

Investment **VEHICLES**

BROUGHT TO YOU BY

The logo for Synergy Credit Union features the word "Synergy" in a large, blue, sans-serif font with a stylized blue swoosh above it. Above "Synergy" are the words "CREDIT UNION" in a smaller, orange, sans-serif font. Below "Synergy" is the website address "www.synergycu.ca" in a black, sans-serif font.
Synergy
CREDIT UNION
www.synergycu.ca

The logo for Credential Asset Management Securities features the word "Credential" in a large, bold, red, sans-serif font. Below it, the words "Asset Management" and "Securities" are stacked in a smaller, black, sans-serif font.
Credential[®]
Asset Management
Securities

- IT'S A -
**MONEY
THING**[®]



First-time investor?

Do your homework before investing
your hard-earned cash

**Unless you can predict the future,
investing is a risky business**

Know your goals, your needs and
your tolerance for risk before you
put your money at stake

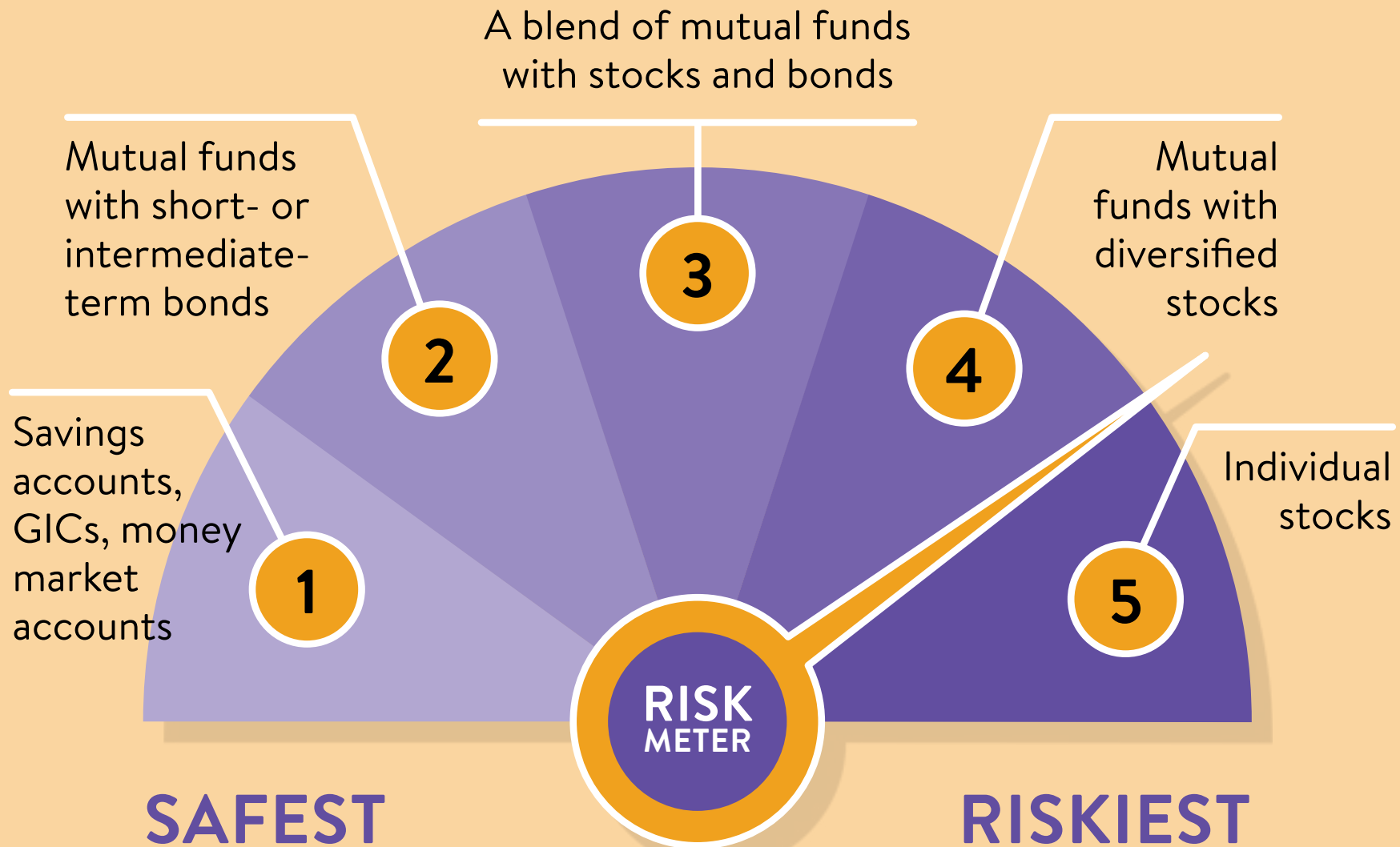


STEP

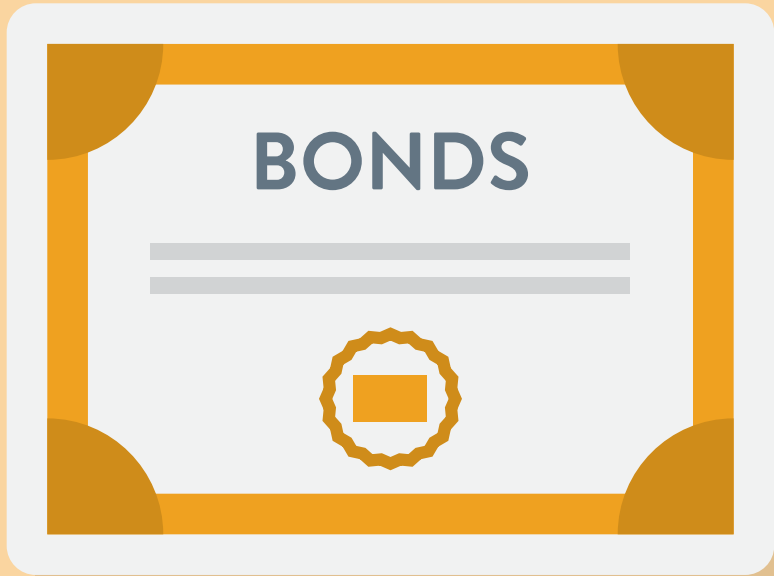
1

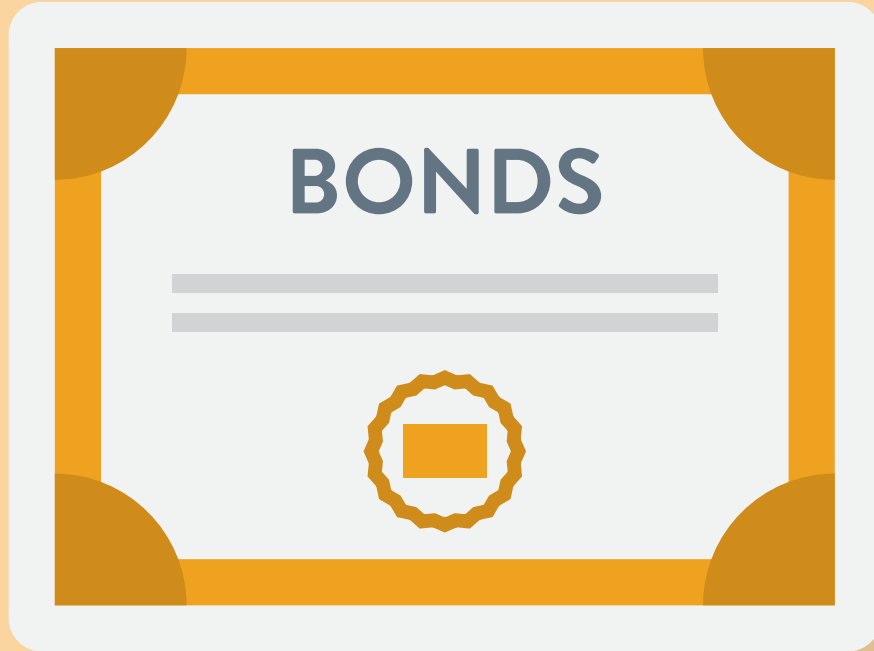


**UNDERSTAND THE
RISKS OF DIFFERENT
TYPES OF INVESTMENTS**



Stocks and bonds are the two main vehicles that you are likely to invest in





A bond is a debt security—the issuer owes the holders a debt, and is obliged to repay the principal and interest

