A BEGINNER'S GUIDE TO INVESTING

MAKE YOUR MONEY WORK HARDER

RL360°

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Make your money work harder

LONG TERM SAVING HAS MANY BENEFITS, ENSURING THAT YOU AND YOUR FAMILY ARE ABLE TO ENJOY THE THINGS YOU HAVE PLANNED FOR THE FUTURE SUCH AS PAYING FOR YOUR CHILD TO GO TO UNIVERSITY, FUNDING A FAMILY WEDDING OR SIMPLY TOPPING UP YOUR RETIREMENT FUND.

Whatever you are saving for, it is important to ensure that your hard earned savings are working for you. Investing wisely can be a way of achieving your long term financial goals sooner.

Our beginner's guide to investing aims to equip you with the knowledge to get you started, including:

"AN INVESTMENT IN KNOWLEDGE PAYS THE BEST INTEREST."

Benjamin Franklin

WHY INVEST?

ARE YOU SAVING ENOUGH TO SECURE YOUR FUTURE GOALS?

When seeking a suitable return on any cash-based investment, our focus tends to be towards low-risk options, such as bank accounts. Bank accounts can provide a safer home for your cash, although the interest is typically lower than what you'd expect from a stock-market based investment. This means the return on any savings you have will be minimal, and may not be sufficient to meet your long-term goals.

Factors such as inflation can drive up the cost of living for expenses such as food, utilities, housing, taxes and services. This will impact your regular savings in the short term and will potentially detract from your long-term goals.

THE IMPACT OF INFLATION ON COSTS

Assuming an inflation rate of 6% per year - our calculations are based on this.

Weekly shopping
Impact on the amount you save on a regular basis

1 ltr milk

$1.98	2023
$2.65	2028
$3.55	2033

Source; https://www.globalproductprices.com/USA/milk_prices

Property
Impact on the cost of property purchase

Average property

$436k	2023
$584k	2028
$782k	2033

Source; https://www.fool.com/the-ascent/research/average-house-price-state

SAVINGS

Savings is the portion of income not spent on current expenditures and is usually used for large purchases such as a holiday, a car, a property or for emergencies or contingencies. We define "Savings" as:

- Short-term
- Lower risk
- Lower return
- Easy access to funds

INVESTMENTS

An investment is buying an asset with the goal of generating income or appreciation of your initial capital and is usually to aid large purchases in the long-term future such as a wedding, paying for your children's education or retirement.

- Long-term
- Potentially higher risk
- Potentially higher return
- Access to certain funds may be restricted (for example property)

WHEN TO START INVESTING

If you are not fortunate enough to have a lump sum of money to invest, using your bank account to build a pot of cash is a good way to start. Alternatively you could drip feed money into an investment with regular payments.

Before investing you should:

- Have enough savings to cover emergencies, contingencies or a change in your circumstances
- Relevant insurance cover in place for yourself should you become unable to work e.g. due to ill health
- Understand the value of your investment could go down as well as up and there is a possibility you could get back less than you invested.

Talk to your financial adviser to discuss your investment options.

TYPES OF INVESTMENT

ONCE YOU HAVE YOUR EXPENSES AND CONTINGENCIES COVERED AND HAVE DECIDED TO INVEST, IT IS GOOD TO HAVE AN UNDERSTANDING OF THE DIFFERENT TYPES OF INVESTMENT, KNOWN AS ASSET CLASSES, OF WHICH THERE ARE FOUR MAIN TYPES.

CASH

Cash in a bank account or other money market securities that earn interest over time. This is normally considered to be a safer option during periods of investment market volatility, or for short term needs. However, the real value of the investment may be eroded over time by the effects of inflation.

Short-term investors (up to three years)

BONDS (FIXED INTEREST)

A loan or bond issued by a company or government over a set period of time in return for a fixed interest rate as well as the return of the original capital. Different types of bond have different levels of risk and return but they usually have a better return than cash in the long run. Generally they are considered lower risk than shares.

Short-term to medium-term investors (three to five years)

PROPERTY

Property generally appreciates in value over time. As well as buying a home, you could also purchase a property for rental. The rental income goes directly into your pocket and you have control over your investment. However, you also have the responsibility of ensuring that the rent is paid. Also, when the property market is slow it may be difficult to sell your investment and realise your gains.

Medium to long-term investors (five years plus)

EQUITIES (SHARES)

Equities (Shares) are issued by a company to raise money to develop the business. Investors buy shares, which can be traded on stock markets. They are considered to be one of the best investments to achieve long-term returns, however shares can be volatile in the short-term, meaning their value is likely to fluctuate.

Medium to long-term investors (five years plus)

The risk reward trade off

EACH ASSET CLASS COMES WITH A DIFFERENT LEVEL OF REWARD AND RISK. GENERALLY SPEAKING, THE HIGHER THE RETURN OPPORTUNITY THE GREATER THE RISK. THIS IS SHOWN IN THE GRAPHIC BELOW.

