



# DIY Investing

What you really need to know

Presented by: Michael Lannon

## Disclaimer

This information has been prepared without taking into account your particular financial situation. Before making an investment decision based on this information, you should assess your own position, and if appropriate, seek the professional advice.

An application for any fund or investment product mentioned in this presentation can only be made on an application form attached to the current product disclosure statement available from 2020 DIRECTINVEST Pty Ltd.

## Agenda

- About 2020 DIRECTINVEST
- Economic overview – post GFC
- Investor psychology
- Are you smarter than the average financial adviser?
- Superannuation
- Core investment strategies


# About 2020 DIRECTINVEST

## Who we are

- We empower investors with the **tools & information** to **make and execute investment** decisions in the most **cost effective** manner.

## What we do

- We provide direct access to the same managed funds and super funds offered by financial advisers – but with no entry fees, exit fees or adviser service fees.
- We **aggregate** the collective buying power of our customers in order to **negotiate special deals** that would **not normally be available to individuals**.



# Economic outlook

## Global and Australia

## Economic overview

- Australia – economic recovery underway.
- Global economy key themes – growth driven by emerging markets.
- Global economy key risks – US housing, sovereign debt, what 'shape' is the recovery.

## Global economic recovery

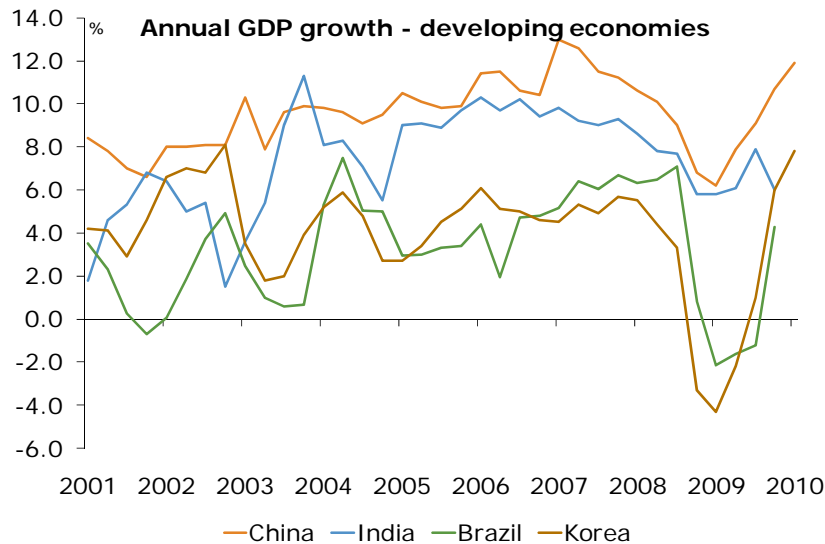
1. The GFC – ‘crisis’ moving from banking sector to sovereign risk.
2. Recovery from recession is underway – but risks post-stimulus.
3. Political and social implications of debt and unemployment.

### **Defining features of the recovery:**

- Led by government stimulus efforts – but these will need to be unwound.
- Fiscal consolidation will slow growth in the countries affected.
- Recovery is uneven - led by China/Asia, followed by US and then Europe/UK.
- Inventory rebuild is playing a large part.
- Capital and consumer spending will need to recover and be sustained.

Source: IMF and Colonial First State

## Developing economies leading the recovery

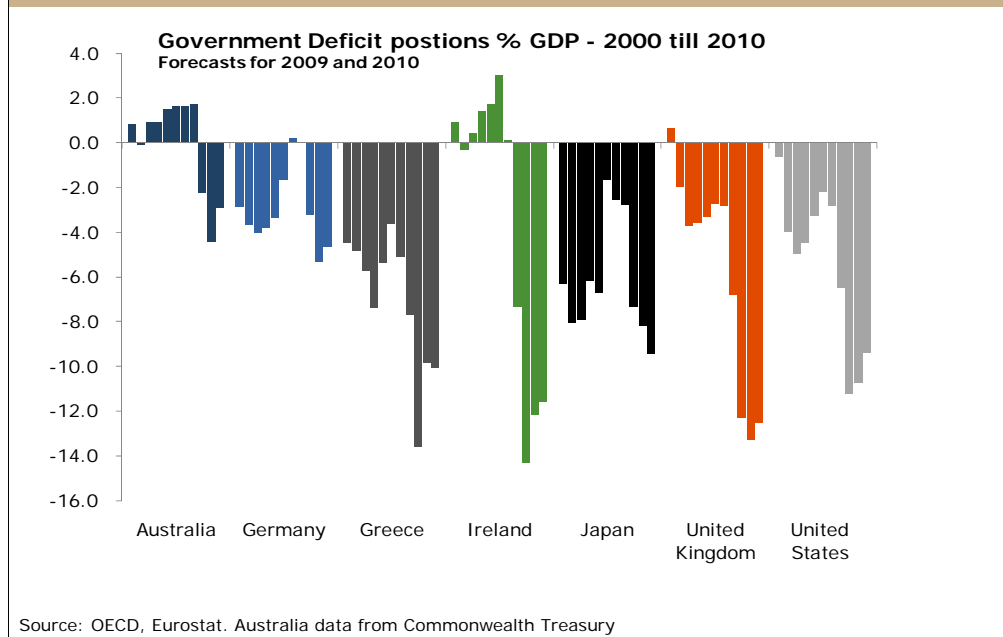


Developing economies leading the recovery.

Why?

