Basics of Investing and Why It's Important

Jesus said…"I came that you may have life and have it more abundantly" and one of the ways to abundant living for individuals and families is to make sure we're making the most the money that the Lord has allowed us to accumulate over time.

Why Is This Important?

Inflation!!!

Cost more to live these days… → Home → Education → Retirement → Basic Necessities

Saving vs Investing

Savings (No risk)

- **Purpose**: Typically for short-term goals or emergencies.
- **Risk**: Low risk, as your money is stored in a secure place like a savings account.
- **Return**: Lower returns, usually in the form of interest.
- **Accessibility**: Easy access to your funds when needed

Investing (Involves risk)

- **Purpose**: Aimed at long-term goals, such as retirement, education expenses or wealth transfer.
- **Risk**: Higher risk, as investments can fluctuate in value.
- **Return**: Potential for higher returns over time.
- **Accessibility**: Less liquid, meaning it might take time to convert investments back into cash

CD Rates vs S&P 500

- Avg 1 year CD rate from 1984-2024: **2.08%**

(Bankrate .com)

- Avg annual return of S&P from 1984-2024: **11.51%**
- (Standard & Poors)

How Is Money Made in the Stock and Bond Markets?

- Stocks

- Pay Dividends – for example, you own 100 shares of Truist Banks currently priced at $44.00 a share ($4,400.00) and pays an annual dividend of 4% ($176.00).

 -- Four (4)new shares added to your account - ($176.00/$44.00)

 - Appreciation

 --Stock price of Truist going from $44.00 per share to $50.00 per share

- Bonds

- Pay interest

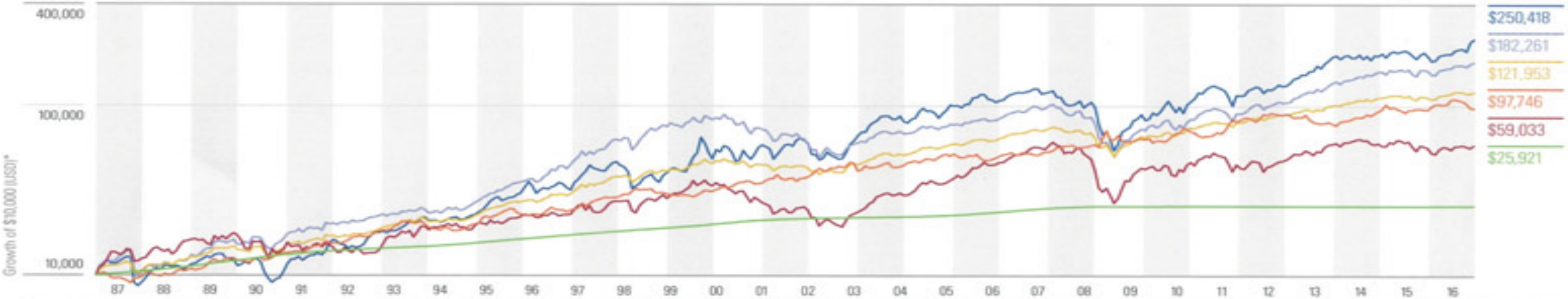
Diversified Portfolio

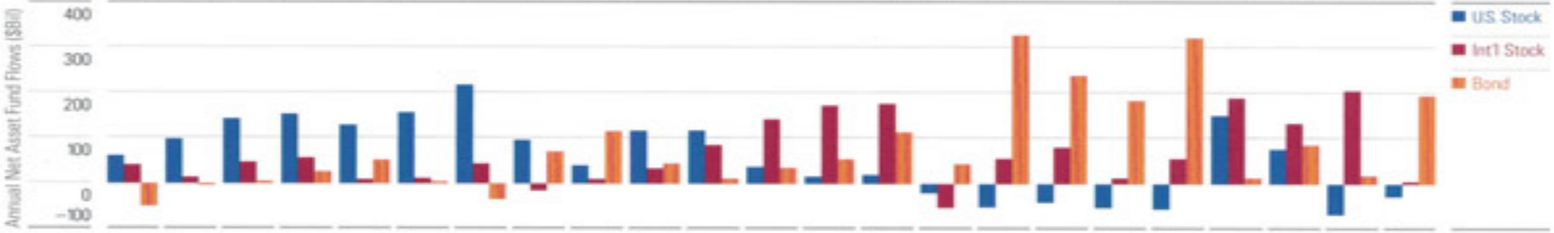
- **Equities – (three basic types)**
- ➢ Stocks, Mutual Funds, Exchange Traded Funds (ETFs) - **Ownership**

