



How to start investing

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Develop an investment plan

What does an investment plan look like?

1. Goal setting



Save \$20,000 in 7 years

2. Savings and contributions



- Upfront: \$5,000
- Monthly: \$100
- Reinvest dividends/distributions

3. Investment selection



- Asset allocation: E.g. High growth
- Security or product selection

4. Periodic review



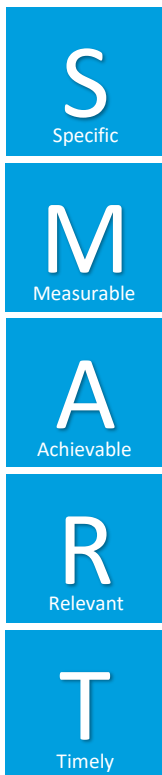
Annual rebalance and review

1 Goal setting

92% of people don't achieve the goals they set each year¹



Calculators can help investors assess what is achievable



Inputs

Goal:	\$20,000
Time:	7 years
Inflation:	2.5%
Inflated goal:	\$24,170
Initial contribution:	\$5,000
Monthly contribution:	\$50
Reinvest dividends:	Yes
Profile:	High Growth



2

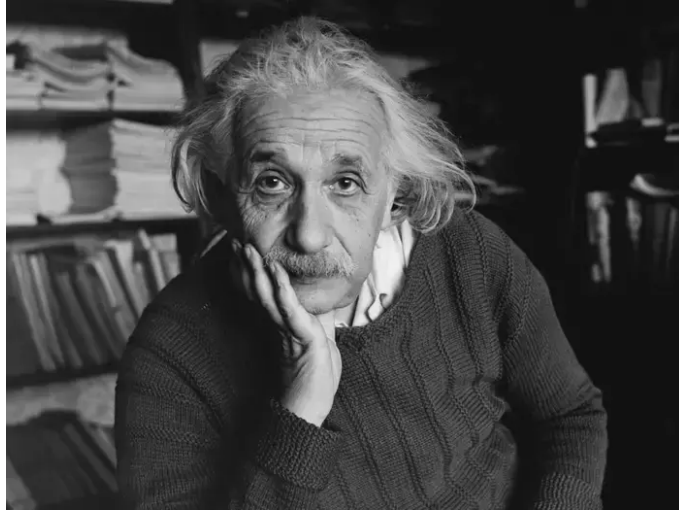
Regular contributions and reinvesting dividends or distributions

Compound Interest, the eighth wonder of the world

“

Compound interest is the eighth wonder of the world. He who understands it, earns it; he who doesn't, pays it

- Albert Einstein



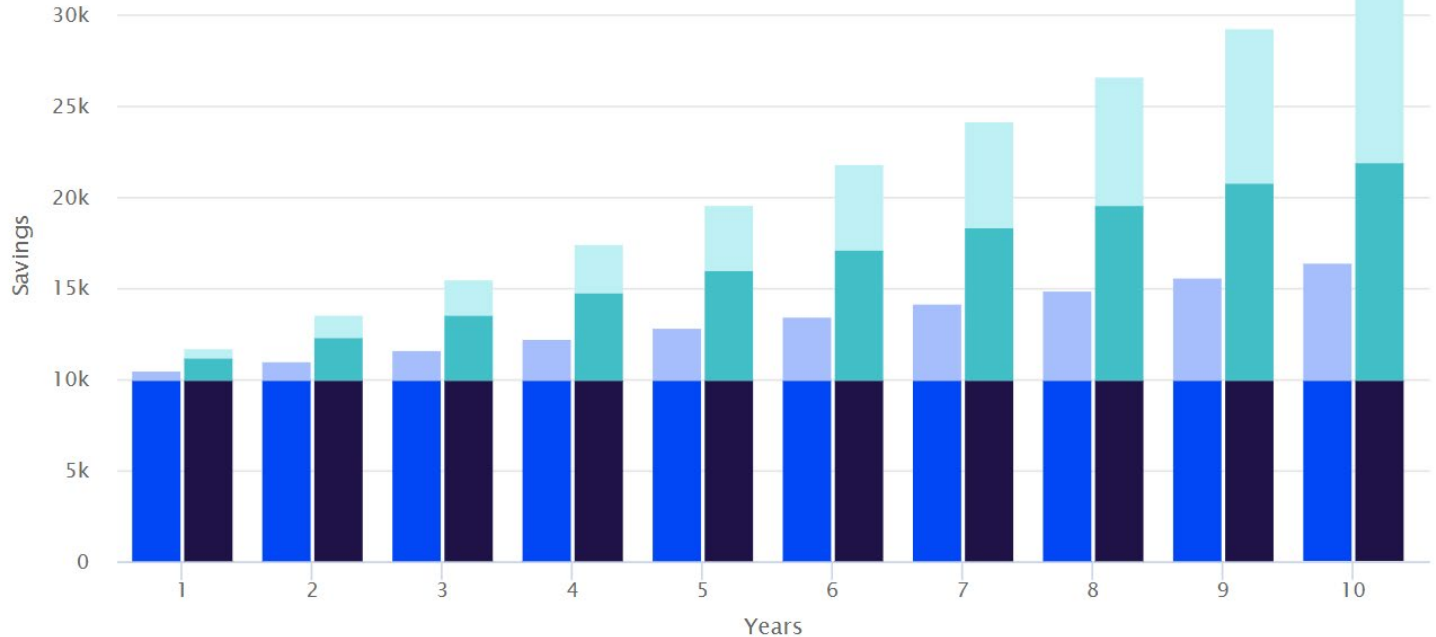
Regular deposits can have a meaningful impact on the final investment balance

