Intrepid Wealth

Bold. Different. Maverick

MONEY MAVERICKS

BEGINNER'S GUIDE TO INVESTING

Learn the fundamentals of investing and gain the confidence to navigate the financial world with this essential beginner's handbook.

INTRODUCTION

Welcome to the Beginner's Guide to Investing for Australians. Investing is a powerful tool that can help you grow your wealth, achieve financial goals, and secure your future. In this guide, we will provide you with a foundation of knowledge to help you navigate the world of investing in Australia. Let's get started!

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UNDERSTANDING YOUR GOALS

Before you begin investing, it's crucial to define your financial goals. Are you saving for retirement, buying a house, funding your child's education, or planning for a major life event?

Knowing your goals will help determine your investment strategy and time horizon.

66%

*In 2022, **the homeownership rate in Australia was approximately 66%,** according to the ABS. Setting financial goals for purchasing a house aids in mortgage planning, affordability evaluation, and determining savings or investment strategies for homeownership.*

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YOUR RISK PROFILE AND ASSESSING RISK

Investing involves risk, and it's important to understand and assess your risk tolerance. Consider your age, financial obligations, and comfort level with potential fluctuations in investment returns.

Conservative investors may prefer lower-risk investments, while those with a higher risk tolerance may seek higher potential returns with increased volatility.

The ASX study revealed that ***younger investors have higher risk tolerance compared to older investors,*** *highlighting the importance of age in assessing risk tolerance.*

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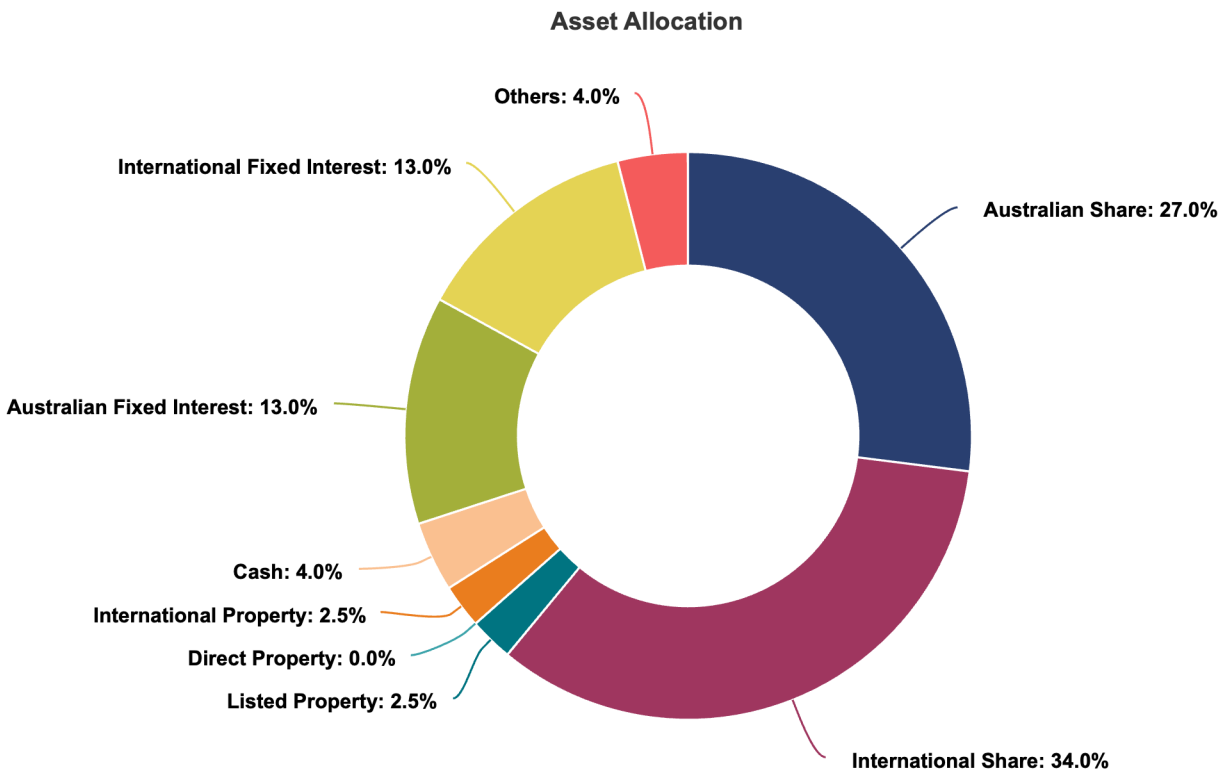
STANDARD GROWTH ASSET ALLOCATION



This is a standard 'growth' risk profile and represents a suggested mix of asset class exposure for that profile. The breakdown is: 61% shares, 26% fixed income, 5% property, 4% 'other' and 4% cash.