- **Fixed Income**
- ➢ Bonds (Treasuries, Agencies, Corporates)- **Loans**
- ➢ Certificates of Deposits (CDs)

- **Real Estate**

The Past 30 Years





Percentage Returns (12-31-16)	1 Yr	3 Yr	5 Yr	10 Yr	20 Yr	30 Yr	Risk	Worst 5 Years	Correlation to Large Stocks
Small Stocks	25.6	7.6	16.4	7.6	10.5	11.3	21.2	−8.9	0.76
Large Stocks	12.0	8.9	14.7	6.9	7.7	10.2	17.2	−6.6	1.00
Global Portfolio	7.6	5.9	8.4	5.8	7.3	8.7	9.5	−0.7	—
World ex-U.S. Stocks	3.3	−1.1	6.6	1.4	4.8	6.1	19.4	−6.5	0.74
Bonds	1.8	8.0	2.6	6.5	7.2	7.9	12.0	1.5	−0.08
Emerging Market Stocks (since 1988)**	11.6	−2.2	1.6	2.2	5.7	—	34.2**	−10.2**	0.66**
Gold	9.1	−1.2	−5.9	6.2	5.9	3.7	15.3	−8.2	−0.08

Past performance is no guarantee of future results. Hypothetical value of $10,000 invested at the beginning of 1987. The 1987 start date was selected to depict a retirement time horizon of 30 years. *No acquisition costs or taxes and all income reinvested. **The 1988 start date for emerging-market stocks is constrained by the maximum available historical data of the index. Assumes reinvestment of all income and no transaction costs or taxes. Diversification does not eliminate the risk of experiencing investment losses. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Government bonds and Treasury bills are guaranteed by the full faith and credit of the United States government as to the timely payment of principal and interest, while stocks are not guaranteed and have been more volatile than the other asset classes. Furthermore, small stocks are more volatile than large stocks and are subject to significant price fluctuations, business risks, and are thinly traded. International investments involve special risks such as fluctuations in currency, foreign taxation, economic and political risks, liquidity risks, and differences in accounting and financial standards. Emerging-market investments are riskier than developed market investments. Gold, like any other coin or bullion, is subject to investment risks like perceived scarcity of coin, its quality, current demand, market sentiment, and economic factors. The global portfolio was created for illustrative purposes only. It is neither a recommendation, nor an actual portfolio. All income was reinvested and the portfolio was rebalanced monthly. Returns are compound annual returns, and risk is measured by standard deviation. Standard deviation measures the fluctuation of returns around the arithmetic average return of the investment. Correlation data is based on monthly returns. Asset classes can be positively or negatively correlated, or have no correlation at all. Perfect positive correlation between two assets is represented by +1, while perfect negative correlation is represented by −1. Uncorrelated assets assume the value of 0. The worst 5-year calculations are out of 301 (289 for emerging market stocks) rolling 60-month periods. Source: Small Stocks—Ibbotson® Small Company Stock Index; Large Stocks—Ibbotson® Large Company Stock Index; World ex-U.S. Stocks—Morgan Stanley Capital International (MSCI) World ex-U.S. Index; Bonds— Ibbotson® U.S. Long-Term Government Bond Index; Cash—30-day U.S. Treasury bill; Emerging Market Stocks—Morgan Stanley Capital International Emerging Markets Index; Gold—Federal Reserve (2nd London fix) through 1987 and Wall Street Journal London A.M. closing price thereafter. Annual Net Asset Fund Flows: U.S.-domiciled open-end fund flows from Morningstar. Start date of 1994 constrained by data availability. U.S. stock: funds that primarily invest in U.S. stocks; International stock: funds that invest in specific regions or a diversified mix of international stocks with 40% or more in foreign stocks; Bond: taxable bond funds (government, corporate, international, emerging markets, high yield, multisector) that invest primarily in fixed-income securities of varying maturities.