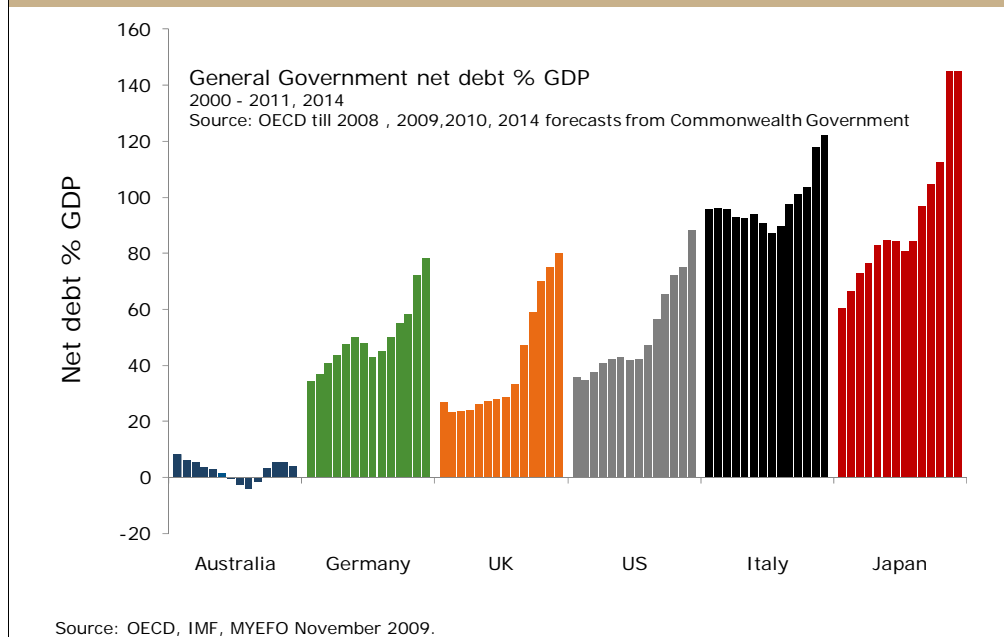
- Banking systems did not record losses like US and Europe because they learnt from the Asian crisis
- Effective government stimulus packages
- Fundamental changes to society – especially China
- Australia is now in this economic orbit

## Sovereign credit risks a major concern



- Government deficit positions have deteriorated around the world given need to stimulate economies as a result of the downturn.
- Greece's Budget deficit is expected to be 12.7% of GDP this year. The budget deficit problem is made worst by running deficits in the good time leading up to the GFC.
- This is unlike Australia who recorded surpluses and then when the downturn hit was able to spend to stimulate the economy with out worrying about the blowout in the deficit position.
- Remember – countries within the EU are meant to hold their deficit levels to 3% of GDP, this clearly has not happened over recent years and now a large period of fiscal restraint is needed to reduce these deficits – this has large issues for the prospects of a recovery in the European economy and flow on impacts to the global economy.

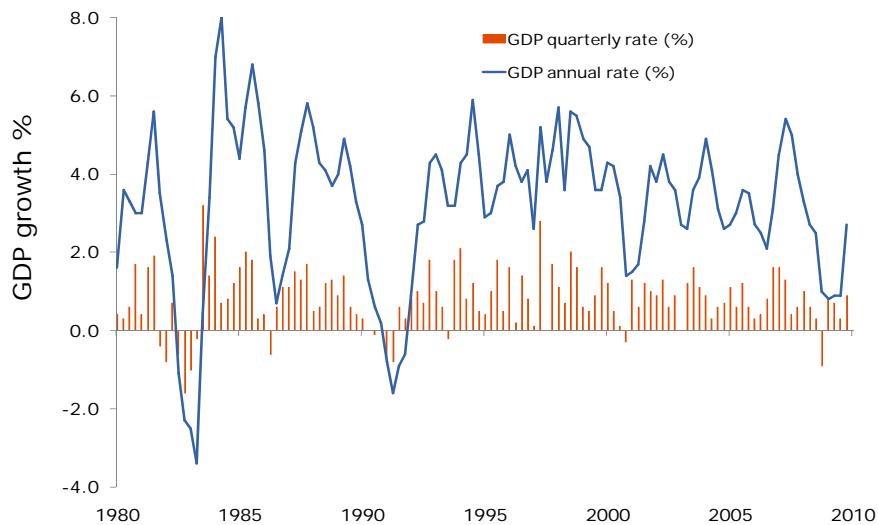
## Australian debt better than the rest



- Australia is one of a handful of countries that are increasing govt debt from a net asset position (ie. negative net debt in the chart)
- This places us in a very strong position relative to those nations who already have very large government net debt positions that are now going to increase very rapidly.
- Australia net debt to peak at less than 10% in 2014. Compared to 93% average amongst OECD countries.
- Good for Australia – helps us to attract foreign investment which is key given all our investment plans, also helps keep debt costs low and return to surplus quicker.
- Other countries need to introduce fiscal discipline, likely to be higher taxes as well.