We do not believe that an asset mix like this will set you up for outperformance and is an outdated way of approaching portfolio management.

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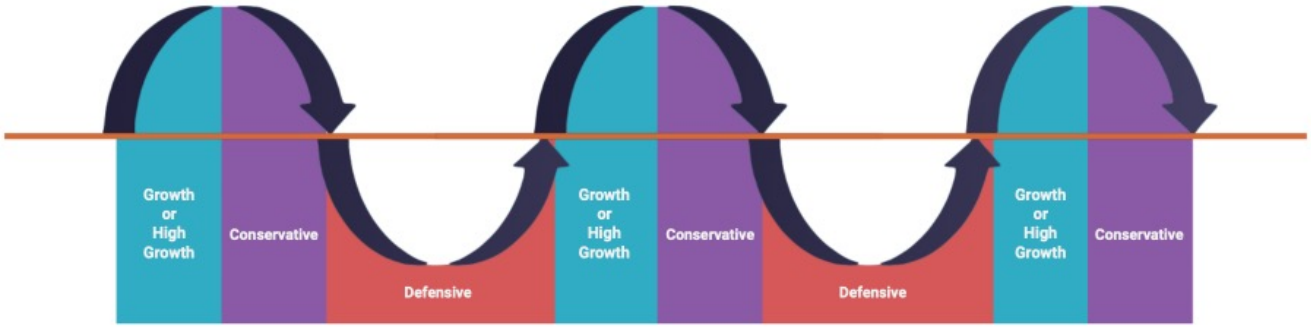
ADAPTIVE RISK PROFILE



The wave in the graph represents the business/economic cycle. As you can see we go through periods of economic expansion then economic contraction. Our process is to adjust portfolios according to where we are in that cycle because certain asset classes perform differently depending on where we are in the cycle.

An example of this would be in the 'contraction' phase. Sometimes, during that phase we enter recessions (as happened in 2020) and prior to that from 2007 to 2009. Those periods required a different risk management approach than a set and forget portfolio.
Whilst we do see periods of economic downturn, it seems that the period of economic expansion last longer and more frequently.

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THREE KEY STRATEGIES WE BELIEVE IN

Purchase a Principal Place of Residence (PPOR).

Maximise Super via an SMSF or control your fund.

Invest either personally or through a structure (Family Trust).

A home (PPOR) is a powerful asset and one of the best tax shelters in Australia. Not only do you get security of tenancy (no landlord to answer to) you also get a CGT free asset that you can leverage in the future. No need to buy investment properties and leverage yourself to the eyeballs!

Super is the second-best tax structure in Australia (IMO) and worthy of your attention. Not only is the tax on super only 15% (during accumulation phase) it is tax FREE in retirement (pension phase). Top that with your employer mandated super contribution of 12% (world leading) and you have a recipe for a great retirement. We believe in SMSF (self managed super fund) as the best way to get control of your super.

An investment outside of your home and your super is our third key strategy. You need an investment for the family that could span generations and investing through a family trust is usually where we do that. The key takeaway is to have an investment (could be shares, gold, crypto) that could give you liquidity should you need it as well as be there to grow long term.

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UNDERSTAND THE ASX

The ASX is Australia's primary stock exchange. Consider investing in individual shares if you are comfortable with the associated risks. Research companies, study financial reports, and track market trends before making investment decisions. Alternatively, you can invest in index funds that mirror the performance of the broader market.