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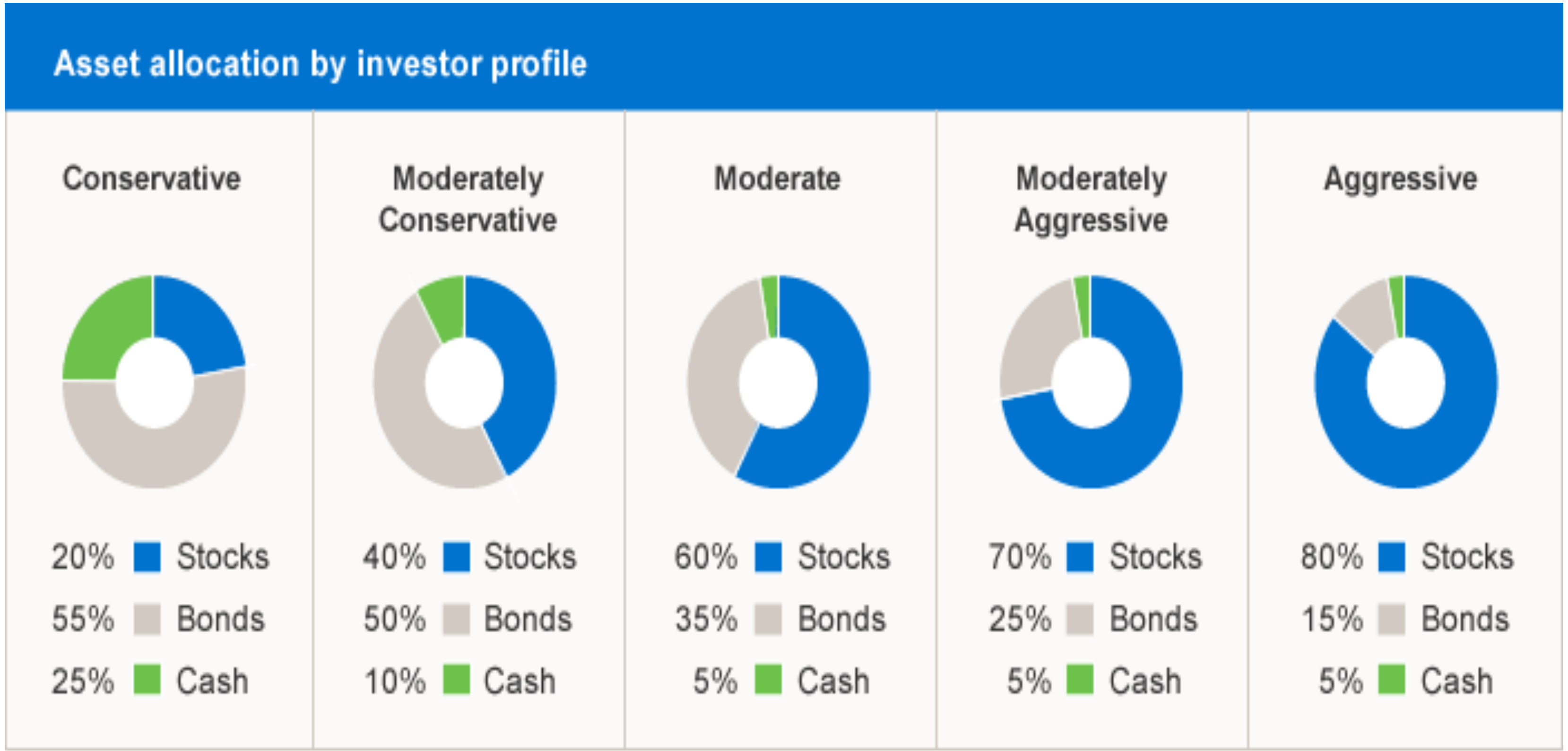
