**Kelley Manning:** Hello and welcome to the Women Going Beyond Wealth podcast, episode #6. This podcast educates women on various financial topics as well as providing encouragement to live joyfully, with intention. I am Kelley Manning, financial advisor with Beyond Wealth Advisors and I am so glad you have joined me. Our topic today is *Investing Basics*.

In a recent podcast, we discussed the importance of establishing a budget. After saving for your emergency fund, it's time to turn your financial dreams into realities and one way to build savings for those goals is to invest and accumulate wealth.

Unfortunately, many women lack knowledge, resulting in lower confidence in investing. According to a survey conducted by S&P Global, only 26% of American women have money in the stock market and women are much more likely to keep significant amounts of their assets in cash. Whoa! Only 1 in 4 women are investing in the stock market. So, what is the goal for this podcast? To increase your knowledge of investing in multiple investment vehicles as well as to understand why it is important to invest rather than simply save. As Amelia Earhart said, "The most difficult thing is the decision to act, the rest is merely tenacity." So, let's get going.

We are going to start with **stocks**. Stock is ownership or equity. If you own a stock, you own a portion of the company – it's likely a tiny portion of the company but ownership nonetheless and you participate in the ups and downs. Many companies publicly trade their stock on an exchange, such as the New York Stock Exchange, which investors can purchase on the open market.

For the sake of this discussion, we are going to look broadly at 2 types of stock: growth and value. Growth stocks are companies that increase their revenue and earnings at a faster rate than an average business. Their earnings are invested back into their company for further growth. Examples of growth stocks are Facebook, Amazon, Apple and Netflix.

Value stocks are those companies that are valued in the marketplace lower than the average stock. According to MotleyFool.com, value stocks generally have the following characteristics: They are typically mature businesses; have steady growth rates, their revenues and earnings are stable; and most pay dividends. Examples of value stocks are Johnson & Johnson, Bank of America, Procter & Gamble and Bristol-Myers Squibb.

Another term you hear a lot is 'The Market' or 'Stock Market'. What is it? A stock market is an exchange where publicly-traded companies issue and trade stock. The two most common exchanges in the U.S. are The New York Stock Exchange (abbreviated to NYSE) and Nasdaq. There are differences between the two – and we aren't going to get into that detail today. A couple of other 'market-related' terms that you hear a lot are Dow Jones & S&P 500. Dow Jones is the abbreviation for The Dow Jones Industrial Average – which is the grouping of the 30 most traded stocks. The investment community uses this index to assess the health of the stock market. It measures the collective values of the 30 stocks within the group. Some of those 30 stocks include: Boeing, Coca-Cola, Intel and Walmart. The S&P 500, also known as the Standard & Poor's 500, is an index of the 500 largest publicly traded companies. It is another barometer of how the stock market is performing.

What does this all mean for you? Investors can earn returns two ways – the 1st is based on a stock's performance in the market – the stock price either goes up or down. The 2nd is in the form of dividends which are a portion of the company's earnings. Remember, value stocks typically pay dividends. Investors can reinvest the dividends into more company stock or get paid a cash distribution.

The next investment vehicle is **Bonds.** A bond is debt. Entities (including corporations, school districts, municipalities) raise money by borrowing money from investors for a fixed period of time in the form of a bond. Bonds are considered 'fixed income' investments for this reason. In return for borrowing your money, the issuer pays interest to you on a regular basis throughout the tenure of the bond and you receive your funds back – also called principal - at the end. Bond issuers - businesses, schools, and governments – issue a bond to fund projects such as growing their business, building a highway, or constructing a new school or office. Bond investments are generally more conservative than stocks, but they also typically have a lower rate of return.

Most investors do not invest directly in stocks or bonds because they lack diversification – a strategy that limits exposure to any single asset (like an individual stock or a bond) or risk. Said differently, a strategy of not putting all of your eggs in one basket. Instead, most investors choose **Mutual Funds** and **Exchange-Traded Funds** – also called ETFs or Index Funds. These investments hold a pool of funds that are invested in stocks, bonds, and/or other securities. Mutual funds are professionally-managed investments that have a narrow focus – all outlined in a prospectus, a required document that describes a financial investment to potential buyers.

An ETF is a more passively managed investment that attempts to replicate an already created index, (like the S&P 500), or a sector of the market (such as real estate), or commodity (like gold).

If you purchase either of these investment vehicles, you do not own the underlying stocks – instead, you own a share of the mutual fund or an ETF. It provides you with access and diversification of multiple companies rather than a single stock. There are differences between a mutual fund and an ETF, but we don't need that level of detail now.

Let’s go back to the idea of saving vs investing. A money market rate at your bank is earning less than 1% a year. This is a good option for your Emergency Fund because you never know when you are going to need it. But for your retirement accounts or other long-term accounts, investing is much more likely to provide you with a higher return. According to Business Insider, the S&P 500 has averaged over 13% for the last 10 years. When you compound that return over time, this is where wealth can grow!

There are always risks involved in investing because of fluctuating markets. And before investing, you must determine your personal risk tolerance – how much risk you are willing to take with your money. Things to consider include your age, your time horizon – the number of years before you need the money, your goals for your investment and your comfort level.

I realize all of this can be overwhelming. But don’t give up just because you don’t understand. Continue to learn! There are websites that provide a wealth of information about investing, such as Motley Fool or Investopedia. There is a plethora of books that will educate you as well. Your future self will thank you for your persistence! As Warren Buffet’s partner Charlie Munger said, “Spend each day trying to be a little wiser than you were when you woke up.”

You do not need an advisor to start investing but it helps. An advisor should educate you on the fundaments of every investment. When working with an advisor, always ask questions until you fully understand. If you don’t have an advisor, but are looking for one, I would love the opportunity to help you.

Today is the day to embody the spirit of Amelia Earhart. Decide to start.

Thank you for spending time with me today. If you enjoyed this podcast, please tell your friends! Also, let me know what ideas you might have for future podcasts. I can be reached at 816.246.8450, or email me at at Kelley.Manning@BeyondWealthAdvisors.com and you can follow me on Facebook and LinkedIn.

**Narrator:** Thank you for joining us. Have ideas to pass along for a future podcast? Write us at pam.kearney@beyondwealthadvisors.com. Securities offered through Raymond James Financial Services, Inc. member FINRA/SIPC Investment Advisory Services are offered through Raymond James Financial Services Advisors, Inc. Beyond Wealth Advisors, Inc. is located at 600 SW Jefferson, Suite 208 in Lee’s Summit Mo., phone number (816) 246- 8450. Beyond Wealth Advisors, Inc. is not a registered broker/dealer and is independent of Raymond James Financial Services. Any opinions are those of Beyond Wealth Advisors, Inc. and not necessarily those of RJFS or Raymond James. There is no assurance any of the trends mentioned will continue or forecasts will occur. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Investing involves risk and you may incur a profit or loss regardless of strategy selected.

**Sources:**


- https://www.msn.com/en-us/money/personalfinance/how-to-manage-your-money-boost-your-savings-and-start-investing/ar-BB1eKW9y?ocid=uxbndlbing
- https://www.thesimpledollar.com/investing/why-women-should-invest-and-how-to-get-started/
- https://www.theguardian.com/lifeandstyle/2019/apr/08/why-women-need-to-stop-saving-their-cash-and-start-investing
- https://www.investopedia.com/articles/basics/11/3-s-simple-investing.asp
- https://www.businessinsider.com/personal-finance/average-stock-market-return