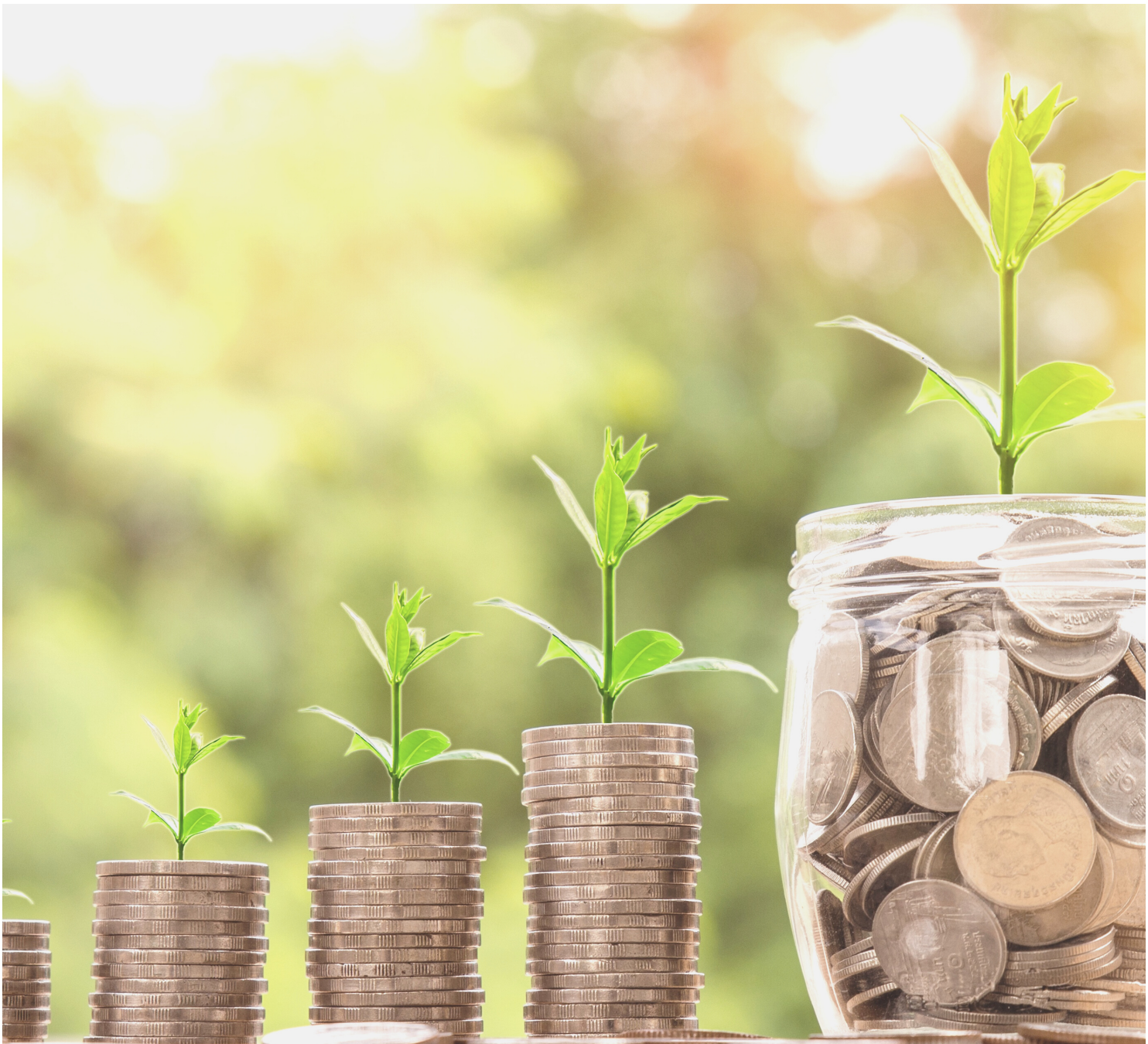
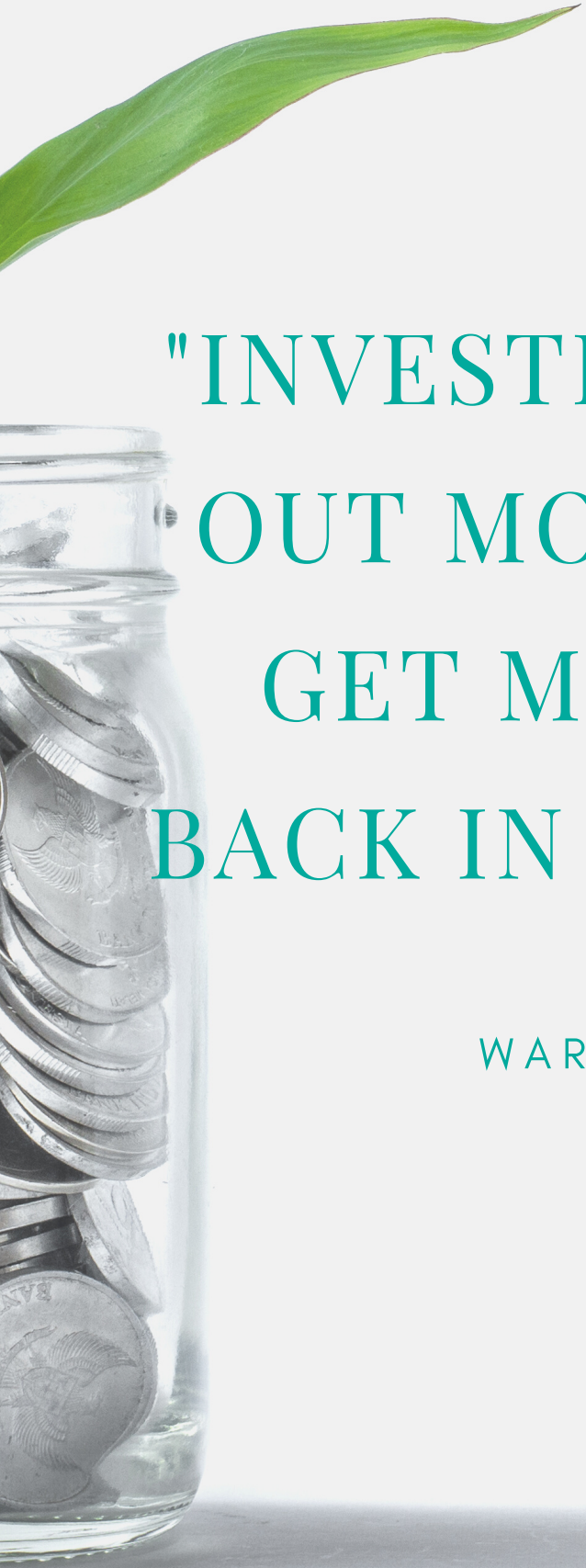
HELLO WEALTH
FINANCIAL STRATEGIES