*The ASX is home to several **well-known Australian and international companies.** Some prominent companies listed on the ASX include Commonwealth Bank of Australia, BHP Group, CSL Limited, Westpac Banking Corporation, and Woolworths Group.*

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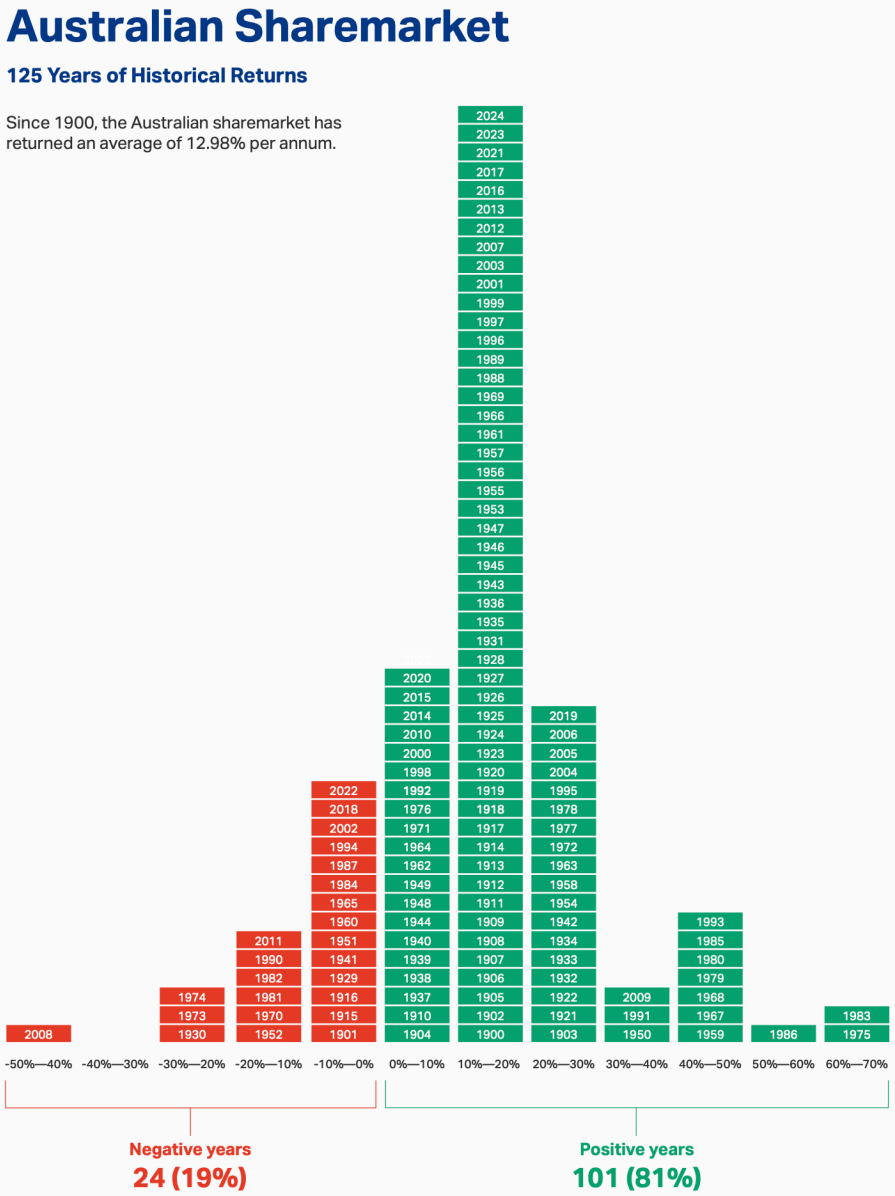
UNDERSTAND THE ASX

If the stock market is a measure of expansion it should come as no surprise that the Australian stock market, over the last 125 years, has been positive 81% of the time and negative only 19% of the time. You can see that on this graph:



