

Investing Basics

What new investors need to know

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Disclaimer

- Educational presentation
- Examples are for illustrative purposes only
- Information presented is not to be interpreted as legal, tax, or investment advice

QUESTION

What do you think about when you hear investing?

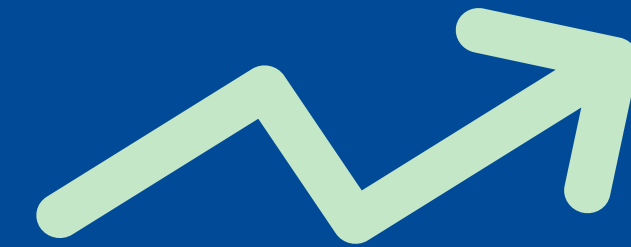




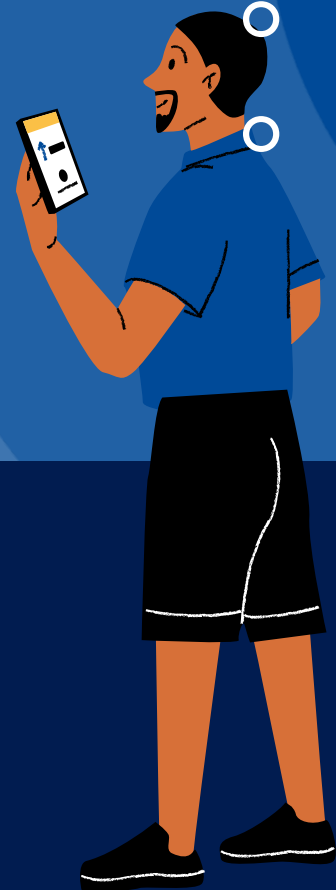
What is Investing?

- Putting your money to work
- Security
 - Lifestyle
 - Retirement

Stock Market



- Buy and sell ownership shares in companies
 - Gives investors a claim on a portion of profits
- Individual stocks fluctuate in price due to
 - Supply and Demand
 - Financial performance
 - Economic Outlook



When to start investing

- As soon as possible!
- But First consider:
 - Establish emergency fund (3-6 months of living expenses)
 - Pay off high-interest debt