Strategy 1

- Initial deposit: \$10k
- Monthly deposit: **\$0**
- Rate of return: 5%

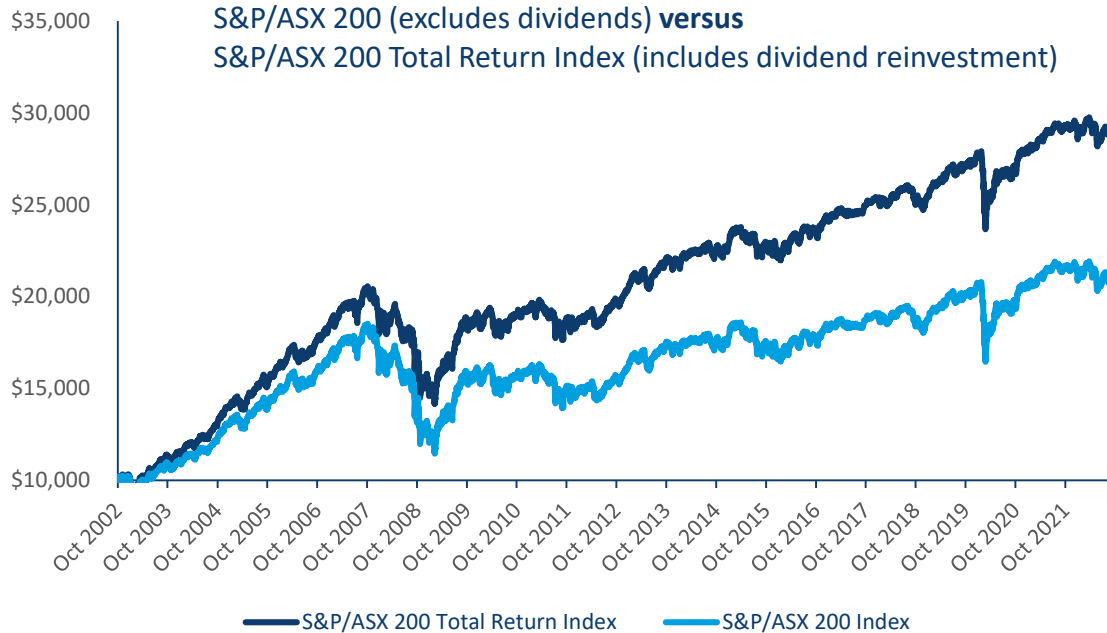
Strategy 2

- Initial deposit: \$10k
- Monthly deposit: **\$100**
- Rate of return: 5%



Source: Compound interest calculator – [Moneysmart.gov.au](https://www.moneysmart.gov.au)

Reinvesting dividends benefit from the power of compounding



Benefits

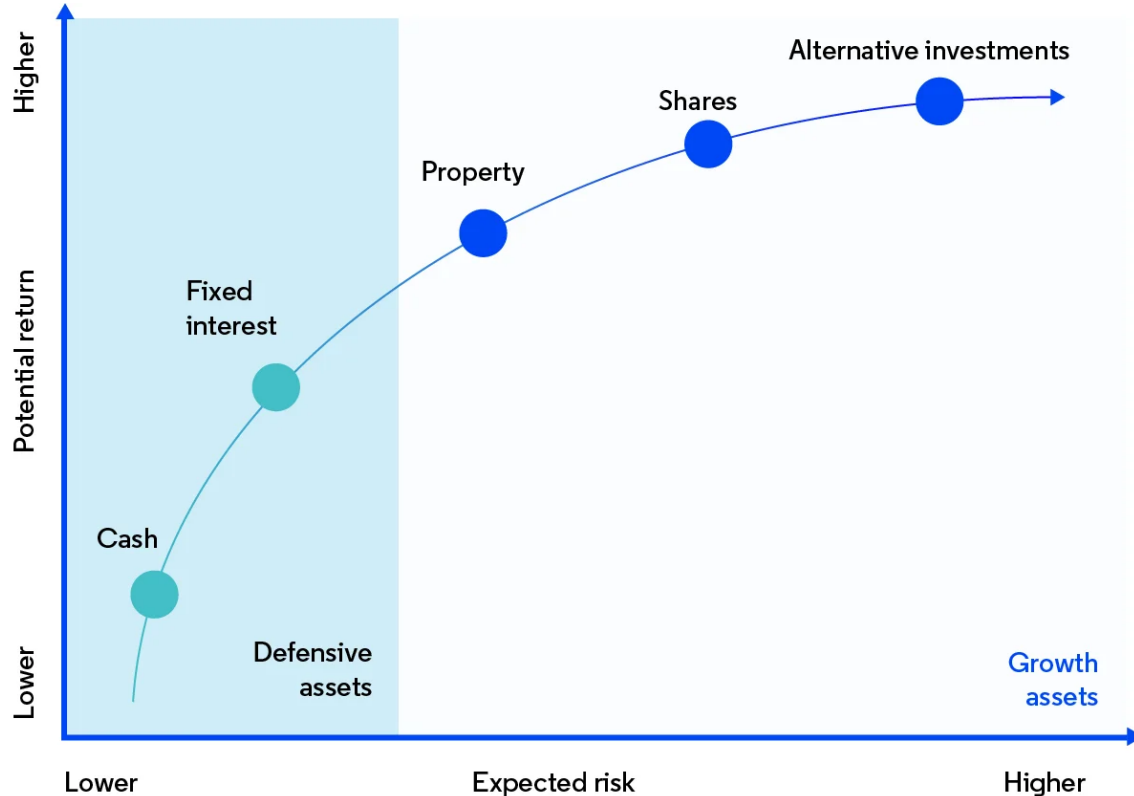
- > Compound your returns.
- > Easy to set-up.
- > Generally, no brokerage.

Considerations


- > May not suit if using dividends for income.
- > No control over the purchase price.

3 Selecting investments

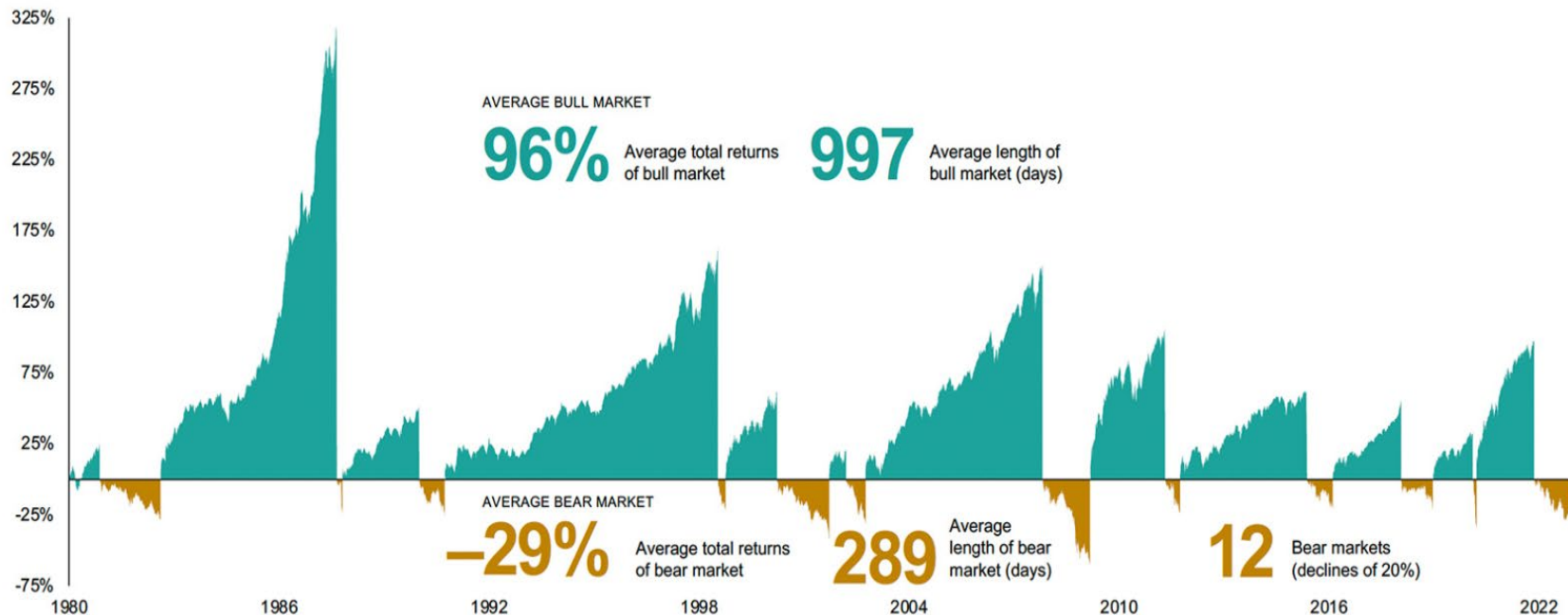
What are the different types of asset classes?



Key risks to consider

 Market & sector risk	 Concentration risk
 Credit risk	 Currency risk
 Inflation risk	 Liquidity risk

Shares may have high returns compared to other asset classes, but they can also be volatile, having the largest *peak-bottom* declines



What are some of the key challenges when deciding how to invest?

Can I outperform the market?

In the U.S, **91%** of large cap equity funds underperformed the S&P 500 over 10 years¹

In Australia, **78%** of equity funds underperformed the S&P/ASX 200 Index over 10 years¹

Should I try to time the market?

If an investor missed the best 10 days on the S&P 500 over a 30 year period, the annual return declined from **7%** p.a. to **5%** p.a.²

If an investor missed the 50 best days the return drops to **-0.99%**²

What if I do happen to pick the right stocks or time the market?

~91% of a portfolio's return is driven by strategic asset allocation³

Stock selection and market timing account for **~7%**³

1 Source: S&P Index versus Active Data as at 31 December 2023: <https://www.spglobal.com/spdji/en/research-insights/spiva/>

2 Source: Wells Fargo, The perils of trying to time volatile markets: <https://www.wellsfargo.com/investment-institute/sr-perils-time-volatile-markets/>

3 Source: Brinson, Singer & Beehower, (Financial Analyst Journal): Study of returns of 91 large pension plans from 1974-1983.

Blending asset classes can help overcome some of the key challenges when making investment decisions



Blending asset classes can help overcome some of the key challenges when making investment decisions

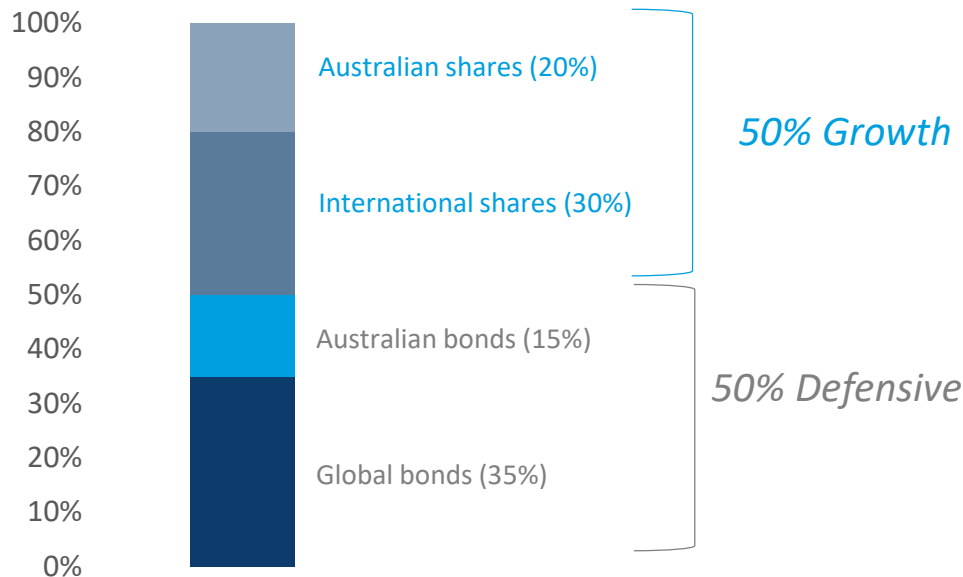
This Fund is likely to suit consumers seeking a balance between income and growth potential, via exposure to a highly diversified, multi asset portfolio.**

Suggested timeframe 5+ years

Risk level Medium (e.g. ability to bear up to 4 negative returns over a 20 year period)

securities 16,000+

Case study: Balanced fund*



What are the different ways to access various asset classes?

Direct



Cash & Term
Deposits



Bonds



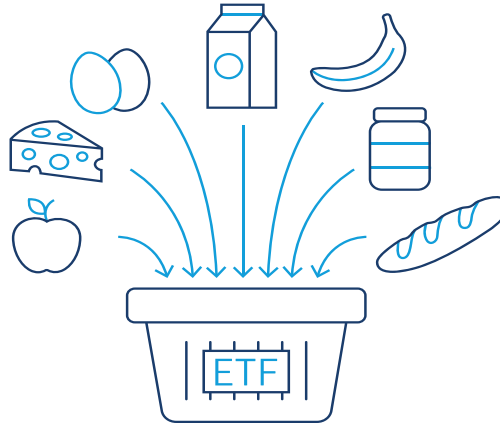
Property



Shares

Investment products

Exchange Traded
Funds
(ETF)



Exchange Traded
Managed Funds
(ETMF)

Key considerations for choosing between different investment products



Investment Objective

Does the fund's objectives align with the outcome you are seeking to achieve?



Disclosure

What information does the fund manager provide about number of holdings, concentration in particular sectors, companies or geographies, how does this compare to the benchmark?



Risk

Does the fund match your risk tolerance – investment strategy, liquidity, pricing risk, currency risk, regulatory changes



Access

Flexibility entering and exiting, any minimum investments



Cost

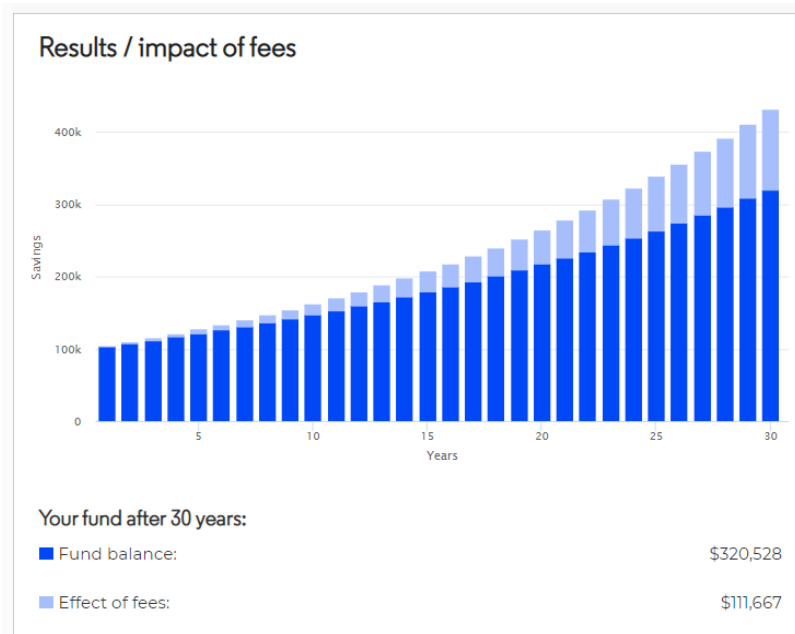
Cost to access, management costs and performance fees