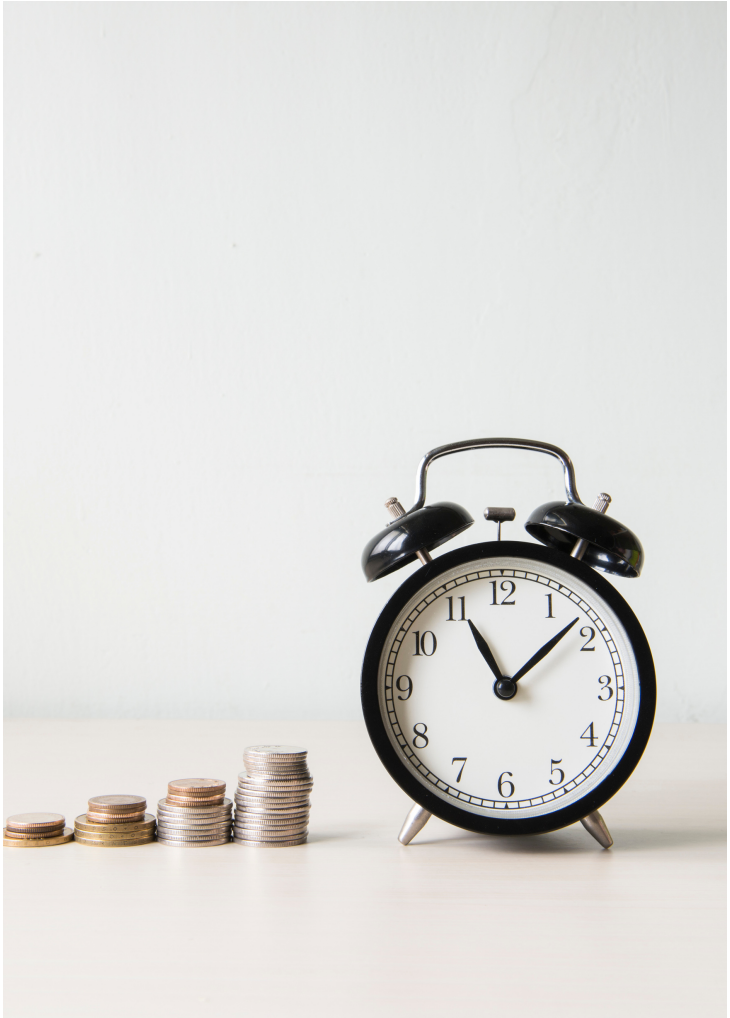
A BEGINNERS GUIDE TO INVESTING





"INVESTING IS LAYING OUT MONEY NOW TO GET MORE MONEY BACK IN THE FUTURE."