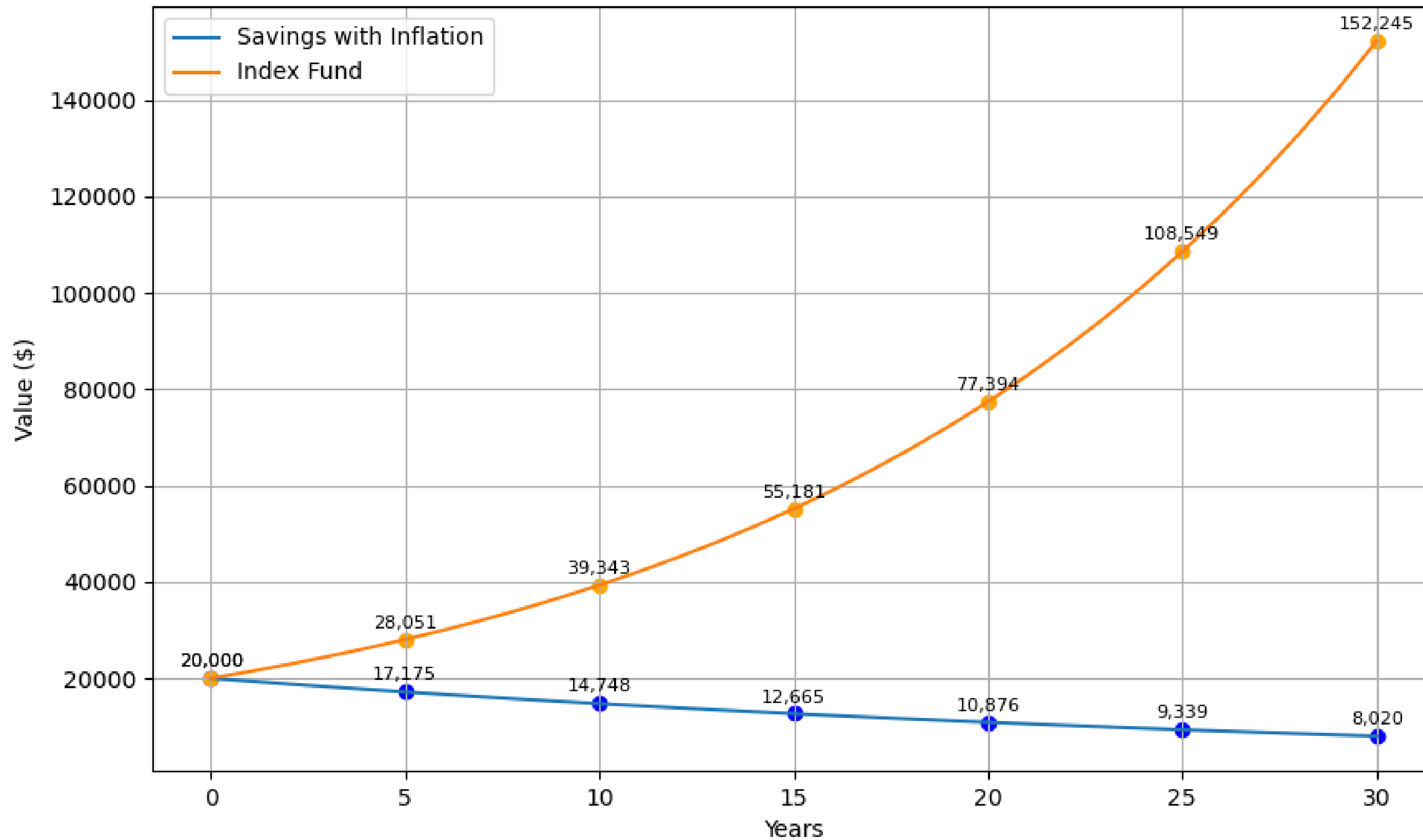


Time Value of Money & Compounding

- Time Value of Money
 - \$1 is worth more today than \$1 in the future
- Why?
 - Opportunity Cost
 - Inflation
- Compounding
 - Interest earned on interest



Comparison of \$20,000 Investment: Savings with Inflation vs Index Fund



INVESTMENT POLICY STATEMENT

- Define Goals
 - Time horizon
 - amount of funds
 - returns
- Risk Assessment
 - Tolerance for market volatility and Losses
- Asset allocation
 - Cash and Cash equivalents
 - Equity
 - Bonds
 - Derivatives
 - Alternative investments



How to start?

- Open an investment account
- Short- and intermediate-term goals
 - Brokerage account: Investment account used to trade assets
- Retirement
 - Tax-advantaged accounts



Brokerage Accounts

- What to Look For?
 - Zero account minimums
 - Transparent commission fees
 - Diverse investment options
 - Reliable online and mobile access
- Popular Online Brokers
 - Fidelity
 - Charles Schwab
 - Vanguard
 - Robinhood



Retirement Accounts

- Employer -sponsored
 - 401(k) or 403(b)
 - Matching contributions
- Individual Retirement Account (IRA)
 - Roth vs traditional
- Investment Options
 - Target date retirement funds



Depositing Funds

- Dollar -Cost averaging
 - Investing equal proportions of income at regular intervals regardless of how the market is doing



Investing your funds

- Active vs Passive
 - Active: Hands-on approach that involves ongoing buying and selling
 - Passive: Buy and hold strategy



