03. Shares and equities

Highlighting how shares and equities work, and their impact on mysuper.

Welcome to an insider's guide to investing with my**super**. As a member, it's worth knowing the ins and outs of how your money is working for you. Not that you have to do anything, but to achieve your goals it helps to understand how your investment lives and breathes.

Guide 03.
is a close up on shares and equities.

Here we highlight their risks, returns, and why they make up a big part of my**super** investment funds.

What are shares?

Shares (also known as stocks or equities) are about investors owning parts of companies. These investors are called shareholders.

How do shares fit in with my**super**?

my**super** uses specialist investment fund managers to allocate your money in diverse assets. Shares (equities and stocks) take up a large proportion of this given their high rewards. The percentage of shares invested in depends on the growth vs conservative approach to your chosen fund.

Why invest in shares?

The idea of investing in a company is to earn a return on that investment. If a company is doing well and produces profit, what happens to the profit is up to its shareholders. They may use it to grow the business, or choose a percentage of it to pay themselves. These payments made to shareholders are called dividends.

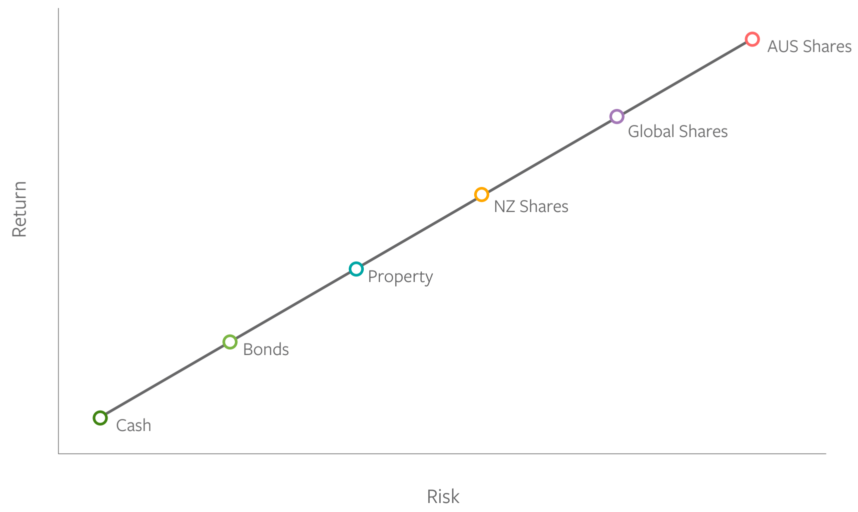
Another way to earn through shares is capital growth, which happens when the price of your shares goes up and you can sell them for a profit. Capital growth is important as it protects you from inflation, by growing at a faster rate than the rise in price of goods and services.

What risks come with shares?

There is a risk/reward relationship or trade off that exists with any type of investment. The higher the return, the greater the risk. If you are not prepared to take any risk or very little, you have to be prepared that the returns will also be lower.

Cash is considered the lowest risk investment but also therefore has the lowest return. Global shares on the other hand offer higher returns but sometimes with greater risks associated with the investment.

Risk and return



What returns come with shares?

Shares aim to provide you with an income and capital growth, which rise in line with or more than inflation. The return depends on how much risk you are willing to take and your willingness to have some losses over the years.

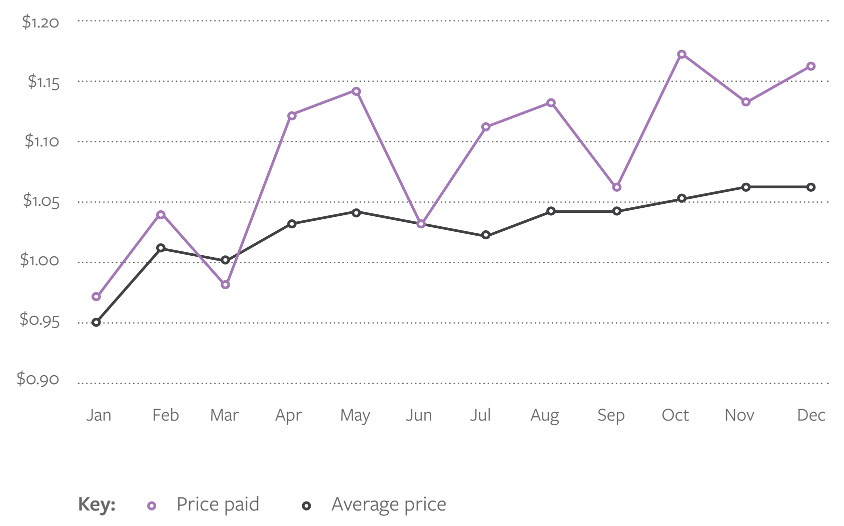
This is what makes your my**super** superannuation scheme a living and breathing investment product rather than a static account. Just as the world changes, there are ups and downs. By having a mix of investments, the overall benefit balances out in the long run.

When is the best time to buy shares?

my**super**'s investment managers know when the best time to buy is. The important aspect about investing in shares is that it is less about timing the market and more about time in the market.

By investing in the share market your investments will rise and fall but these short-term fluctuations or volatility as it is also called, are less important as long as the long-term returns are positive.

Dollar cost averaging



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