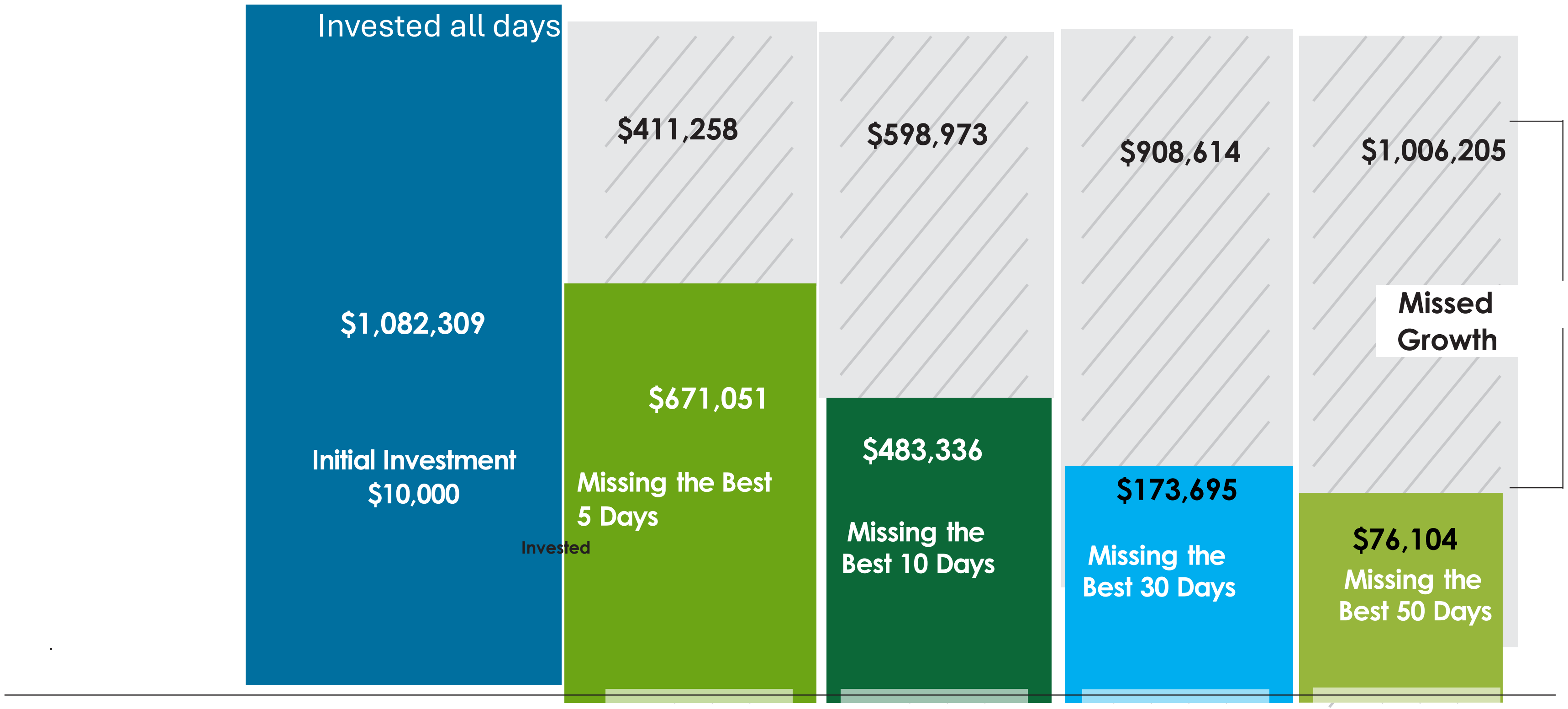
Investor Risk Profile