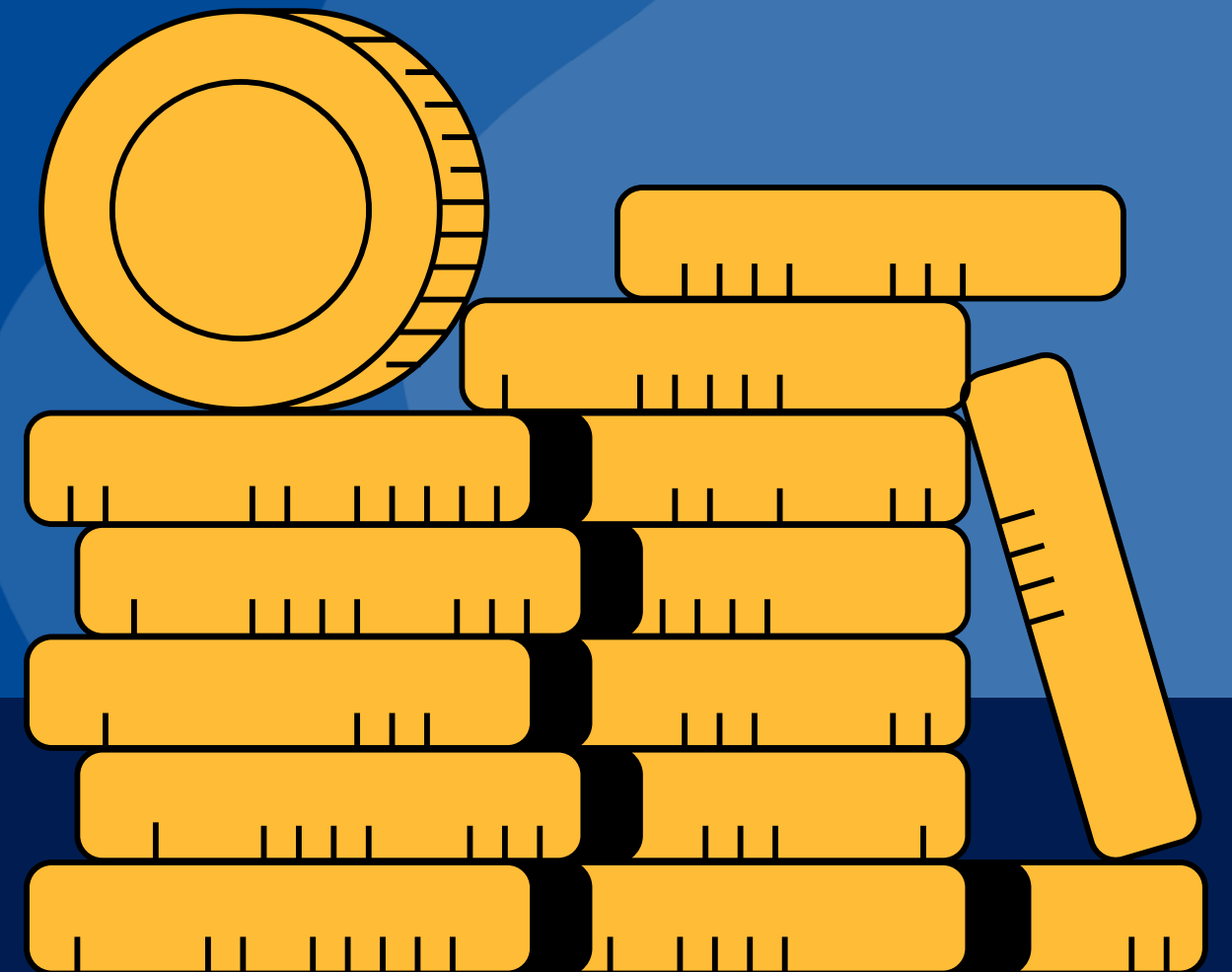
What can you invest in?

- Common Asset Classes
 - Cash and Cash Equivalents
 - Easy access to money through High-yield savings accounts, money market funds, etc.
 - Equity (stocks)
 - Ownership shares in a company
 - Bonds
 - Represent loans made by an investor to a borrower