More stable

Lower potential gain

Risk of issuer not paying you back



Stock is capital raised by a corporation through the issuance and distribution of shares through financial markets

Less stable

Higher potential gain

**Risk of
company failure**

If trading individual stocks and bonds feels too risky to you, investing in mutual funds is another option to consider



**MUTUAL
FUNDS**



MUTUAL FUNDS

A mutual fund is a collection of stocks or bonds

Your money is pooled with the money of other investors into a fund that is invested in anywhere from a few dozen to hundreds of different securities

Managed by an expert fund manager who reports to a board of directors

Provides you with professional money management as well as instant diversification

STEP

2



**ESTABLISH YOUR
GOAL TIMELINE**

The time horizons of your goals will have an impact on where you put your money

- With a shorter time span, a more conservative investment vehicle is typically in order
- With a longer horizon, your investment has time to weather more risk



3 YEARS



NEW CAR FUND

Savings account or a mutual fund with short-term bonds

15 YEARS



KIDS COLLEGE

Balanced mutual funds

30 YEARS



RETIREMENT

Stock-focused mutual funds

STEP

3



**START EARLY IN LIFE, START
SMALL AND KEEP GOING**

When you are starting to invest, it is best to start small and take risks only with money that you are prepared to lose

You'll have two main choices for actually investing your money

ADVISOR

Utilizing the services of a financial advisor at your bank, credit union or specialized investment firm is the traditional way to invest in stocks, bonds and mutual funds

DIY

Direct investing, self-directed investing, do-it-yourself investing—no matter how you describe it, investing on your own is a real option today, thanks to technology

ADVISOR

Purchases and trades are facilitated through your advisor

Broker commissions and maintenance fees can be expensive

DIY

Trades are conducted by you through an online discount brokerage

Typically lower fees and more transparency; you are closer to the process

ADVISOR

Educated professionals are
guiding you

Less time on your part

DIY

Learning and research are
totally up to you

Can be time-consuming

ADVISOR

Less stressful, as you are relying on a proven coach

Even though you are relying on expert advice, there are no guarantees

DIY

Your emotions can get the best of you

Your personal decisions and mistakes can be costly



**AVOID THESE FIRST-TIME
INVESTOR MISTAKES**





Jumping in feet first

The basics of investing are quite simple in theory—buy low and sell high

However, don't be fooled by this overly simplistic view of the financial markets

It is important to study up before jumping in



Playing penny stocks

At first glance, penny stocks seem like a great idea—with as little as \$100, you can get a lot more shares in a penny stock than in a blue chip stock that might cost \$50 a share

Unfortunately, what penny stocks offer in potential profitability has to be measured against the volatility that they face



Going all-in with one investment

Investing 100% of your money in a specific market, whether it's the stock market, commodity futures, foreign exchange or even bonds, is not a good move

It is better to diversify your risk by putting your dollars into a variety of investment vehicles



Investing all of your cash reserves

Studies have shown that cash put into the market in bulk, rather than incrementally, has a better overall return; however, this doesn't mean you should invest all of the money you have

You should always have cash available for emergencies and other opportunities



Chasing news

Investing based on news is a terrible move for first-time investors. Trying to guess what will be the next revolutionary product or basing a decision on a rumour of earth-shattering earnings is not a recipe for success

Rather than following rumours, the ideal first investments are in companies you understand and have personal experience with

INVESTING CAN BE RISKY

Investments made in stocks, bonds and mutual funds carry the risk of losing money, even when made through a financial advisor or financial institution



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Sources: CARP, *The Globe and Mail*, Investopedia, Morningstar Canada

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