

Lesson 7

Study Questions and Action Steps

In this lesson, you've learned some important tips on how to invest your money wisely. You've learned why managed funds might be a better alternative for you as a beginning investor than trying to choose and purchase stocks on your own. You've also learned how professionals like stockbrokers, financial planners, and fund managers can use their expertise to help you get the best possible return for your investment dollars.

Study Questions

Question 7.1

Explain why a savings account is not the best place to put your money.

Question 7.2

Describe at least three problems beginning investors typically have when they try to invest in stocks without the advice or help of a professional.

Question 7.3

List at least three reasons why investing in a managed fund works out better for many investors than buying and selling stock on their own.

Your Next Steps

If you are new to investing and growing your wealth, you may not be familiar with any managed funds. Your Action Steps for this lesson give you the opportunity to investigate managed funds and to identify some that might be right for you.

Action Step 7.1 Learn More About Managed Funds

1. Get more information about managed funds. The Australian Securities and Investments Commission's *MoneySmart* website has excellent information to help you get started:
<https://www.moneysmart.gov.au/investing/managed-funds>. Visit the website and read the sections on
 - Choosing a Managed Fund
 - How to Buy and Sell Managed Funds
 - Keeping Track of Your Managed Funds
2. Do some Internet research to identify at least three managed funds that seem to meet your investment goals. For each of the three funds, get and read the Product Disclosure Statement (PDS). Use the PDS along with the Internet to find out:
 - The name and background of the fund manager
 - The investment goals of the fund (e.g., conservative, balanced, growth, etc.)
 - How much the fund charges in fees
 - The minimum initial investment that is required
 - What kind of performance the fund has had in the last 5 years? In the last 10 years? (i.e., If you had invested \$10,000 in the fund five years ago or ten years ago, how much would your initial \$10,000 be worth today?)