. Look at suitability, time horizons and risk before making an investment decision.
- Seek financial advice for support.
- Make sure you're buying the right investment.

CRITICAL STEPS TO TAKE AFTER MAKING INVESTMENTS:

- Save your financial statements for tax purposes.
- Set some time aside for yourself to complete paperwork after setting up a new investment.
- Set aside time for yourself monthly to complete administrative tasks in relation to your investments.
- Make sure to keep copies of both your trade confirmations and sale confirmations for tax purposes.

Activity:

Imagine you have \$10,000 that you've saved up and ready to invest it. Use online tools, calculators, news reports, market to decide how and where you'd invest your money or create a virtual investing account here: <https://www.investopedia.com/simulator/>



Definitions

Inflation	Inflation is a rise in prices, which can be translated as the decline of purchasing power over time.
Asset	An asset is something that is owned by a person or company that holds economic value and/or future benefits and gains.
Dividend	The distribution of a company's earnings to its shareholders and is determined by the company's board of directors. The amount of the dividend can vary depending on the company and the goals that they have.
Term Deposit	Term deposits allow you to invest your money for a set period of time and offer a fixed interest rate in return.
Real Estate Investment Trust (REIT)	REITS are listed investment vehicles that provide exposure to property assets ilike office towers, shopping malls, industrial buildings, and hotels.
Time Horizon	Time horizon is another way of saying the time that you expect to hold an investment for before you need the money back.
Bid	The bid is the highest price that someone will pay for the stock.
Offer	The offer is the lowest price that the owner is willing to sell the stock for.
Market Order	An order to buy a stock at the markets best or current price.
ETFs	Exchange traded funds or ETFs are a group of investments that will track a particular index, sector commodity or other assets.
Direct Investing	When someone goes to the market to buy and sell assets themselves.
Managed Investments	When investors pool their money together to be managed by an investment expert on their behalf.

Course Notes: