Quick Facts…

Dollar cost averaging

You don't need to predict the future to build wealth in investment markets. You can make money by simply investing a fixed amount at regular intervals over a period of time. You can also take the guesswork out of trying to pick the right time to buy and sell, and not have to worry about putting all your money in the market at the one time. This strategy is called 'dollar cost averaging' and it can help you to turn the ups and downs of investment markets to your advantage.

Dollar cost averaging is a simple concept that works really well when investing on a regular basis via a managed investment. Assuming you invest a set amount each month, your money will buy more units when the unit price falls and fewer units when the unit price rises.

Things to be aware of:

- Investing in shares or property (either directly or via a unit trust) allows you to access the potential for long-term capital growth.
- An easy way to implement this strategy is to pay-yourself-first (i.e. invest a fixed amount of your salary each month before you spend your money on other things).
- You can purchase units in a unit trust automatically by arranging to have money transferred directly from your nominated bank account or your salary. Direct Debit is available through most financial institutions and fund managers.
- By reinvesting your income to purchase additional units, your regular investments can benefit from the power of compound returns.
- To accelerate the creation of wealth, you could consider installment gearing, which allows you to supplement your regular investments into a managed fund with regular draw downs from an investment loan.

To find out more information you should speak to your Financial Planner.