## Australian economic recovery underway

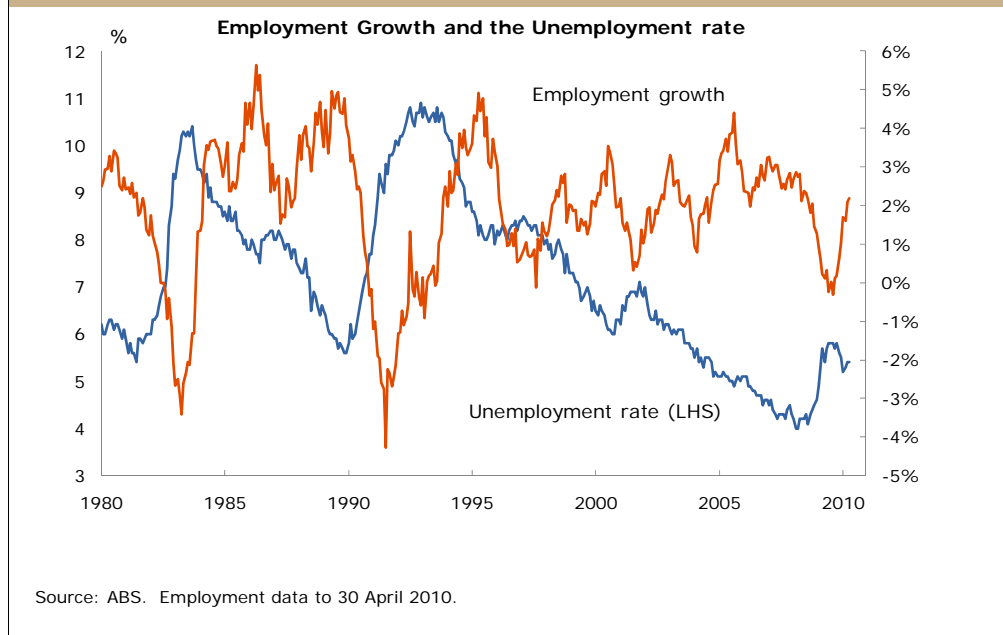
- Quarterly and yearly Gross Domestic Product growth



Source: ABS. Data to 31 December 2009.

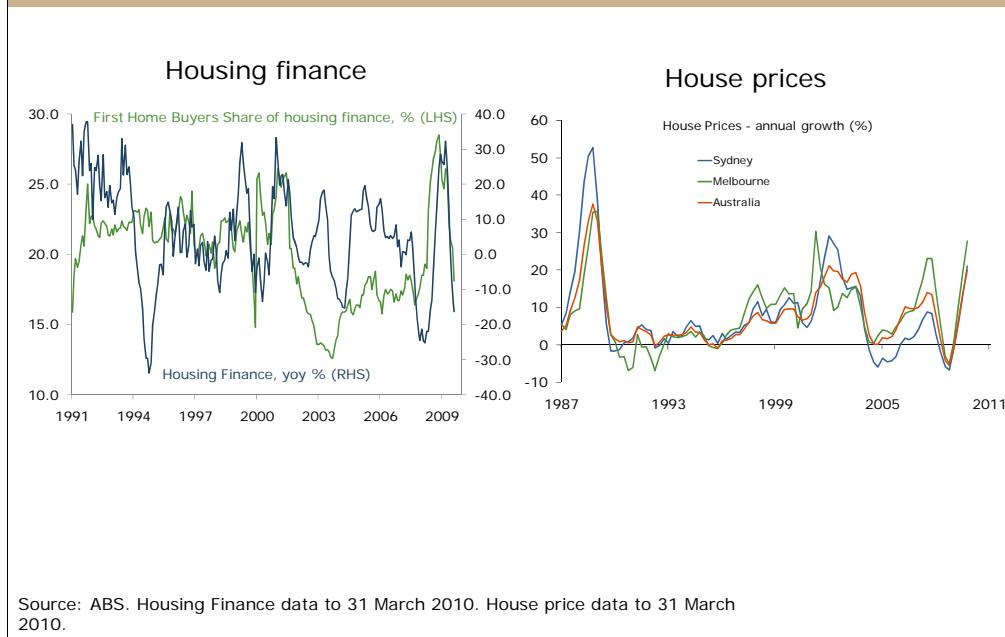
- Australian economic growth has slowed sharply but we are still doing better than most. Despite not having (yet) seen two-quarters in a row of negative GDP growth we can still say that Australia is in recession.
- Not having a technical recession actually boosted consumer confidence and had a positive feedback loop.
- However RBA and treasury does not use this definition.
- Prefer broader definition looking at:
  - was there a slowdown in economic growth
  - Did income levels fall
  - Did unemployment rise
  - On this Australia had a mild recession – but very mild compared to previous recessions and other countries

## Employment outcome a great result



- While the increase in the unemployment rate has been relatively modest to date at 5.8% this was helped by companies reducing hours worked rather than full job cuts
- Issue is wages growth also has slowed sharply
- Cuts in hours worked equivalent to 250,000 jobs lost and a much higher unemployment rate!

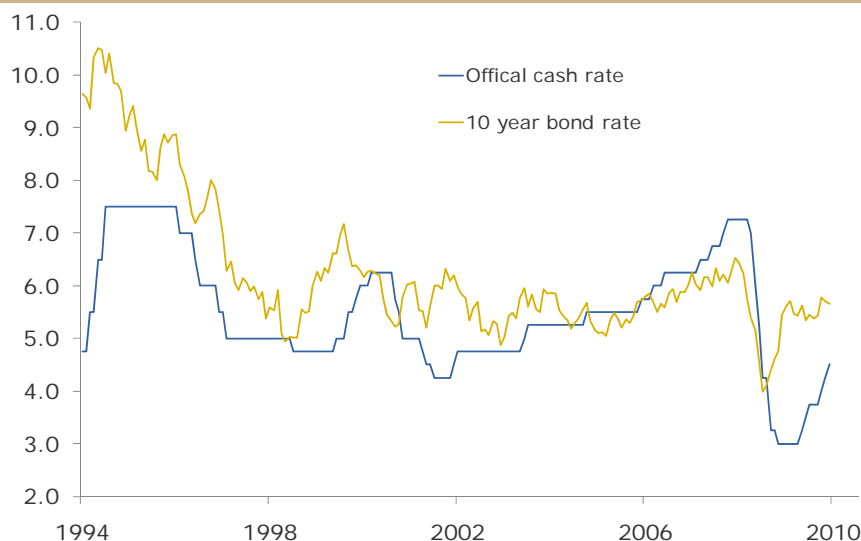
## Housing market supported by low rates & FHOG



Whilst housing finance increased the percentage of that finance for First Home buyers was significant due to the FHOG. As this program ends on 30 June 2010 it could result in a contraction in housing finance.