WARREN BUFFETT



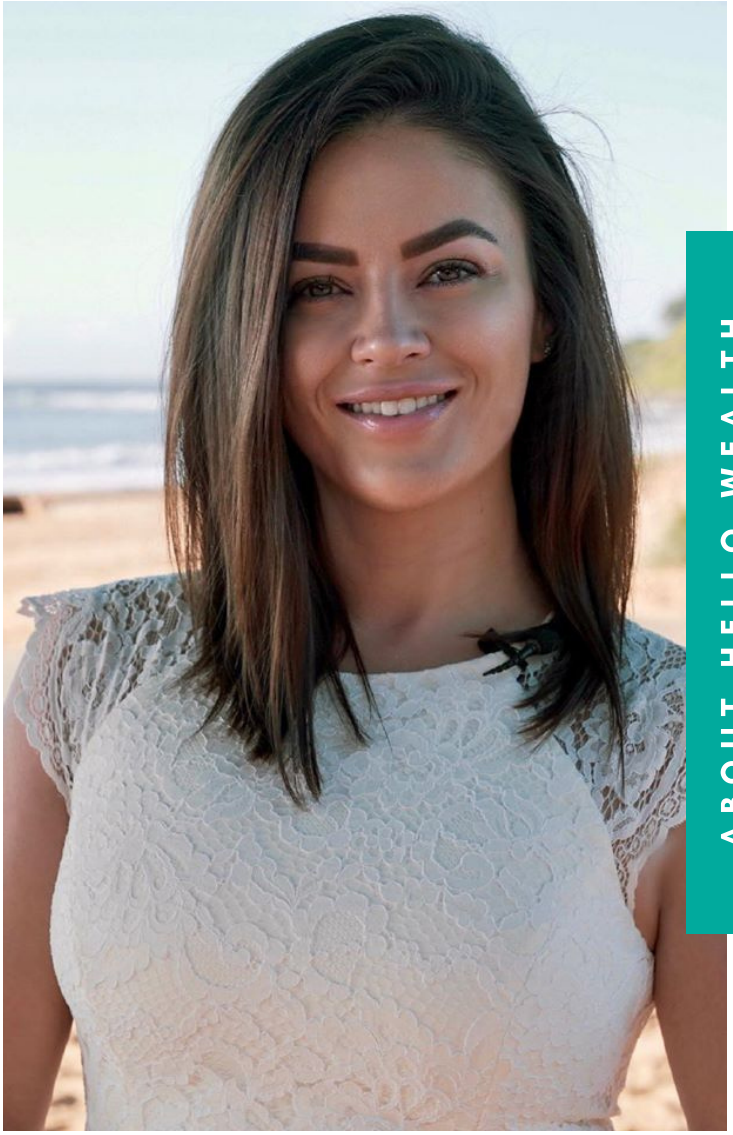
INVESTMENT BASICS

Investing money seems like a great choice as you put some money away and through the power of compounding it increases in value over time, however many don't as they fear the process is too complex or they think they don't have enough money to invest.

According to ASX 2017 Investor Study, 40% of Australian adults don't have any other investments outside their superannuation funds.

We're here to let you know that investing can be simple. It's all about mastering the fundamentals and building on them. If you invest a little money today you will thank yourself in the future.

Let's say you invest $200 a fortnight from the age of 20. Assuming you average a return of 7% p.a., in 20 years plus you'll have over $200,000, despite only investing half that much. That's the power of compounding.



ABOUT HELLO WEALTH

Hello Wealth is a financial planning firm based on Sydney's Northern Beaches and Melbourne's Inner City.

We deliver fresh, sophisticated financial planning, incorporating the latest tech, service choice and strategic interim meetings and offer competitive pricing.

Our mission is to enable our clients to achieve the financial freedom and lifestyle they dream of.

We achieve this by tailoring your personalised circumstances into holistic, high-quality financial strategies to actualise your unique, long-term goals.

