Investing 101

mint
ASSET MANAGEMENT

4 tips to help you begin your investing journey

1. Know your why?

Like anything in life, you need to have a clear purpose and a goal in mind. The same applies when you are investing. You need to ask yourself the question, what do I want to achieve with this investment? This will help you decide what type of investment option is best for you and for achieving your goal. Once you establish your end goal, you can make a plan and set smaller milestones and timeframes to help you achieve it.

The timeframe of your goal will be key to determining which investment type you choose because different investment types have different recommended time periods and this is usually in relation to risk. For a short-term goal you might consider something more conservative like cash or bonds as these assets are less likely to fluctuate. For a longer-term goal, you may choose something more balanced or aggressive that will include shares for example, as you have more time to ride out peaks and troughs of the market.

It's important to remember that each person and their personal circumstances are different. There is no one-size fits all or secret recipe to success.

Check out sorted.org for their goal planning tool, or write down your answers to the following questions:

What is your investment goal?

You might have more than one goal in mind, spilt these based on priority or timeframe for example, house deposit, retirement – these will probably change throughout your life.

In what time frame are you hoping to achieve the goal?

How many years until you plan on buying a house? How many years until you plan on retiring?

What steps are you going to take to achieve this goal?

You might decide to allocate a certain amount of your salary or wages each month to the goal.

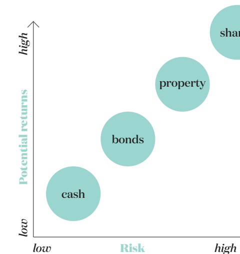
How much can you afford to put towards the goal?

You may already have a lump sum or you may be wanting to contribute regular amounts over time.

2. It's a balancing act

Your goals and timeframe will then help you determine the right balance between risk and return. Sorted has an investor profiling tool you can use to figure it out.

Here is a graph showing the difference in risk-return of different types of assets.



Sourced: Sorted.org.nz

As a rule of thumb the higher the potential returns the bigger risk you take and vice versa. Managed funds have a recommended time frame and risk indicator to help you figure out which one is best for you. Here are our products and their recommend minimum timeframes and risk indicators by way of an example.

Mint Australasian Equity Fund
Recommended time frame: **5 years**
Risk indicator (out of 7): **5**

Mint Diversified Income Fund
Recommended time frame: **5 years**
Risk indicator (out of 7): **3**

Mint NZ SRI Equity Fund
Recommended time frame: **5 years**
Risk indicator (out of 7): **5**

Mint Diversified Growth Fund
Recommended time frame: **5 years**
Risk indicator (out of 7): **5**

Mint Australasian Property Fund
Recommended time frame: **5 years**
Risk indicator (out of 7): **5**

Mint Diversified Alternatives Fund
Recommended time frame: **5 years**
Risk indicator (out of 7): **4**

Make sure you read the Product Disclosure Statement so you fully understand what you're investing in and the risk that you're taking.

3. Don't put all your eggs in one basket

Find out what asset allocation suits you. An asset allocation in a fund will show you the percentages of different types of investments like bonds, shares, property, or cash. For growth assets the more volatility you can expect, but also potentially higher returns over the long-term. For income assets you are less likely to see value volatility but they are less likely to grow as much.

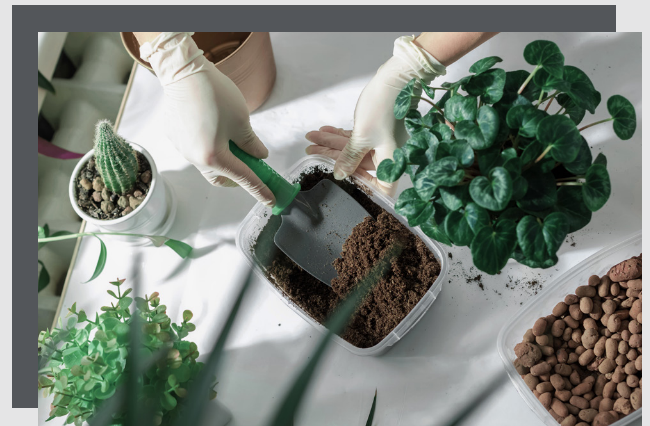
One way to reduce your risk is to diversify your investments, don't put all your eggs in one basket. To find out more about how managed funds work check out this guide by sorted on Investment Funds.

4. Decide how you want to invest

To unlock the benefits of compound returns the earlier you start the better. Usually, fund managers offer two ways of investing, lump sum or regular contributions – like KiwiSaver.

Regular contribution, or "dollar-cost averaging", is great way to mitigate the risk of market fluctuations and grow your money over time, especially if you don't have a nest egg to start with. Another way is a mixture of both, whatever is going to work for you.

At Mint, we offer both ways of investing, the minimum lump sum is $5,000 and $2,000 thereafter. Or you can set up a direct debit of $250 minimum per month. The best time to start was yesterday, and second best time to start is today.



Mint Asset Management is the issuer of the Mint Asset Management Funds. Download a copy of the product disclosure statement here. This document is intended to provide information and does not purport to give investment advice. You can seek advice from a financial advice provider to help you to make an investment decision.