Capital city house prices with the exception of Perth have mostly recovered from the correction during the GFC. Certainly the last 13 years have shown enormous capital appreciation around the country? Can it continue???

## Australian interest rates to move higher



Source: RBA. Data to 5 May 2010

- All the success comes at a price. This is in the form of higher official cash rates. RBA hiked to 3.75%. More expected in 2010 as RBA moves back to a normal level (around 5%)
- 3% was an emergency level, emergency now over given the better performance of Australia's economy. Now gradual removal of this stimulus. No surprise to financial markets, 10 year bond yields had already moved higher in anticipation.

## Other issues for Australia

- **Withdrawal of Commonwealth guarantee** – for banks on 31 Mar 2010 and States from 31 Dec 2010.
- **Henry Review on taxation** – Major review of taxation system. Government's response includes Resources Tax on Super Profits and increase in superannuation levy.
- **Inter-Generational Report** – cost of ageing population on Budget.
- **APRA regulatory changes** – higher cost of capital for banks.
- **Cooper Review on superannuation** – value and cost of financial advice and superannuation.

Source: Colonial First State

## Behavioural Finance

Why we often make irrational investment decisions.

## How rational are your behaviours?

Stroop test: say the colour of the words

RED	GREEN	BLUE	PURPLE	PINK
ORANGE	BLUE	GREEN	BLUE	BLACK
GREEN	PURPLE	ORANGE	BLUE	BLACK
BROWN	RED	BLUE	PURPLE	GREEN

- Why is it so hard? Our brain overrides the colour with the word.
- Reading words and perceiving colours involves different parts of the brain.
- We cannot override our brain machinery on a day to day basis, and this is also true in investing
- There have been extensive studies conducted into why our brains function this way when we invest and why we make decisions even when we know they are not correct.
- Our brain overrides what rationally is in front of us.

# Aspects of investor psychology

*Why people do what they do when investing*



- Let's take a look at some typical behaviours:
- Greed and fear are supposed, together with herd instinct, to be the three main emotional motivators of stock markets and business behaviour, and one of the cause of bull markets, bear markets and business cycles.
- Let's explore six common concepts in the field of behavioural finance identified as contributing to irrational and detrimental financial decision making. As we go through them, consider whether you've fallen prey to some of these biases. Chances are, at one point or another, we all have.

## Over confidence = under performance

- A survey of 78,000 US individual investor accounts between 1991 – 1996:

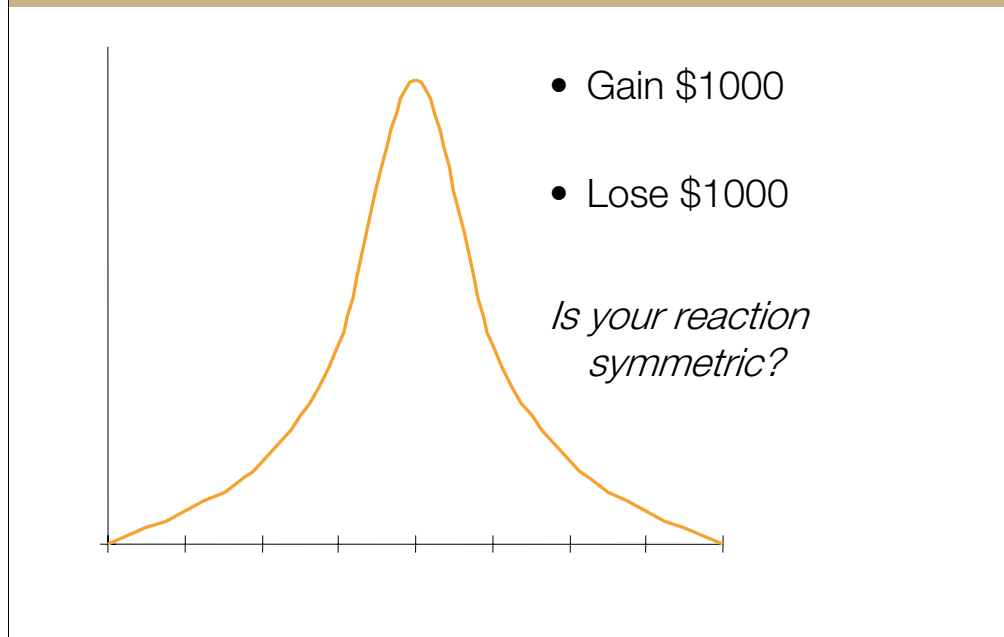
Trading Activity	Annual Return
■ Least active (20%)	17.5%
■ S&P Index	16.9%
■ Most active (20%)	10.0%

- The most active investors expected to outperform the index by 2%!

Source: Odean and Barber 1998

- In financial markets, one consequence of overconfidence is that individuals who manage their own accounts trade too often. When these investors make changes in their portfolios, the changes are costly: the stocks they buy, on average, substantially underperform those they sell.
- Key point here is that again, investors need to invest for the long term and not try to predict short term movements in the market. Understanding your original strategy and sticking to it is more valuable than trying to gamble your positions.