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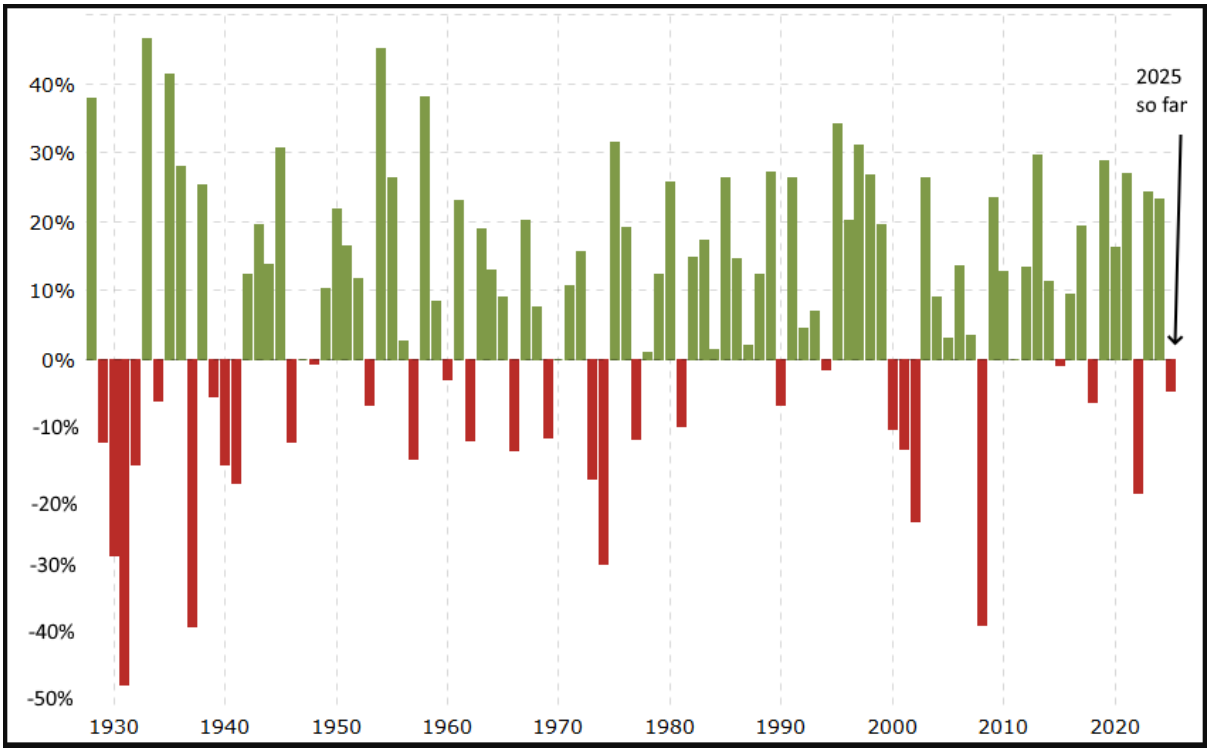
UNDERSTAND THE S&P 500



The S&P 500 over the last 100 years (since 1926) has been positive 73% of the time and negative 26%.

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SUPERANNUATION (SUPER)

Super is a retirement savings scheme in Australia. Regularly contribute to your superannuation fund to enjoy tax advantages and grow your retirement savings.

Choose from different investment options within your super fund based on your risk tolerance and investment goals.

Choice of Fund: Employees generally ***have the right to choose their superannuation fund****. However, if an employee doesn't choose a fund, the employer will typically contribute to a default fund chosen by the employer.*

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MONITOR AND REVIEW YOUR INVESTMENTS

Regularly review your investment portfolio to ensure it aligns with your goals and risk tolerance. Make necessary adjustments as your financial situation changes or as market conditions fluctuate.

Stay informed about economic trends and financial news that may impact your investments.

Research findings reveal that about 75% of Australian investors prefer diversifying their investment portfolio across different asset classes as part of their review and adjustment strategy.

75%

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SEEK PROFESSIONAL ADVICE

Consider consulting a qualified financial advisor or planner to help you create a personalized investment plan.

They can provide valuable insights, tailor strategies to your needs, and help you navigate complex investment options.