Cost can have a material long-term impact on an investor's portfolio

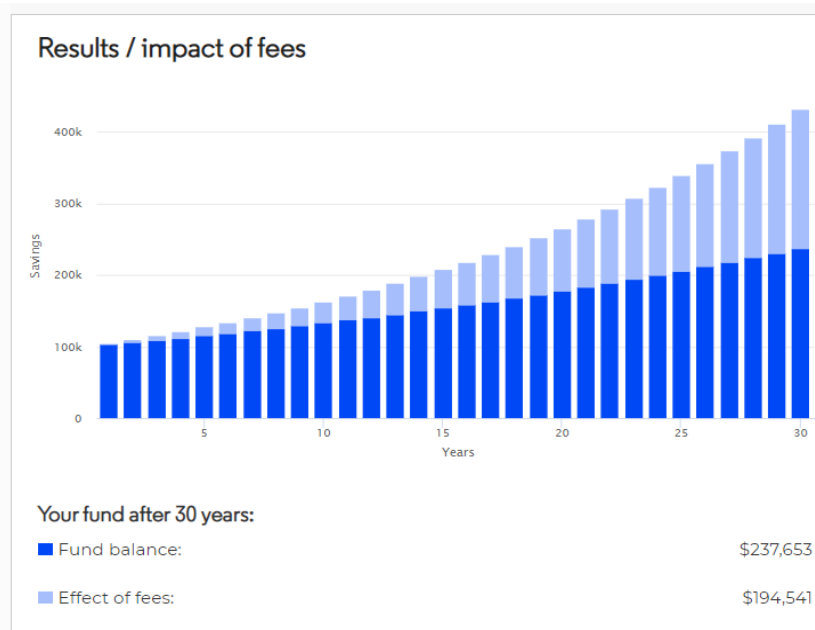
\$100,000 starting balance

Yearly return of 5% which is reinvested*

Option 1 – Management fee of 1.00%



Option 2 – Management fee of 2.00%



4

Periodic review and rebalancing

Periodic rebalancing is important to ensure investors keep within their established asset class mix

Portfolio rebalanced **every year** over 5 years



Risk level remains stable

Portfolio **never** rebalanced over 5 years



Increasing risk level

Key Takeaways

Key takeaways



- > **Define goals**
- > **Set savings and contributions**
- > **Make investment selections**
- > **Periodic review and rebalance**

If you need any advice in relation to constructing a portfolio, we recommend you speak to a financial adviser.

Education

Further information.....



Banking and budgeting

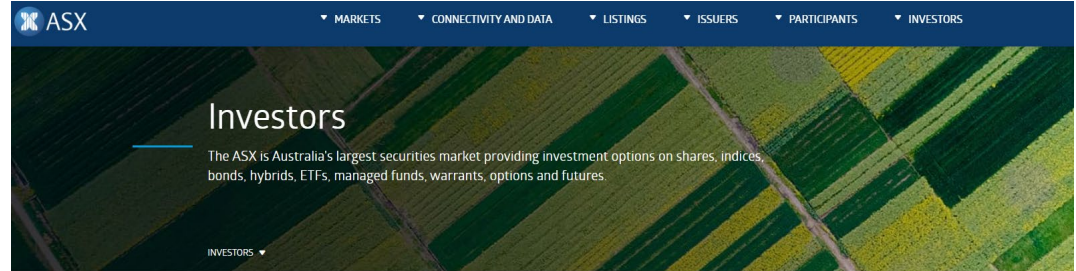
Loans, credit and debt

Investing and planning

Super and retirement

Insurance

Moneysmart for teachers



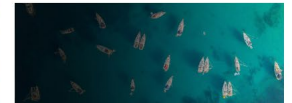
Start investing

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Investment tools and resources

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Investment solutions

We offer a complete range of investment solutions, covering shares, indices, bonds, hybrids, ETFs, managed funds, warrants, options and futures.

Thank you.