

ASX INVESTMENT VIDEOS

Marcus Padley's blueprint for sharemarket beginners

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Agenda

1. Getting started in shares.
2. Achieving sharemarket success.
3. Sectors, stocks to watch.



Shares or property?

- One not better than the other.
- Both have elements of risk.
- Property prices more volatile than people think.

Risks in share investing

- You can take any level of risk you want.
- Exchange traded funds allow people to get less volatile exposure to sharemarket.
- Buy shares for growth, not income.

Returns to target

- Don't be fooled by 'average annual returns' over long periods.
- Returns can vary considerably from year to year.
- Be prepared for volatility at times.

Does long-term investing work?

- Long-term investing, set-and-forget, buy-and-hold not effective.
- Focus on specific stocks you hold today and take action if needed.

Knowledge needed to start

- You don't need any sharemarket education or skill to get started.
- Technology tools are giving investors more insight.
- Don't fall for marketing about the 'Warren Buffett way.'
- He is the only one who can do what he does.

Work involved in share investing

- As much as you want.
- For beginners, vigilance and discipline is name of game.
- Develop a routine; for example, review your portfolio for an hour or two on weekend.

Getting started in shares?

- Build a hypothetical spreadsheet of shares and watch how they go before investing for real.
- Start conservatively.
- Think about investing in a big Listed Investment Company first.
- Add more small stocks over time as you get experience.



Common mistakes in investing

- Developing a portfolio of mostly top 50 stocks.
- Relying on advisers who pick the 'safest' stocks.
- Beware 'moron' portfolios – obvious stocks that are easier for advisers to recommend.

Secrets of great investing

- All about stock selection.
- Be prepared to take action.
- Don't 'set-and-forget'.
- Not selling is the worst thing you can do. Even the best companies must be sold from time to time.
- Don't fall for high-risk products and aggressive marketing.



Broker / client relationships

- Realise that brokers call clients who trade the most.
- Use full-service brokers for what they are good at: share advice.
- An undervalued part of full-service broking is administration.

Bull or bear on 2015?

- Australian economy is still waking up to slowing resources sector.
- Look at increasing portfolio exposure to international shares.
- Be wary of lower \$A.
- Be very stock selective.

Favoured sectors in 2015

- Finance sector. It's underwritten by mandated growth in superannuation in perpetuity.
- Fund / wealth managers/ banks should do well in the long run.
- Internet companies look good for long-term.
- Be wary of resources; sector has further to fall.

Favoured stocks in 2015: Platinum Asset Management. (Chart source: ASX)



Favoured stocks in 2015: Platinum Asset Management

- Wealth / international fund managers look good.
- Platinum has strong long-term record. Well run.
- High return on equity.



Favoured stocks in 2015: all four big banks

(CBA shown below, Chart source: ASX).



Favoured stocks in 2015: banks

- All four big-banks are a buy.
- Unique sector.
- Shielded from global competition.
- Will continue to produce record profits and return a handsome yield.

Favoured stocks in 2015: Elders

(chart source: ASX)



Favoured stocks in 2015: Elders

- One of Australia's oldest, best known brands.
- Is starting to bottom.
- A riskier stock, but worth looking at as a recovery play in 2015.

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