

InvestNow Workshop: *Investing 101*



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01 InvestNow's Investing Principles *For Long-Term Success*

InvestNow has codified 10 Investing Principles to help guide Kiwi investors towards long-term investment success.



02 Investing Principle: *Invest now*

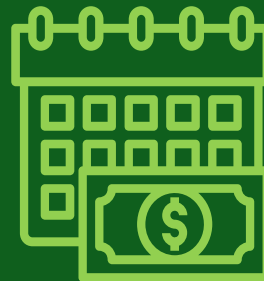
The best time to start investing is right away; compound returns pile up over time so the sooner the better.

Starting your investing journey as early as possible is one of the best ways to build wealth over the long-term, due to the power of compounding:



Power of Compounding

The snowball effect when the returns you earn from investing is reinvested further to generate even more returns



Time in the Market

Time is an investor's greatest asset, as it enables investors to benefit from the power of compounding

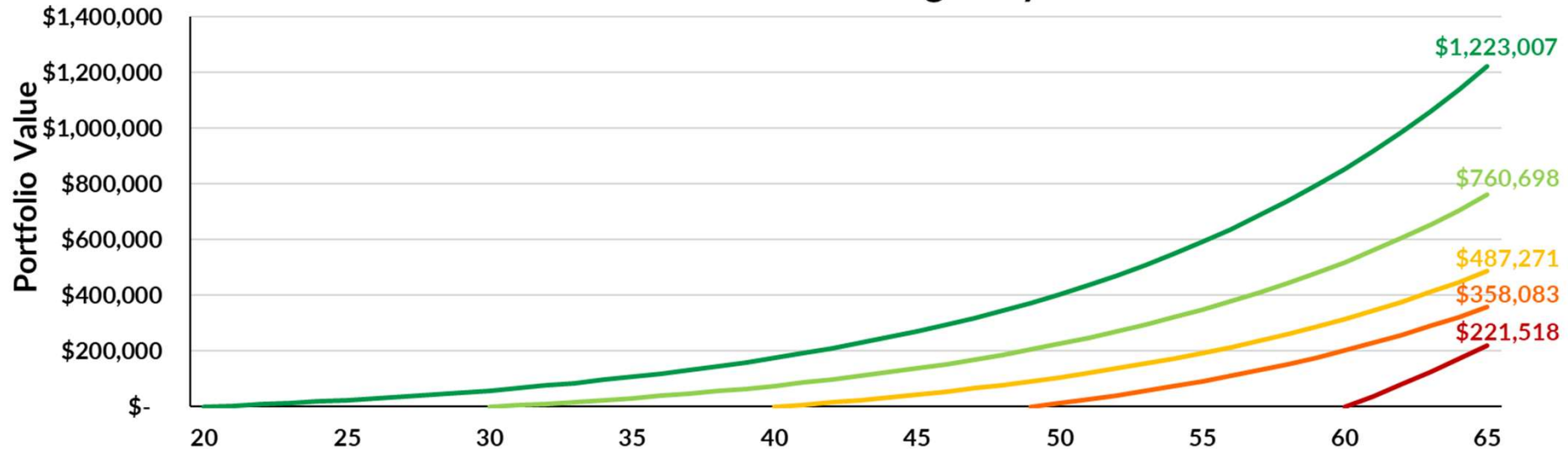


Exponential Growth

The power of compounding can generate exponential growth over time, that can turn modest investments into substantial wealth

02 Invest now: *Compound Returns in Action*

The Power of Investing Early



Age Investing Journey Begins	Age 20 Investor	Age 30 Investor	Age 40 Investor	Age 50 Investor	Age 60 Investor
Annual Investment Returns	7%	7%	7%	7%	7%
Annual Amount Invested	\$4,000	\$5,143	\$7,200	\$12,000	\$36,000
Total Amount Invested	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000
Total Investment Gains	\$1,043,007	\$580,698	\$307,271	\$178,083	\$41,518
Total Ending Portfolio*	\$1,223,007	\$760,698	\$487,271	\$358,083	\$221,518
% From Amount Invested	15%	24%	37%	50%	81%
% From Investment Gains	85%	76%	63%	50%	19%
Portfolio Has Increased By	7x	4x	3x	2x	1.2x

* Note that this is a hypothetical worked example based on assumptions of an annual return of 7% after fees and tax applying, with a lump sum annual investment made at the beginning of each year.