## Loss aversion



- Loss aversion refers to the human tendency for people strongly to prefer avoiding losses than acquiring gains. Loss aversion implies that one who loses \$100 will lose more satisfaction than another person will gain satisfaction from a \$100 windfall.
- Loss aversion appears to manifest itself in investor behaviour as an unwillingness to sell shares or other equity, if doing so would force the trader to realise a nominal loss).
- This leads to risk aversion when people evaluate a possible gain; since people prefer avoiding losses to making gains.
- Note that whether a transaction is framed as a loss or as a gain is very important to this calculation: would you rather get a 5% discount, or avoid a 5% surcharge?

## The gambler's fallacy

- The gambler's fallacy often takes one of these forms:
  - A particular outcome of a random event is more likely to occur because it has happened recently ("run of good luck");
  - A particular outcome is more likely to occur because it has *not* happened recently ("law of averages" or "it's my turn now").
- Similarly
  - A particular outcome is *less* likely to occur because it has happened recently ("law of averages" or "exhausted its luck");
  - A particular outcome is *less* likely to occur because it has *not* happened recently ("run of bad luck").

•The gambler's fallacy is the incorrect belief that the likelihood of a random event can be affected by or predicted from other, independent events.

•In the gambler's fallacy, an individual erroneously believes that the onset of a certain random event is less likely to happen following an event or a series of events. This line of thinking is incorrect because past events do not change the probability that certain events will occur in the future.

•Just because a stock has gone up on six consecutive trading sessions does not mean that it is less likely to go up on during the next session.

# Anchoring

"Manager Z did well last year. I am going to invest with them from now on"



- Anchoring – The concept of anchoring draws on the tendency to attach or "anchor" our thoughts to a reference point - even though it may have no logical relevance to the decision at hand.
- For example, people focus on past performance and use this as a basis to estimate future possible outcomes. So as a result investors tend to base their investment decisions on past performance numbers rather than look at the market as a whole.

## The behaviour of the herd

Empty  
restaurant

Full  
restaurant

- Often people's approach to investing is the same

• Herd behaviour is the tendency for individuals to mimic the actions (rational or irrational) of a larger group. Individually, however, most people would not necessarily make the same choice.

• There are a couple of reasons for herd behaviour. The first is the social pressure of conformity. This is because most people are very sociable and have a natural desire to be accepted by a group, rather than be branded as an outcast. Therefore, following the group is an ideal way of becoming a member.

• The second reason is the common rationale that it's unlikely that such a large group could be wrong. Even if you are convinced that a particular idea or course of action is irrational or incorrect, you might still follow the herd, believing they know something that you don't. This is especially prevalent in situations in which an individual has very little experience.

• Herd behaviour, like dotcom bubble, is usually not a very profitable investment strategy. Investors that employ a herd-mentality investment strategy constantly buy and sell their investment assets in pursuit of the newest and hottest investment trends.

## Hindsight as an investment tool

### Foresight Felicity

- \$1 to invest in 1900

Every year Felicity puts all her wealth in next year's leading asset class

### Hindsight Henry

- \$1 to invest in 1900

Invests all his wealth in the previous year's best performing asset class

Who comes out ahead????

Source: The Economist 12 February 2000

## Hindsight as an investment tool

Foresight Felicity = \$9.6 Quintillion

Hindsight Henry = \$783

Investing in a balanced portfolio over the longer term will deliver more consistent results

Source: The Economist 12 February 2000

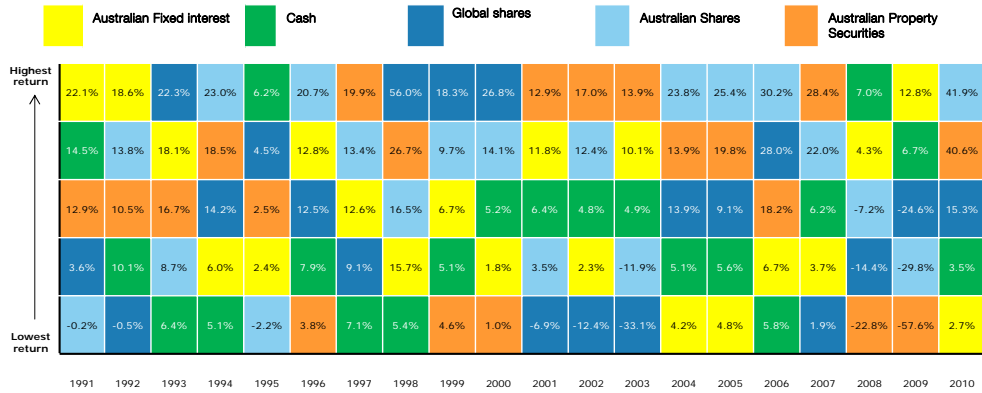
## Diversification can create more consistent returns