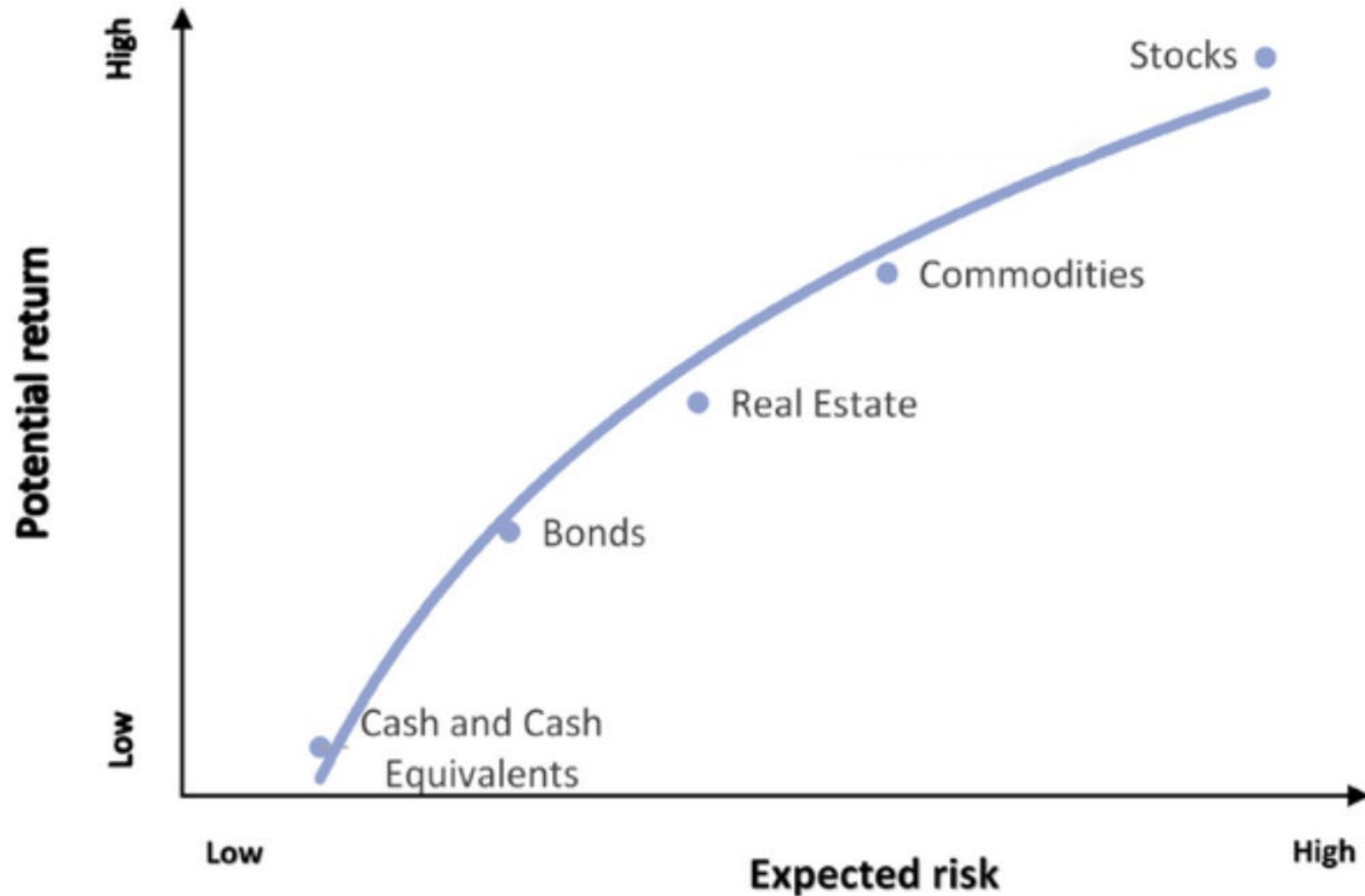


What can you invest in?

- Derivatives
 - A security that has a value dictated by another asset
- Alternative Investments
 - Hedge funds, real estate, commodities, Cryptocurrency, etc.



General Risk Level by Asset Class



Risk and Diversification



- All investments involve some degree of risk
 - Liquidity, Returns, and safety
- Diversification: A process that includes a wide variety of investments within a portfolio
 - Asset classes
 - Market Capitalization
 - Geography
 - Sector and Industry

Mutual Funds and ETFs

- INVESTMENT COMPANIES THAT POOL MONEY FROM MANY INVESTORS
 - DIVERSIFICATION
 - PROFESSIONALLY MANAGED



Conclusion



- Start now!
- Time in the Market Beats Timing the Market
- Investment Policy Statement
- Independent Research
- Diversify

Additional Resources

- FIDELITY GETTING STARTED WITH INVESTING:
<https://www.fidelity.com/learning-center/trading-investing/getting-started-investing-learning-path#investing-basics>
- SEC Saving and Investing:
<https://www.sec.gov/investor/pubs/sec-guide-to-savings-and-investing.pdf>

Questions?