There is no guarantee that diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. No strategy assures success or protects against loss

Stay invested: Don't risk missing the market's best days

Hypothetical growth of $10,000 invested in the S&P 500® Index January 1, 1980–December 31, 2022



Average return of S&P for last years 10 yrs – 11.9% (Motley Fool)

Past performance is not a guarantee of future results. The hypothetical example assumes an investment that tracks the returns of a S&P 500® Index and includes dividend reinvestment but does not reflect the impact of taxes, which would lower these figures. "Best days" were determined by ranking the one-day total returns for the S&P Index within this time period and ranking them from highest to lowest. There is volatility in the market and a sale at any point in time could result in a gain or loss. Your own investment experience will differ, including the possibility of losing money.

Source: AART, as of 12/31/2022.

See reverse side for additional important information.

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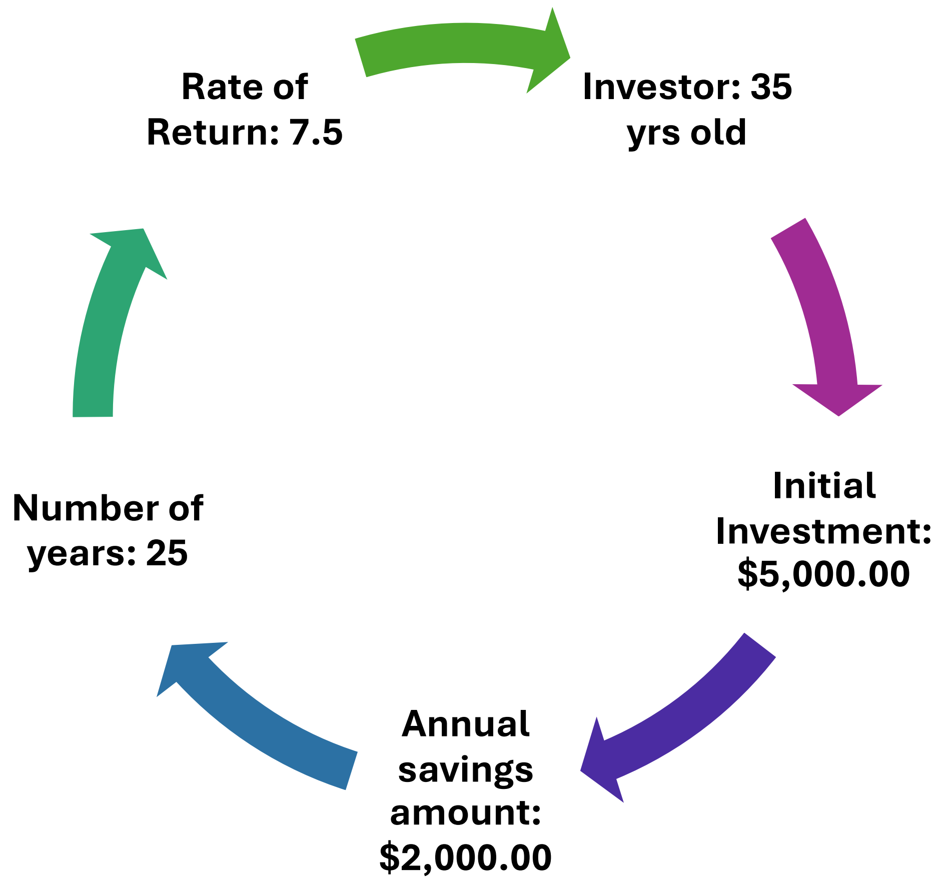
Time Value of Money