	Australian shares	Global shares	Australian property securities	Australian fixed interest	Cash	Diversified
<b>Annualised last 20 years</b>	<b>10.2%</b>	<b>5.4%</b>	<b>7.5%</b>	<b>8.8%</b>	<b>6.4%</b>	<b>8.5%</b>
1991	-0.2%	3.6%	12.9%	<b>22.1%</b>	14.5%	8.8%
1992	13.8%	-0.5%	10.5%	<b>18.6%</b>	10.1%	11.0%
1993	8.7%	<b>22.3%</b>	16.7%	18.1%	6.4%	15.3%
1994	<b>23.0%</b>	14.2%	18.5%	6.0%	5.1%	15.4%
1995	-2.2%	4.5%	2.5%	2.4%	<b>6.2%</b>	1.7%
1996	<b>20.7%</b>	12.5%	3.8%	12.8%	7.9%	14.4%
1997	13.4%	9.1%	<b>19.9%</b>	12.6%	7.1%	12.6%
1998	16.5%	<b>56.0%</b>	26.7%	15.7%	5.4%	26.0%
1999	9.7%	<b>18.3%</b>	4.6%	6.7%	5.1%	10.5%
2000	14.1%	<b>26.8%</b>	1.0%	1.8%	5.2%	12.4%
2001	3.5%	-6.9%	<b>12.9%</b>	11.8%	6.4%	4.1%
2002	12.4%	-12.4%	<b>17.0%</b>	2.3%	4.8%	3.6%
2003	-11.9%	-33.1%	<b>13.9%</b>	10.1%	4.9%	-9.6%
2004	<b>23.8%</b>	13.9%	13.9%	4.2%	5.1%	14.4%
2005	<b>25.4%</b>	9.1%	19.8%	4.8%	5.6%	14.4%
2006	<b>30.2%</b>	28.0%	18.2%	6.7%	5.8%	21.2%
2007	22.0%	1.9%	<b>28.4%</b>	3.7%	6.2%	12.0%
2008	-7.2%	-14.4%	-22.8%	4.3%	<b>7.0%</b>	-7.0%
2009	-29.8%	-24.6%	-57.6%	<b>12.8%</b>	6.7%	-20.9%
2010	<b>41.9%</b>	15.3%	40.6%	2.7%	3.5%	22.7%

\* Actual indices returns: This table is based on the standard indices used by investment professionals to measure performance of asset classes. Percentage return over rolling 1 year. UBS Australia Bank Bill Index (91 day Commonwealth Treasury Note Index pre Jan 1989), UBS Australian Composite Bond Index (CBI All Series pre Oct 1989), S&P/ASX 200 Property Accumulation Index (ASX Property Accumulation Index pre April 2000), S&P/ASX 300 Accumulation Index (ASX All Ordinaries Accumulation Index pre April 2000), MSCI World Net Index (AS), All dividends reinvested excluding fees and charges. \*\* Non Actual Returns. The Diversified Portfolio is a portfolio constructed from the returns of these market indices with the asset allocation of: 35% in Australian shares, 25% in international shares, 25% in fixed interest, 10% in Australian property securities, 5% in cash. The Diversified does not represent any Colonial First State portfolio nor the actual returns that this portfolio achieved because it does not exist. The constructed Diversified Portfolio illustrates how such a portfolio may have performed based on the new market indices. Each Colonial First State portfolio has a different asset allocation from the illustrated diversified portfolio used above. Past performance is not an indicator of future performance. The above actual indices returns and non actual returns for the Diversified portfolio also cannot be directly compared to an individual Colonial First State fund's return for many reasons such as they do not include allowances for fees or taxation and do not reflect the asset allocation or stocks held now or over time.

# Diversification can create more consistent returns

- Each asset class has had its turn at being the best and worst performer



This table is based on the standard indices used by investment professionals to measure performance of asset classes. Percentage return over rolling 1 year. UBS Australia Bank Bill Index, UBS Australian Composite Bond Index, S&P/ASX 200 Property Accumulation Index (ASX Property Accumulation Index pre April 2000), S&P/ASX 300 Accumulation Index (ASX All Ordinaries Accumulation Index pre April 2000), MSCI World Net Index (AS). All dividends reinvested excluding fees and charges. The index returns cannot be directly compared to an individual Colonial First State fund's return for many reasons such as they do not include allowances for fees or taxation and do not reflect the asset allocation or stocks held now or over time. **Past performance is no indication of future performance.**

## Key message

- Understanding your investment habits to avoid irrational behaviour
- Invest for the long term – time in the market not timing the market
- Don't chase returns – diversification is key

ALSO avoid unnecessary fees

# DIY Investing

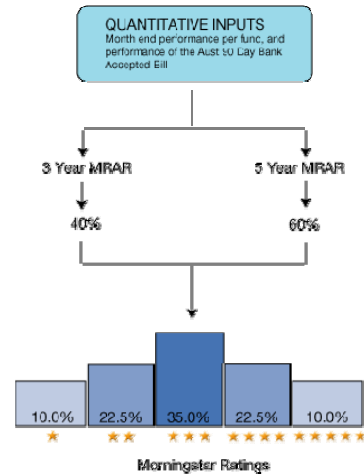
## How you can be a better DIY investor

- Take control of your investments
- Educate yourself on how to research investments
- Understand investment fees
- Separating advice from sales

# Researching your own investments

## Morningstar

- Quantitative
- Rating determined using 60:40 split of five year and three year Morningstar Risk-Adjusted Return
- Following a Bell Curve, top 10% of funds rated are awarded 5 stars, the next 22.5% are awarded 4 stars, and the next 35% of funds 3 stars



## Independent research

### Standard & Poor's

- Combined qualitative and quantitative
- Provides absolute perspective on whether fund meets minimum standards and relative perspective on where a fund falls among its peers
- Process involves interview based-research and analysis
- Qualitative factors considered include: investment style, investment team, investment analysis, risk management, etc.

## Independent research

Accessing Morningstar and S&P ratings

- Money or Investment sections of major newspapers
- 2020 DIRECTINVEST find a fund tool
  - Morningstar ratings
  - Morningstar Quicktake report
  - Standard & Poor's ratings and re-ratings

## Investment fees

Entry fees	4%-5%
Management fees	1.5%-2.5% pa
Exit fees	Up to 4%
Adviser service fees	1%-2% pa

- Entry, exit and adviser service fees are **optional**.
- Separate advice from product: Pay an hourly fee for financial advice **if and when required**.