03 Investing Principle: *Have a Plan*

Investment decisions ultimately reflect a range of factors including risk tolerance, age, goals and time horizon. Careful planning, often with professional financial advice, is necessary to combine all these elements to achieve a successful outcome.

The key to a robust plan is setting appropriate investment goals, which carefully balances your investment objectives against your investment constraints.

1 Investment Objectives What do you want to achieve with your money?

- Investment Objectives should be clearly defined, realistic and tailored to your needs
- **E.g. I want to retire with an investment portfolio over \$1 million**
- **E.g. I want to retire 5 years early**

2 Investment Constraints Under what conditions must this be achieved?

- Investment Constraints include your risk tolerance, time horizon and personal beliefs
- **E.g. I only have \$500 of Disposable Income each month to invest.**
- **E.g. I want to invest into safer income assets**

3 Goal: E.g. Retire by 60 with a \$1 million portfolio by investing in fixed income

4 Plan: E.g. Start investing \$500 a month from Age 20 into fixed income funds

03 Have a Plan: *Planning for Investing Success*

A robust plan is one that is tailored to your individual needs. As investors, although we may have similar objectives, there are many ways to get to the same destination and no one way to do it 'right' – what's 'right' is subjective and depends on your own individual circumstances.

In building a plan to help guide your journey towards investing success, consider:



Prioritising Your Goals

You may have multiple goals (especially over different timeframes) but you only have a finite amount of resources to put towards each goal. Ensure funds are allocated based on each goal's importance.



Understanding Your Risk Tolerance

Your ability to tolerate risk is one of the primary investment constraints and is impacted by your investment goals, time horizon and financial situation. Always invest according to your risk tolerance.



The Impact of Non-Financial Factors

Investment decisions ultimately reflect human objectives. Your own personal values/beliefs can impact your financial goals (e.g. ethical investing). Consider how non-financial factors may impact your plan.

04 Investing Principle: Stay Informed, But Don't React To The Noise

While investors should keep on top of market developments and portfolio changes, reacting to over-cooked headlines is a sure way to burn returns. Volatility is an inevitable part of the process, therefore, investors need to stay cool, focus on investment fundamentals and stand by the plan.

But for a long-term investor, what is informative and what is noise?

Informative

Investors should keep on top of...

- Market Developments – any key changes that impact your long-term investment strategy?
- Fund Changes – were there any changes to the strategies of your underlying investments?
- Regular Reviews – regularly reviewing your investment plan/strategy to ensure it is still fit for purpose given your personal circumstances.

