Financial Foundations: Investing

Everyone has financial goals they want to achieve and investing is one way to achieve those goals.

This webinar takes a general look at investing:

- Why Invest?
- Developing your Investment Strategy
- Investment Options
- Getting Good Advice

Why invest?

Before you start to invest, it's important to consider what you want to achieve by investing.

The first thing to consider is what your personal goals are i.e. what do you want to achieve by investing your money? Some examples include buying a house, paying for a child’s education, retirement or a vacation.

Part of determining your personal goals means thinking broadly about your future and what you want it to look like, then taking the time to map out what you want to achieve over the short, medium and long term.

Developing your investment strategy

When it comes to investing you can invest to either grow your assets and create long term capital gains or create more cash flow. Some investment options enable you to do both.

Regardless of your strategy, when it comes to money, time is your most valuable asset. The most successful investors know that, to achieve a good quality result, investing takes time. So one of the best investment decisions you can make is to start investing sooner rather than later so you have a better chance of achieving your goals.

When considering your investment strategy, it is important to consider two things:

1. **Your attitude towards risk.** This should be one of the main drivers of your investment decisions as you need investments that let you sleep soundly at night but work hard towards your financial goals.

2. **There is always a trade-off.** This is the trade-off between the risk you run that the investment might not perform and you may lose money, against the return that you are likely to get.

Once you have worked out what your goals are, you can then start to consider the actual options available for you to invest your money.
There are a myriad of investment options and products available. Below are four main ones:

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<tr>
<th>Cash</th>
<th>Fixed Interest</th>
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<td>A flexible form of investing that doesn’t generally provide as high a return as some other investments.</td>
<td>Generally bonds and term deposits. Pay a higher return than cash. Money is locked away for a fixed period of time.</td>
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<td>Cash is considered low risk.</td>
<td>Fixed interest is considered low to medium risk.</td>
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<th>Property</th>
<th>Shares</th>
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<td>Provides the possibility of both capital gain (as the value of the property generally appreciates over time) and income (via rent). A longer term investment.</td>
<td>Provides the potential for both capital growth (via an increase in share value) and income (via dividends). A longer term investment, can be subject to volatility, but historically have outperformed other investment options.</td>
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<tr>
<td>Property is considered medium to high risk.</td>
<td>Considered medium to high risk.</td>
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Regardless of the investment options you choose, diversifying your investments enables you to better manage the risk associated with each investment option. You can diversify by asset class, investment security or investment manager.

**Getting Good Advice**

When you start looking at investing options, it’s easy to become overwhelmed by all the information. This is why it pays to get expert advice.

The more informed you are about the market and your options the more confidently you can make decisions based on that knowledge. A great source of information and expertise is a professional financial planner.

Choosing the right financial planner and working together can be critical to the success of your investments and achieving your financial goals.

Any information provided is of a general nature. Before making any decisions please ensure you seek appropriate professional advice to ensure it is appropriate to you.