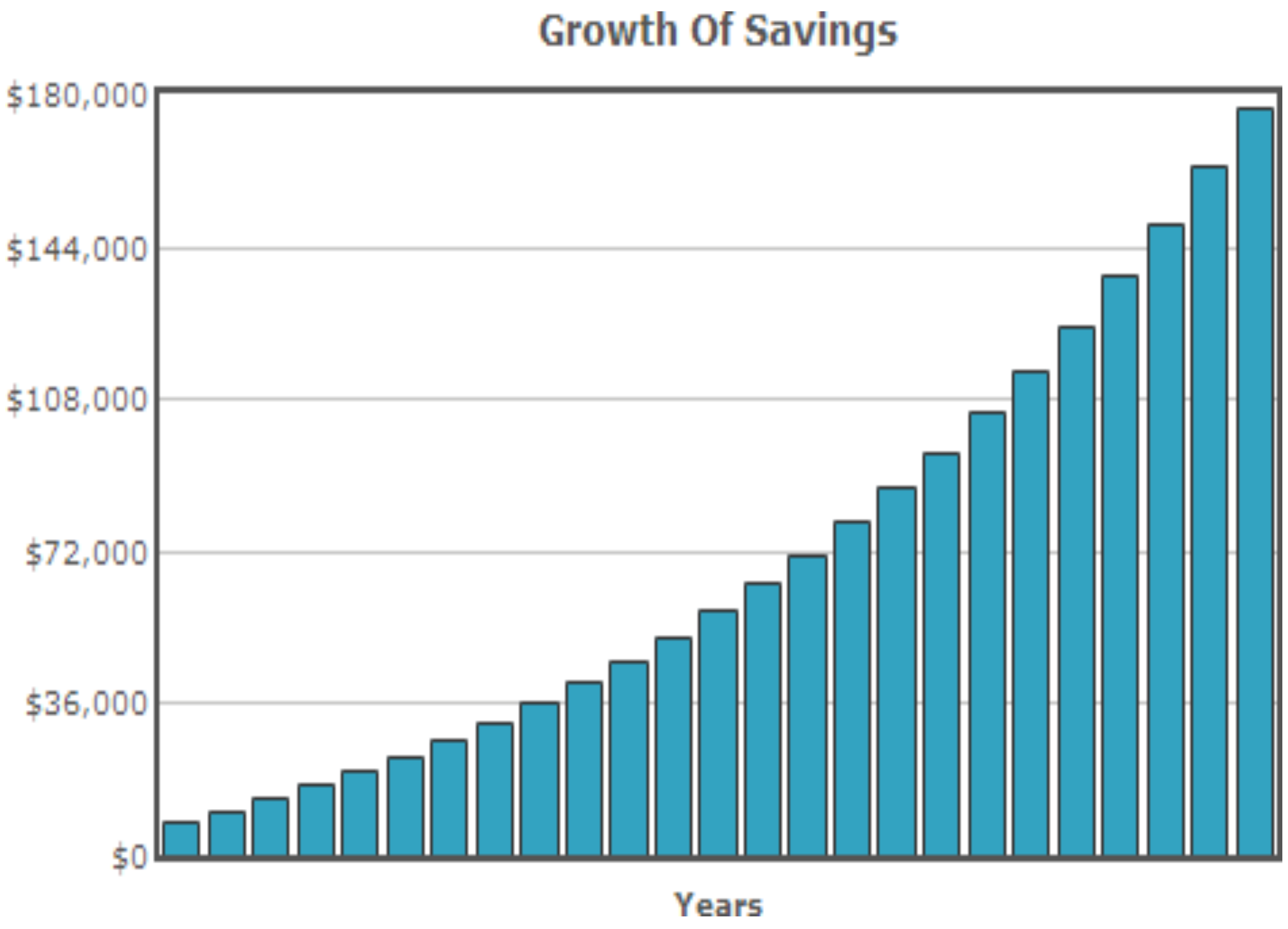


Total Return:
$176,644.00

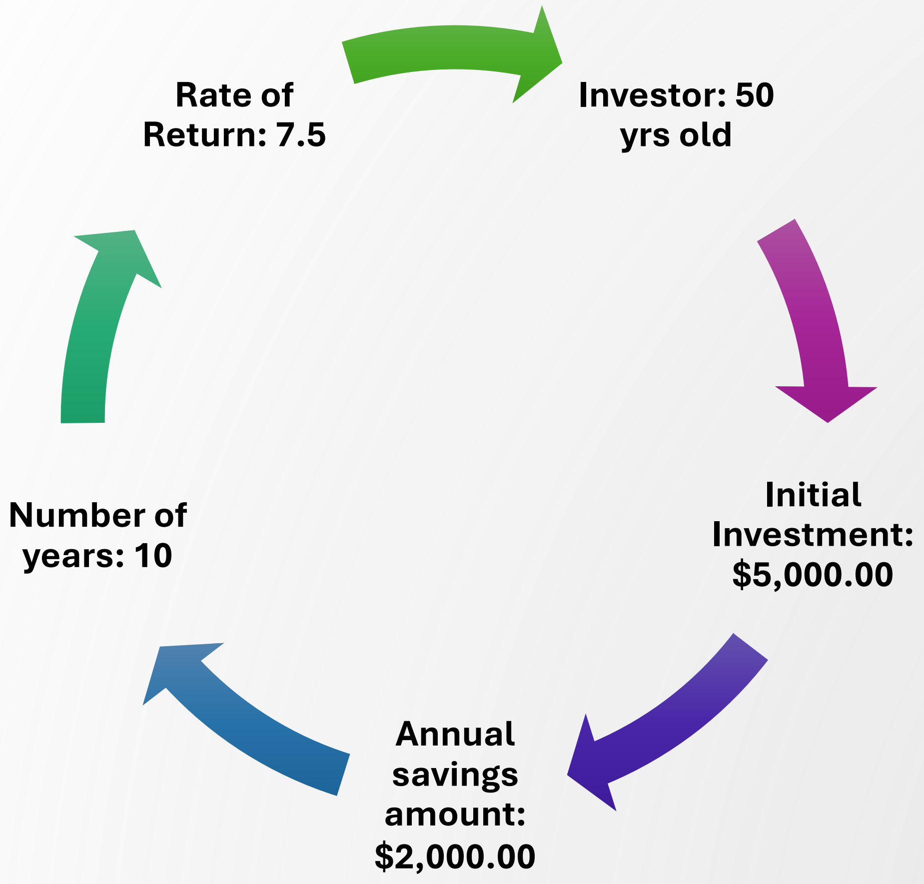
Principal Invested:
$55,000.00

Gain On Investment:
$121,644.00

25yr



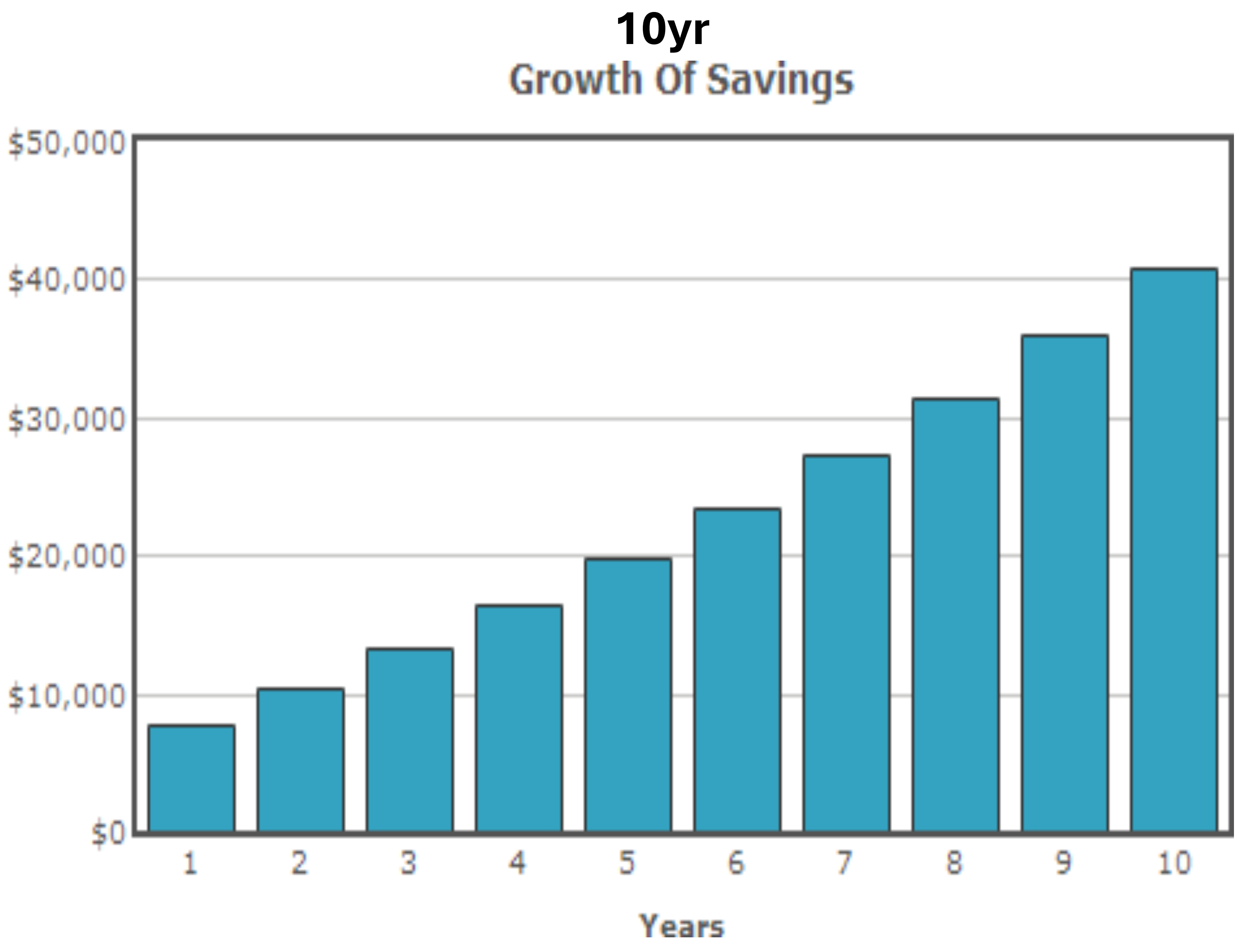
Time Value of Money



Projected Return:
$40,721.00

Principal Invested:
$25,000

Gain On Investment:
$15,721.00



Projected Return:
$177,594.00

Principal Invested:
$115,000

Gain On Investment:
$62,594.00

Key Considerations for Accumulation Phase of Investing

Invest in company’s retirement plan (whether they’re matching or not)

The sooner you begin investing the better

Try not to borrow or take withdrawals from plan if possible

Seek advice and stay invested

Don’t be afraid to take risk, but know your risk tolerance—no risk, no reward