

Day 7: Making your first investment

Time to read: 6 minutes

Today you're going to learn about 3 different options to get you started. Firstly we'll explain the options for intermediate and advanced investors before talking in detail about option number 3, which is using FlexInvest to make your first investment with as little as HK\$100 and is a good option for beginners.

Let's get started by looking at investing in equities using our dedicated investment app, EasyInvest or the HK HSBC Mobile app.

Build your own portfolio (Intermediate to Advanced Investors)

If you feel confident about building an equities portfolio on your own or you have ideas about the individual companies you want to invest in, then you can download the HK HSBC Mobile app to start putting together your portfolio or you can buy and sell equities through the EasyInvest app.

In general, this would be the kind of activity that more advanced or experienced investors would do. It requires discipline as there is no way to automate this, and the minimum investment amounts will vary

depending on the “lot” size that you are required to purchase. If you’ve been doing extra homework along the way and feel like you understand risk and valuations, then this is a good option.

Remember, the prices of equities can vary, sometimes dramatically, and you may incur losses rather than making a profit.



Sign-up for a Stock or Unit Trust Monthly Investment Plan (Intermediate Investors)

You can get started with a stock or unit trust monthly investment plan for as little as HK\$1,000 per month. Because it’s a subscription plan it helps you automate your monthly investments so you take advantage of dollar cost averaging.

It also makes choosing your investments a little easier by limiting the selection of assets, which includes some funds. Because there are currently no fixed income products available in the list of choices, you would have to make and execute those selections on your own if they form part of your overall investment plan.

Another approach is to build your portfolio using unit trusts, which also let you set up automatic monthly contributions. With over 1,000 unit trusts to choose from you can search through these by asset class, geography, risk profile and a few other filters to help you find options that meet your investing objectives and risk tolerance. The minimum investment amounts for unit trusts tend to be higher, so if you’re on a budget, this may not be best option for you.

Both of these options are only available when you login to Online Banking via a browser and aren’t yet available on our mobile banking app.

Subscribe to FlexInvest with just \$100 (Beginner Investors)

FlexInvest is our newest investment service and it was designed specifically to make getting started with investing easy and affordable.

It offers just 10 different types of passively managed funds: 4 bond index tracking funds, 5 equity index tracking funds and 1 money market fund, meaning you’re not overwhelmed by choice.

Let’s see how a fictional investor, called Janet, who’s completed this Investing 101 course, would use FlexInvest to get started in just a few minutes using everything that she learnt over the last 6 days.

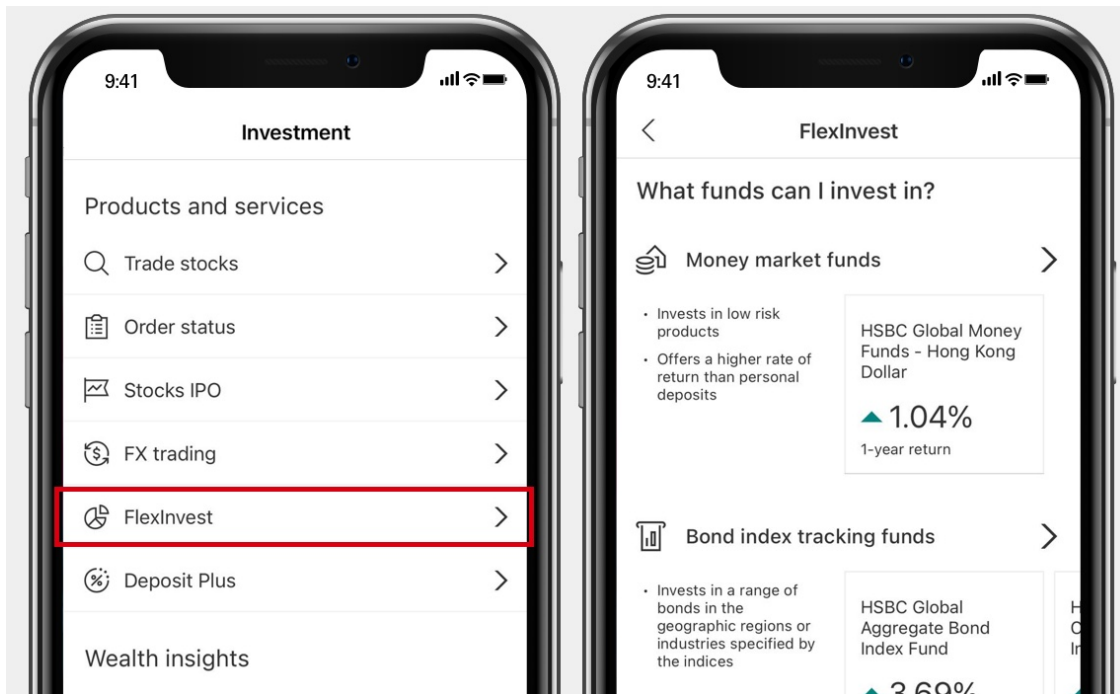


Getting started with FlexInvest

Janet is 23 years old and has decided to invest HK\$500 per month. Using the lifecycle asset allocation method, her target mix is 23% bonds and 77% equities. She's young and understands that this is a long-term investment and she can take some risk so she adjusts the allocation to 80% equities and 20% bonds. Her level of risk tolerance (which she got from taking the Risk Profile Questionnaire) is 4, meaning she can tolerate medium to high risk investments and loss of capital. Her allocation looks like this:

Asset Class	Allocation %	HKD per month
Equities	80%	\$400
Bonds	20%	\$100
Total	100%	\$500

** This table is for illustration purposes only; it is not and shall not be regarded as a solicitation or a recommendation*



She opens the HSBC HK mobile banking app and navigates to Investment > FlexInvest and clicks the View all funds button.

Janet can see there are 3 equities funds available with a risk rating of 4 and two with a rating of 5. She focuses on funds within her risk tolerance. For each one she reviews the performance charts and the annual management fees. She also clicks the button to see each fund factsheet and looks at asset allocation within the fund as well as reading other important information.

She notices that two of the funds have invested their money in similar types of sectors, and as she has decided she wants to split her money into two equities funds for further diversification, she chooses two that are different.

Next she looks at the bond funds. After reviewing the bond information and associated fees, Janet decides to choose a government bond over a corporate bond fund, so her final asset allocation is:

Asset Class	Risk Rating	% of Total	HKD per month
Equities Fund A	4	40%	\$200
Equities Fund B	4	40%	\$200
Bond Fund	2	20%	\$100
Total		100%	\$500

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She has read that, at this point, it's free to purchase each fund and she'll only be charged a management fee. She understands that a subscription fee of HK\$28 per month will be charged once her portfolio is greater than HK\$10,000. This is good because she understands the value of compounding returns and having lower fees, and as she's just getting started this can help her meet her long-term objectives.

She goes into each one and clicks the Invest Now button, setting the investment type to monthly and entering the amount allocated each month so she can start dollar cost averaging.

Janet checks her investments once every three months, but as she knows this is a long-term investment, she doesn't worry about the short-term changes in value.

Now it's your turn!

Congratulations! You now have enough information to make your first investment. You've learnt how to

overcome the 4 investing fears by becoming a disciplined investor and you've been introduced to some of the basic financial concepts you need. You've even learnt 3 ways to get started, one of which was designed specifically to make getting started easy.

All that's left is to take action while this information is fresh in your mind.

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