HOW TO INVEST
IN FUNDS

Choosing an expert fund manager is a good way to begin your investment journey.

Fund Managers, or Fund Management companies pool the money of individual investors into a structure, known as a "mutual fund". The mutual fund issues each investor with units representing an equal value of the fund. The fund manager aims to increase the value of each unit through their extensive knowledge of international stock-markets over a period of time.

Holding investment funds can reduce the risk of holding a few individual shares or bonds as your returns are determined by a wider range of investments.

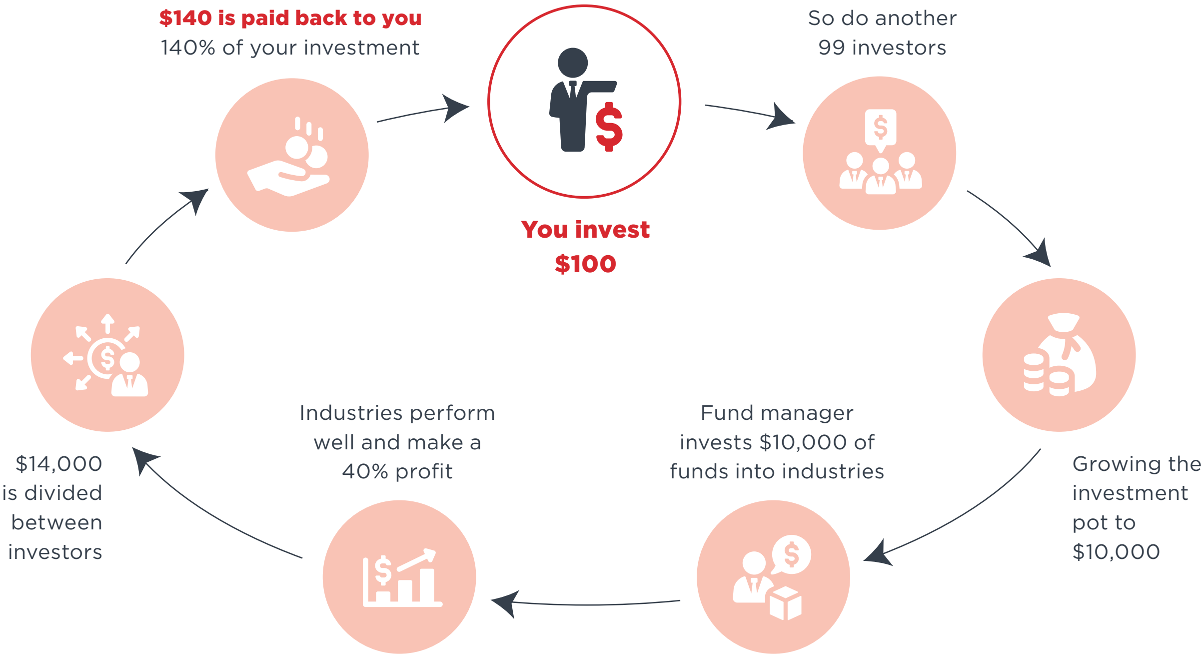
THE BENEFITS OF FUNDS

- Knowledge of a professional investment fund manager
- Option to take advantage of a wide range of investment opportunities
- Funds are tightly controlled and monitored by legislation
- Sharing the cost of the fund with other investors to make investing more affordable
- Higher potential returns than other options such as a bank account

Possible risks

- The value of investments can go down as well as up, meaning you could get back less than you put in
- Stock markets can be unpredictable so there is no guarantee that a fund will do well

How your money is invested



Charges may apply, such as stockbroker or third-party settlement charge. We have not assumed any for the purposes of the diagram above.

PLAN YOUR INVESTMENTS

ONCE YOU ARE READY TO INVEST IT IS RECOMMENDED THAT YOU SPEAK WITH YOUR FINANCIAL ADVISER WHO CAN OFFER YOU GUIDANCE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES. AT THIS STAGE IT'S A GOOD IDEA TO ASK YOURSELF THE FOLLOWING QUESTIONS, SO YOU CAN GAUGE WHICH TYPES OF INVESTMENT WILL BE SUITABLE FOR YOU.

01 What are your financial goals?

Whether your financial goal is to buy a new car or a more long-term goal, such as planning for your retirement, it is a good idea to make list to help you visualise your goals.

02 How much money do you need to achieve your financial goals?

Research and estimate the cost of your financial goals to make sure you can achieve them.

03 How much can you afford to invest?

Set financial goals that are ambitious yet achievable, when considering your current income and expenses.

04 When will you need to pay for your goals?

Knowing the time frame of your financial goals, whether they be 3 years or 30 years into the future will allow you to budget better. Being aware of things such as inflation and acting accordingly will also allow you to achieve your goals.

