

Educational Series

Reach your goals sooner by investing regularly



We all have financial goals. You may have young children and would like to send them to college, or you may want to build an investment portfolio to secure your own future and live comfortably in retirement. Whatever the goal, regular saving to meet those goals is important, but regular investing is critical.

Saving versus investing

Regular saving is a familiar concept. Most of us learn it when we are young children (even if we struggled to keep the lid on the piggy bank!). How to boost our savings has been a lesser-known skill, yet the difference can be dramatic. Putting your savings into your bank account will only give you a few percent each year. Investing can potentially deliver much more. For example, if you had invested \$10,000 in the Colonial First State Imputation Fund in May 1997, and added just \$200 per month until May 2007, it would be worth over \$85,000 today*. The graph below illustrates how powerful compounding can be. However, please remember that the value of an investment can rise or fall over time.

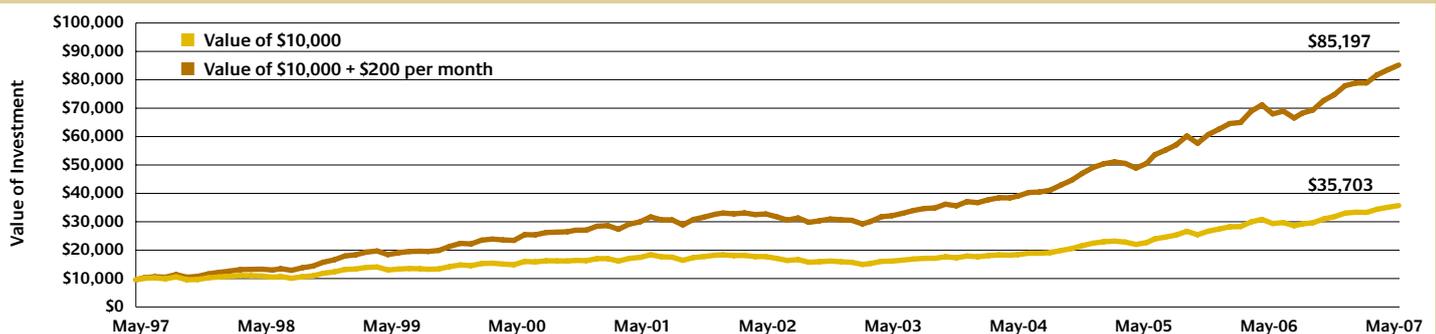
Saving **and** investing – make your money work harder

The first step to securing your financial future is to clarify your investment goals. Not knowing what you want to achieve in your future will make it difficult for you to get there. Once you have identified your goals, it's important to set up a plan and make sure you save (and keep saving!), at the same time investing wisely so you can reach them.

One of the easiest ways to keep your savings plan on track is to 'pay yourself first'. What does this mean? Each week, fortnight or month, set aside a part of your pay packet for yourself, before you pay everyone else – bills, groceries, shopping, maintaining the car, the phone, the rent or mortgage... the list goes on. By setting aside an amount straight from your bank account when your pay goes in, you can make sure that you – the most important person in the equation – gets paid regularly and on time!

The power of compounding returns through a regular savings plan

Colonial First State Imputation Fund



* Assumes \$10,000 invested on 31/5/97 plus \$200 per month until 31/5/07, with distributions reinvested, 4% entry fee applied. Performance quoted after management fees. Source: Colonial First State. **Past performance is no indication of future performance.** This is not a recommendation to invest in this fund. Please note all investments are subject to risk which means your investment goals may not be met.

Make the most of your savings

Your financial adviser is best placed to know exactly which investments are right for you.

Managed funds are one of the easiest ways to put your plans into action. They allow you to pool your savings with thousands of other investors. You can then access a wide range of quality investments, expertly managed on your behalf. You receive regular information on how your investments are performing while knowing that a large team of experienced investment managers are researching opportunities all around the globe and selecting only those that offer the best investment potential.

Another reason for regularly investing into a managed fund is to access compound returns. Each dollar you invest has the potential to earn a return, if you reinvest that return, it earns more dollars, allowing your investment to grow much faster than it would if simply saved in a bank account.

Turn your savings into earnings

Turning your savings into an investment which can allow you to reach your goals does not have to be difficult. With just \$1,000 to start, you can make regular investments of \$100 or more each month, switched directly from your Australian bank account to a



managed fund of your choice. At Colonial First State, we call it a Regular Investment Plan.

The table below shows you how much you might need to invest each month, and for how long, to reach a given financial goal.

The numbers are based on a hypothetical fund, returning a flat 7% each year. Returns from an actual fund will differ and fluctuate, but the table provides some insight into how a regular investment plan could help.

Number of years of regular investing, following a \$1,000 initial investment							
	1 year	2 years	3 years	5 years	7 years	10 years	
Amount invested each month	\$100	\$2,146	\$3,365	\$4,614	\$7,212	\$9,945	\$14,315
	\$200	\$3,309	\$5,721	\$8,195	\$13,336	\$18,745	\$27,393
	\$300	\$4,472	\$8,077	\$11,775	\$19,460	\$27,545	\$40,472
	\$500	\$6,799	\$12,790	\$18,936	\$31,707	\$45,145	\$66,629
	\$700	\$9,125	\$17,503	\$26,097	\$43,955	\$62,745	\$92,787
	\$900	\$11,452	\$22,216	\$33,258	\$56,202	\$80,345	\$118,944
	\$1,000	\$12,615	\$24,572	\$36,838	\$62,326	\$89,145	\$132,023

This table is for illustration purposes only and is based on a hypothetical managed fund which returns 7% each year before fees (and after deducting a buy/sell spread of 0.20%, ongoing management costs of 1.75%, and an entry fee for the initial and ongoing investments of 4%). All values are in today's dollars assuming inflation of 2.5%. All income is reinvested. Source: Colonial First State. Tax may be payable by you on income as it is earned. This does not reflect the actual or anticipated value or return of any fund. All investments are subject to risk which means that the value of an investment may rise or fall over time.

Need more information?

Please speak with your financial adviser or visit our website at colonialfirststate.com.au.

Alternatively, you can contact us:

Enquiries about existing investments, please call 13 13 36

Enquiries about new investments, please call 1300 360 645

Investments in any of the Colonial First State managed investment funds are offered by Colonial First State Investments Limited ABN 98 002 348 352 AFSL 232468. Anyone wishing to invest in a fund must obtain a copy of the relevant Product Disclosure Document (PDS) and complete the application form in it. This is not advice, this provides general information only and does not take into account your individual financial circumstances or investment objectives. You should assess whether the information is appropriate for you and consider talking to a financial adviser before making an investment. Investment products are subject to investment risk including the loss of income and capital invested. Past performance is not an indicator of future performance. The responsible entity, Colonial First State Investments Limited, receives fees.