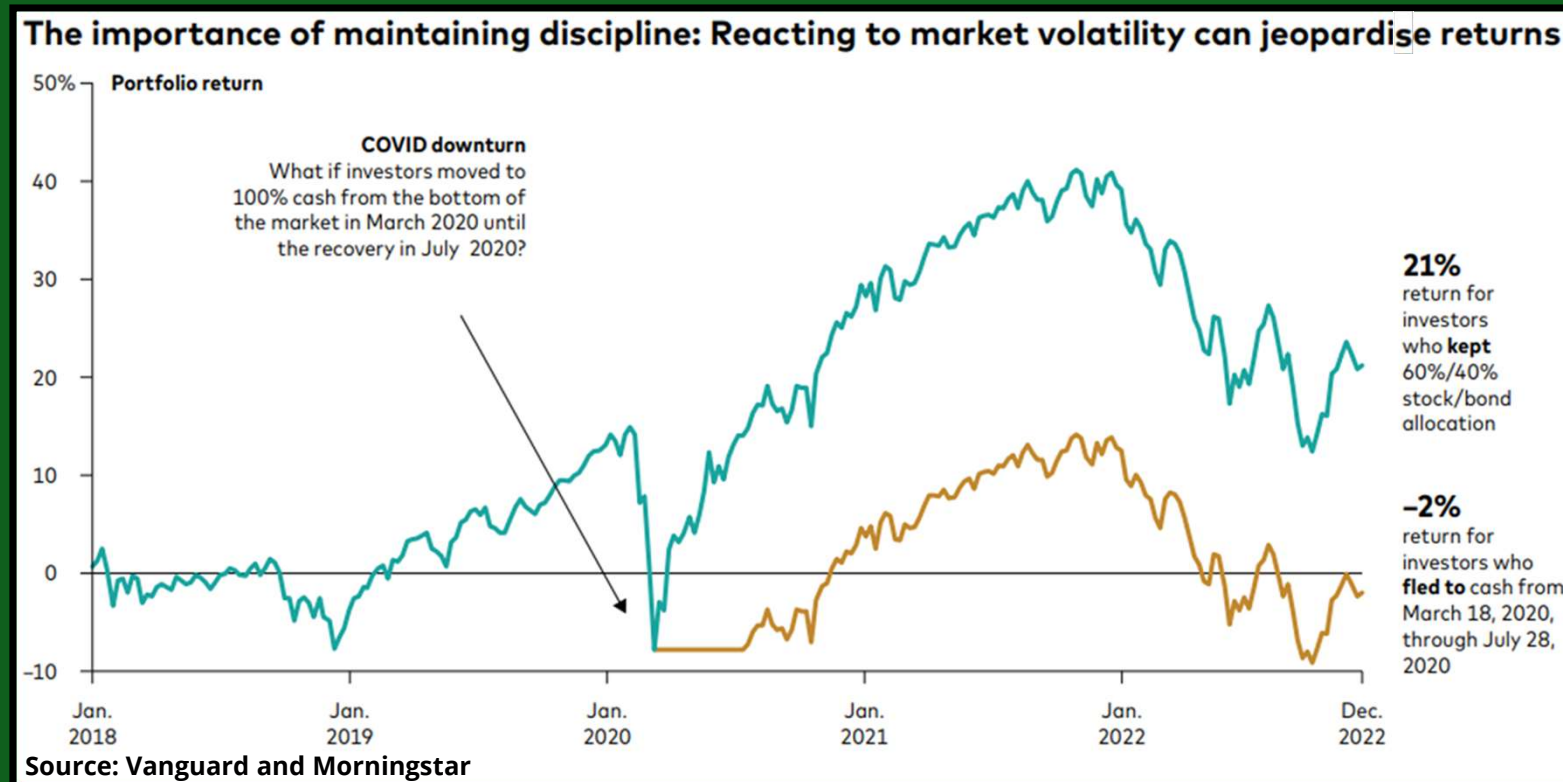
Noise

Investors should avoid reacting to...

- Overcooked Headlines – headlines that instil fear & call for drastic changes to your portfolio.
- High Return, Risk Free Promises – investments that seem too good to be true...usually are.
- Short-Term Performance – markets fluctuate in the short-term, but investors that stay invested are often rewarded in the long-term

04 Stay Informed, But Don't React To The Noise: *Gone Wrong*

Investors that fled to safe assets like cash for just 4 months during the short-term COVID volatility took a massive hit to their portfolio, compared to those that stayed the course:



05 Investing Principle: *Investing Is Not A Game*

Investing can be an entertaining, rewarding and emotionally intense activity, but it is no trivial pursuit...Money is serious; losing it is no fun.

Investors can approach investing with the necessary rigor and discipline it demands by:



Investing in Regulated Products

Investing in well-regulated and licensed products that offer transparency and robust security measures is a great place to start



Mitigating Behavioural Biases

Investors should understand their own behavioural biases too, and how sound portfolio construction can help avoid common mistakes



Treating the Investing Journey Seriously

Money is a powerful tool that impacts our everyday lives. Like our health, we should be taking care of it so that it works for us, and not the other way around

06 **Applying to your Investing Journey: *How to Take Action Today***

InvestNow has various tools and features to help you apply these investing principles and ensure that you stay on track on the journey to investing success. Consider taking action to:



Invest Now

If you haven't already, kick-start your investing journey today and take advantage of the power of compounding! With over 160 different funds from regulated investment providers, alongside Term Deposits from 6 banks in NZ, InvestNow offers something for every investor.



Review Your Investment Strategy

Markets and investor needs are constantly evolving, so it is important to regularly review that your investment strategy and portfolio continues to align with your goals, risk tolerance and beliefs. Regular rebalancing is prudent, while strategy changes should only occur when your goals change.



Establish a Regular Investment Plan

Set up a Regular Investment Plan from as little as \$50 to automatically invest into any combination of funds on InvestNow. This ensures that you are regularly making progress towards your goals and helps you always stay the course with discipline, even amid the most volatile market conditions.

Q&A

Take Control of Your Investing Journey Today *with InvestNow's Investing Principles*

SEARCH

InvestNow's Investing Principles



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