05 How much risk are you prepared to take?

Risk and reward should be understood and balanced to ensure you do not invest in assets that expose you to unnecessary risk. Remember, when investing the value may go down as well as up and in extreme circumstances, you may get back nothing at all.

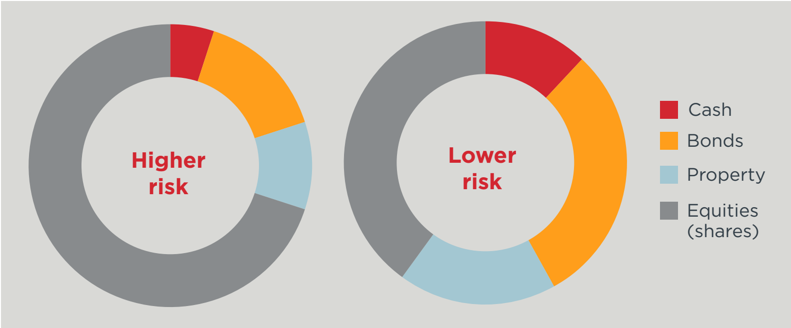
Your financial adviser will make recommendations for your investment portfolio based on your answers to the above.

YOUR INVESTMENT PORTFOLIO

BUILDING YOUR PORTFOLIO AT THE OUTSET IS NOT THE END SOLUTION AS THE INVESTMENT MIX WHICH IS RIGHT FOR YOU TODAY MIGHT NOT BE RIGHT FOR YOU IN THE FUTURE. THIS WILL DEPEND ON MARKET CONDITIONS AND YOUR LIFESTYLE CHANGES.

BUILD YOUR PORTFOLIO

Diversification is a strategy that mixes a wide variety of investments from a variety of different industries or countries, for example. The aim is to reduce risk of significant falls in the value of your portfolio should one industry or company be affected.



You should also consider:

Market timing - As markets rise and fall it can be difficult to predict the direction and movements of asset prices. This makes it difficult to anticipate the best time to invest.

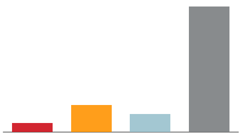
Benefits of regular saving – Market rises and falls are part of life, but by saving a fixed amount on a regular basis you have a method to 'smooth out' market volatility and benefit over the long-term. This can also be know as dollar-cost averaging.

REVIEW YOUR PORTFOLIO

It is likely that the balance of investments in your portfolio will need to evolve slowly not only in line with market conditions but also with factors such as your personal circumstances and most notably your age. The level of risk you are prepared to take, along with your investment and income needs, are likely to change throughout the different stages of your life, each requiring a different balance within your portfolio.

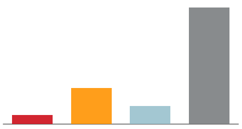
MANAGE YOUR PORTFOLIO

Investors must make their own investment decisions based on their own financial objectives and financial resources. We recommend that you discuss the suitability of your investments with your financial adviser and regularly review them.



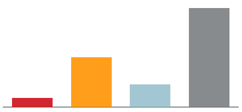
20s

Consider being aggressive with your investment approach. You have time on your side to weather stock market fluctuations.



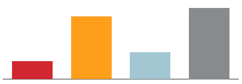
Late 30s to early 40s

A growth and income approach that still favours equities over bonds may help balance retirement planning and other more immediate financial obligations such as a child's post-secondary education.



Mid 50s

Seek to reduce risk in your portfolio as you approach retirement. There is typically less time to recover market losses.



Late 60s and beyond

Allocating more to bonds makes sense, but maintaining some stock market exposure may be necessary to keep pace with inflation in today's low interest rate environment.

Cash | Property
Bonds | Equities (shares)

INVESTING WITH RL360

RL360 PROVIDES ACCESS TO FUNDS FROM SOME OF THE WORLD'S LEADING FUND MANAGEMENT COMPANIES WITH THE FOLLOWING BENEFITS:

- ✓ Funds available in a number of currencies
- ✓ A broad range of funds covering all major asset classes
- ✓ An investment solution for every type of investor
- ✓ Monthly fund price and performance updates

HOW TO GET STARTED

01

Go online to see which funds you are currently invested in. If you are not already using the RL360 Online Service Centre to manage your policy online, simply go to **https://service.rl360.com/scripts/customer.cgi** to register.

02

Visit the Fund Centre on our website to find out more about the range of funds available to you.

03

Speak with your financial adviser to learn more about which investments are best suited to your circumstances.

DISCLAIMER

This document is for information only. It does not constitute advice or an offer of products and services by RL360. Please seek professional advice, taking into account personal circumstance before making any investment decisions. We can accept no liability for loss of any kind incurred because of reliance on the information or opinions provided in this document.

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