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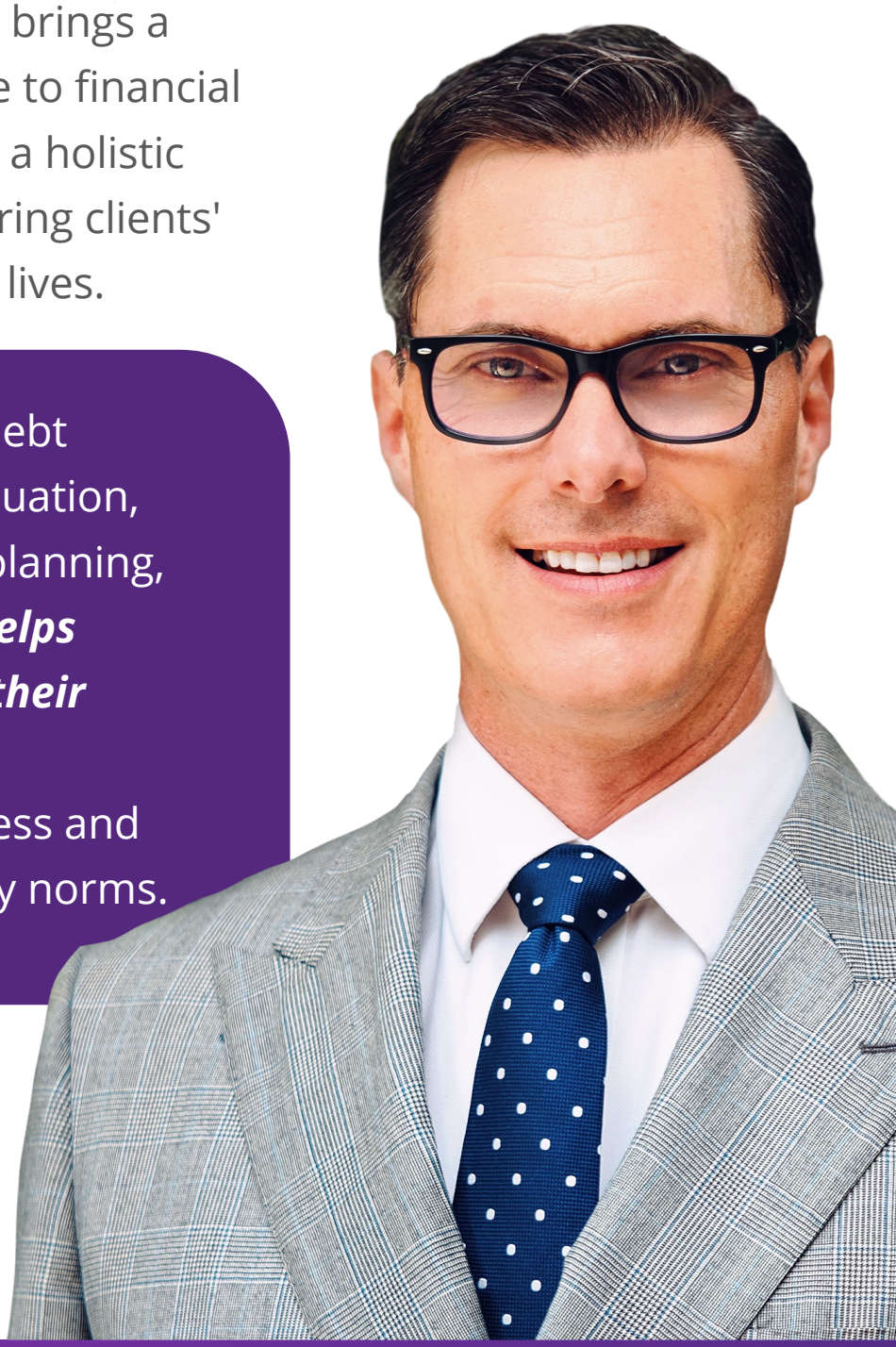
PJ PATTERSON
INTREPID WEALTH

PJ Patterson, CEO and founder of Intrepid Wealth, brings a unique perspective to financial planning. He takes a holistic approach, considering clients' complete financial lives.

With expertise in debt strategy, superannuation, insurance, estate planning, and investing, ***PJ helps individuals reach their wealth goals.*** He encourages boldness and challenges industry norms.



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MONEY MATTERS PODCAST HOSTED BY PJ PATTERSON

Real talk on investing, personal finance, and money. We discuss what you need to know. New episodes regularly. Available on Spotify and Apple Podcasts – click the icons below to subscribe.

Intrepid Wealth is also on social media:

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INVESTING IS A JOURNEY

Remember, investing is a journey that requires continuous learning and adaptation. Stay committed to your financial goals, and don't hesitate to seek professional guidance along the way. If you want to **continue learning about investing, understanding how to better manage and grow your wealth,** you can book a complimentary call with PJ Patterson by scanning the QR code.

To schedule a complimentary call with PJ Patterson, simply scan the QR code.

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BEST COMMUNITY ENGAGEMENT PROGRAM
BETTER BUSINESS AWARDS 2019

COMMUNITY CHAMPION AWARD
MFAA EXCELLENCE AWARDS 2019

DIVERISIFIED BUSINESS AWARD
MFAA EXCELLENCE AWARDS 2018

FINALIST DIVERSIFICATION PROGRAM OF THE YEAR
THE ADVISER BROKING AWARDS 2020

FINALIST SOCIAL AND COMMUNITY ENAGEMENT PROGRAM OF THE YEAR
THE ADVISER BROKING AWARDS 2020

FINALIST BEST COMMUNITY ENGAGEMENT PROGRAM
BETTER BUSINESS AWARDS 2021

FINALIST GENEROSITY AWARD
B1G1 BUSINESS FOR GOOD 2021

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