## The effect of fees on your returns

Age	No Entry Fee + 1.5% MER	4.0% Entry Fee + 3.0% MER	Difference
25	\$2,116,197	\$1,337,765	<b>\$778,432</b>
35	\$819,539	\$587,261	<b>\$232,278</b>
45	\$296,319	\$237,230	<b>\$59,089</b>

*Assumptions: \$5,000 p.a. invested until aged 65 with 4.0% entry fees versus No entry fees and a return of 9.5% p.a. with 1.5% MER and 8.0% p.a. with 3.0% MER*

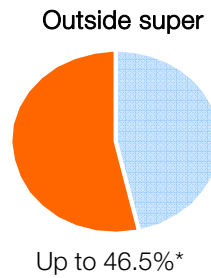
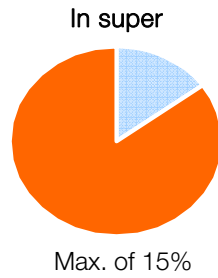
## Key messages

- Understand the effect of fees on your returns
- Save on fees by:
  - Separating financial advice from product
  - Being empowered to research your own investments and save through **DIY execution**

# Superannuation

## What's so super about super?

- Superannuation is the most tax effective way to save for your retirement.



Less tax now = more money for later

\* Includes a Medicare levy of 1.5%

## Superannuation considerations

- Super is important
  - Average super balance for men \$69,050<sup>^</sup>
  - Average super balance for women \$35,520<sup>^</sup>
- How much superannuation do you need?
  - 60% - 75% of pre-retirement income, depending on lifestyle
  - Do you want to travel? Buy a boat?
  - Consider increasing life expectancy (male is 84 and female is 88 year old)
  - “Modest” lifestyle = \$27,902 pa for a couple, \$19,901 pa for a single\*
  - “Comfortable” lifestyle = \$51,437 pa for a couple, \$38,403 for a single\*

<sup>^</sup>The Heat Group study 2007

\*ASFA-Westpac Retirement Standard

- On average, we are living longer. If you plan to retire at 65 then your retirement savings need to last 20+ years.
- Modest lifestyle allows for the basics - eating out, social activities such as sport and entertaining at home is very restricted and overseas travel would not be possible at this budget.
- Comfortable lifestyle allows travel, private health insurance, personal computer, and greater clothing and entertainment budgets.
- Can your retirement savings sustain you in retirement?

## Life stage investing

### 20's

- Pay attention to asset allocation
  - Growth assets like shares
- Take advantage of govt co-contributions
- Consolidate your super
- Commit to self-education

### 30's & 40's

- Be smart with your super
  - Consider salary sacrifice, spousal contributions, undeducted contributions
- Consolidate super accounts
- Mortgage vs super

### 50's

- Actively plan your retirement
- Review your risk profile
  - More conservative allocation
- Increase your super savings
- Transition to retirement strategy

### 60's

- Professional advice for accessing super
- Maximise government benefits
- Maximise super
  - Salary sacrifice, top up with non-super monies.

- Regardless of your stage of life, you need to consider your goals and objectives, investment time frame and your comfort with risk.
- Superannuation for example does not need to produce income until you retire, so your investment strategy should focus on growth until you get close to retirement.

## Choosing the right fund

- Beware the employer “default” fund option
  - Invariably created to suit all employees with ranging ages and at different life stages
  - Unlikely to be the most suitable for a specific employee
- What to consider
  - Fees
  - Investment options – choice & performance
  - Portability
  - Service

- A lot of apathy towards superannuation.
- Superannuation in itself is not an investment but an investment framework for investing your retirement savings in the most tax effective manner. As such it makes sense to make the right decisions so you can maximise how much you will have at retirement.
- Default employer options are ‘one-size-fits-all’ solutions that don’t actually fit all. They are not designed to meet your specific goals or objectives.
- Super funds differ in the features they offer and it is worth taking the time to sort out your super.

## Salary sacrifice

Salary sacrificing involves sacrificing part of your cash salary for the provision of other benefits.

- Increase your super balance and save tax via salary sacrifice
- Pay less income tax (up to 31.5% less)
- Make a larger after-tax investment

- Salary sacrifice may reduce other benefits such as leave loading, holiday pay and superannuation guarantee contributions as these benefits are often calculated on your base salary.
- Before salary sacrificing you should make sure you don't exceed the concessional contribution cap.

## Salary sacrifice

William

- Age 45, wants to retire at 65
- Salary of \$85,000
- \$5,000 pa salary increase
- Marginal tax rate is 39.5%\*
- Considering salary sacrificing
  
- Lets look at the different outcomes if he invested the net of tax amount inside or outside super.