BEGINNER'S GUIDE TO INVESTING

01. WHAT IS INVESTING?

Put simply, investing is the act of allocating resources, usually money, with the expectation of generating an income or profit. You can use money to invest in:

- A business
- Investment or owner-occupied property
- Share portfolio
- Bonds or private equity

An investor's approach should always be characterised by the duration they wish to hold the investment. Investors with a short-term approach can be unlikely to realise true returns as they may not have enough time invested.
In addition, they can make rash decisions usually based on emotions and ill information. Whereas those who have a long term approach, are more patient and willing to learn investing skills are generally more likely to allow the investments to compound in value.

02. WHY INVEST?

The main reason why people invest is due to the power of compounding.

Compound interest is a fundamental component of wealth creation which means that you receive interest, not only on your initial investment but also on the prior interest added to your investment. Let's use a scenario to show you the power of compounding.

Let's say Sarah, age 20, invested $1,000 today. If she didn't touch it until she retired at age 70, her money could increase by 32 times — meaning she could end up with around $32,000, assuming a 7.2% p.a. growth rate.

But what if Sarah waited another 10 years — until she was 30 years old — to invest that $1,000 and leave it be until retirement? In that case, she'd only end up with half as much as above — just $17,000. And if she waited until 40? That'd cut the amount she'd be left with in half again: around $8,000.

03. TYPE OF INVESTMENTS

There are either defensive investments or growth investments.

Defensive investments are typically used to meet short-term financial goals, up to 2 years, and to diversify a portfolio. They include investments such as:

- Cash: Bank accounts, high-interest savings accounts and term deposits
- Fixed interests: Government bonds, corporate bonds, debentures and capital notes

Growth investments are used to meet long-term financial goals, 5 years or more, and are used to earn a higher rate of return. They include investments such as:

- Property: Residential and commercial property
- Shares: Investment in a company
- Alternative investments: Private equity, infrastructure and commodities

04. DIVERSIFICATION

The saying is ”don’t put all of your eggs in one basket”. Diversification is an investment strategy that lowers your portfolio’s risk and helps you get more stable returns.

You diversify by investing your money across different asset classes - such as shares, property, bonds and private equity. Then you diversify across the different options within each asset class. For example, if you buy shares, you buy across a range of different sectors such as financials, resources, healthcare and energy.

05. RISK AND RETURN

In investing, risk and return are two sides of the same coin; low risk generally means low expected returns, while higher returns are usually accompanied by higher risk.

HELLO WEALTH
FINANCIAL STRATEGIES

A BEGINNERS

INVESTMENT CHECKLIST

Follow our step-by-step guide for investing. Remember to do your research and get your finances in order before you start investing. Consider the amount of risk you're comfortable with, what your goals are and how long it will take to reach them.

☐

01. GET DEBT UNDER CONTROL

- **Know what you owe**
- **Work out what you can afford to pay**
- **Prioritise your debts**
- **Build a savings buffer**
- **Get help if you need it**

☐

02. SAVE FOR AN EMERGENCY FUND

- **Set up a separate savings account**
- **Automate your savings**
- **Maximise your offset account**
- **Keep adding to your emergency fund**

☐

03. PREPARE YOUR BUDGET

- **Before you start investing it's a good idea to set a budget for all of your expenses including the amount you want to allocate towards investing**
- **Firstly, try our Budget Planner excel sheet to create your master budget**
- **Now, to track it weekly use our Weekly Budget Checklist**

04. DEVELOP AN INVESTING PLAN

- Review your finances
- Set your financial goals
- Understand investment risks
- Know your risk tolerance
- Decide how you'll invest
- Do it yourself or pay a professional to do it for you
- Research your investment options
- Build your portfolio
- Monitor your investments

05. LEAN ON A FINANCIAL ADVISER

- A financial adviser can help you set your financial goals, understand your risk tolerance and find the right investments

Book Your Complimentary

Strategy Call

GET IN TOUCH

WEBSITE

www.hellowealth.com.au

PHONE

1300 181 707

EMAIL

support@hellowealth.com.au

ADDRESS

Sydney Head Office: Level 1, 341 Barrenjoey Road, Newport, NSW, 2106
Melbourne Office: 10-20 Gwynne Street, Cremorne, VIC, 3121

PO Box: 83 Newport Beach, NSW, 2106
PO Box: Suite 168, 100 Toorak Road, South Yarra, VIC, 3141

HELLO WEALTH
FINANCIAL STRATEGIES