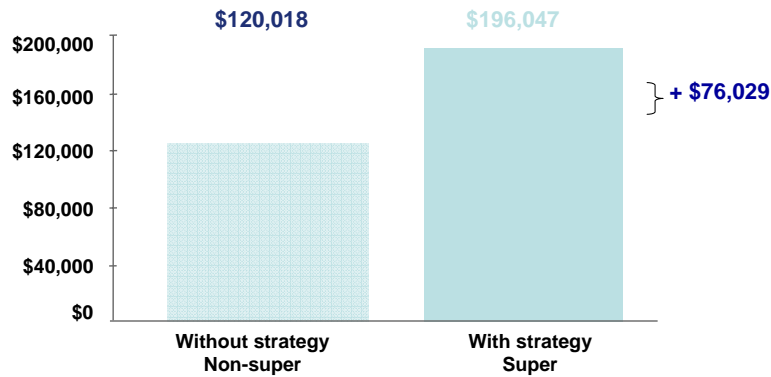
\*includes 1.5% medicare levy

## William's options

	<b>Outside super</b>	<b>Salary sacrifice</b>
Pre-tax salary	\$5000	\$5000
Income tax at 39.5%*	(\$1975)	Nil
15% contributions tax	Nil	(\$750)
After-tax investment	\$3,025	\$4,250
<b>Additional investment</b>		<b>\$1,225</b>

\* Includes Medicare levy of 1.5%

## Results (after 20 years)



**Assumptions:** A 20 year comparison based on \$5,000 of pre-tax salary. Both the super and non-super investments earn a total pre-tax return of 8% pa (split 3.5% income and 4.5% growth). Investment income is franked at 30%. All values are after income tax (at 15% in super and 39.5% outside super) and CGT (including discounting).

**Note:** no lump sum tax is payable on the super investment as William will be 65 at the end of the investment period.

- Here we show the value this strategy could add after 20 years. As you can see, he could retire with an additional \$76,029 or 63% more money compared with investing outside super.

## DIY Super

PRO's	CON's
<ul style="list-style-type: none"><li>• Full control of super and where money is invested</li><li>• More investment options</li><li>• Responsibility as trustee</li><li>• Save on fees</li><li>• Borrow for certain assets</li></ul>	<ul style="list-style-type: none"><li>• Understand complex super legislation</li><li>• Need to decide what to invest in</li><li>• Harsh penalties for violations</li><li>• Not cost effective for less than \$300k</li><li>• Gearing super may not be appropriate</li></ul>

- More and more Australians are now running their own super fund.
- There is little doubt that a self managed super fund (SMSF) will provide additional control, flexibility and transparency when it comes to investing your superannuation money.
- The task of executing your investment strategy or complying with the laws can be onerous

## DIY super traps

- Insufficient portfolio diversification
- Excessive cash balances
  - Average cash held is approx. 30%
- Suburban accountants versus specialist DIY super administration

•If you have a DIY super fund or are considering setting one up it is worth asking yourself what you are trying to achieve with an SMSF. What do you intend to invest in? Do you have the time and desire to be responsible for the compliance and administration of your own self managed super fund?

## Key messages

- Take full advantage of the favourable tax treatment in super
- Don't pay unnecessary fees in super
  - Entry fees
  - Adviser service fees
- Exercise your choice of fund rights
  - Avoid apathy
  - Take an active interest

Core investment strategies  
Investing in blue chip shares

## Core investment strategy

- Don't go broke safely
- Invest for the long term
- Diversification
- Consider real assets like shares and property
  - Create real wealth over time
- Quality blue chip companies
  - Direct shares to take advantage of tax credits

• Going broke safely – earning interest on cash leaves you with very little after taxes and inflation

## Some considerations

- What should I buy?
- When should I buy?
- How do I do it?

### Other issues

- Minimum investments
- Brokerage - \$20 per trade
- Paperwork – annual reporting, tax reporting
- How do you achieve diversification

## An easier way to invest in direct shares

### Separately managed accounts

- Professionally managed like managed funds
- Direct ownership
- Cost effective – half the cost & low brokerage
- Tax effective – no inherited capital gains
- Low minimum investment

### 2020 DIRECTINVEST BlueChip20

- ASX 20 shares
- Consolidated reporting
- 24/7 online access
- \$5,000 minimum

## BlueChip20 model portfolio

- Own Australia's top 20 companies
- Diversification
- Professionally managed by BlackRock to rebalance your portfolio closely to the S&P/ASX 20 index
- Additional investments of as little as \$500 to accumulate shares in companies like

Rio Tinto	BHP	Woolworths	Macquarie Group
Commonwealth Bank	Newcrest Mining	Brambles	CSL
Origin Energy	QBE Insurance	Woodside Petroleum	Wesfarmers
AMP	ANZ Banking	Foster's	NAB
Suncorp-Metway	Telstra	Westfield	Westpac

## 2020 DIRECTINVEST BlueChip Series

- No entry fees
- No adviser service fees
- 0.05% brokerage
- Half the cost of a managed fund

- BlueChip20 is a great long-term, core investment strategy for wealth creation.
- Suitable for all type of investors at different lifestages
  - Great introduction to share market investing for new investors
  - Good investment vehicle for children and grandchildren
  - Convenient way for DIY super funds to hold direct shares without the administration burden.

## Conclusions

- Human behaviour is an inescapable aspect of investing  
The best investment strategy may not be “comfortable”
- Consider investing for the long term
- Smart investors can do irrational things - recognise the typical behaviours
- DIY investing can save you significant sums of money
- Separate products from advice – avoid unnecessary commissions

• Human behaviour is an inescapable aspect of investing. We are all prone to influence of a range of behavioural issues that can pose barriers to meeting our investment goals. Continual discipline and effective decision making tools are needed.

• Recognise that the best investment strategy may not be the most “comfortable”. Investors often need to take a higher risk to get a higher return.

• Our mantra is separate advice from product. Take an active role in your own wealth creation by executing your own investments and save.

## A final word from the experts

*"Our stay-put behaviour reflects our view that the stock market serves as a relocation center at which money is moved from the active to the patient."*

The Berkshire Hathaway Inc annual report 1991

## Thank you

Please visit our website for full details of our products  
and services:

[www.2020directinvest.com.au](http://www.2020directinvest.com.au)

Please email us if you have any questions:

[info@2020directinvest.com.au](mailto:info@2020directinvest.com.au)