the quick start guide to investing

LEARN HOW TO INVEST
simpler, smarter & sooner

from the bestselling team at this is money

GLEN JAMES & NICK BRADLEY

Glen & Nick have written a masterpiece that demystifies the world of investing, offering clear guidance and actionable steps for readers of any level. If you're new to money and investing or if you're after some more advanced strategies and ideas, this book will be invaluable.

—Victoria Devine, author of bestselling book *She's on the Money*

Very few books do what Glen and Nick have been able to achieve: creating genuine impact that will last you a lifetime. You won't want to put this down and you'll be thanking your past self every single day for the learnings you took away. A must read for everyone.

—Simran Kaur, international bestselling author and creator of Girls That Invest

Investing can be daunting, but Glen and Nick's book breaks it down into clear, manageable steps that anyone can follow. From understanding your motivations to mastering advanced strategies, each chapter offers valuable insights and practical advice. Whether you're just starting out or looking to refine your approach, this book is an essential guide. Their expertise shines through, making complex concepts accessible and actionable. Highly recommended for anyone who is serious about building a solid investment portfolio.

—Bryce and Alec, *Equity Mates Investing Podcast*

Learning how to make your money work for you gives you freedom and more options in life. Investing can sometimes feel scary and complicated, but Glen and Nick are experts at demystifying it all to leave you more confident and knowledgeable.

—Tim Duggan, bestselling author of *Work Backwards* and *Cult Status*

Glen and Nick bring the same breezy style to investing they display on the podcast. *The Quick Start Guide to Investing* is an accessible, fluff-free guide to everything you need to know and everything you need to do to get started investing successfully. This book delivers all the great investment feels you want without the Reddit Software Bro attitude you don't. An essential handbook for new investors — don't enter the market without it.

—Vince Scully, financial adviser and author of *Live The Life You Want With The Money You Have*

Glen and Nick have made smart investing simple and within reach for so many people. *The Quick Start Guide to Investing* will get you out of your own way and finally taking action on your plans to take investing seriously.

—Emma Edwards, author of *Good With Money* and founder of The Broke Generation

I'm way too rich and don't have time to read this book but I'm sure it's fabulous.

—Alright Hey, Australia's Biggest Glamazon

Investing can seem intimidating. But Glen and Nick do a killer job demystifying this crucial topic. They'll help you create a simple but effective plan for your financial future. If you want to grow wealth but are unsure how to proceed, this book will deliver much-needed clarity.

—Joel & Matt, *How To Money* podcast

Glen and Nick transform complex concepts into a easy-to-digest guide that will set up your financial future.

—Alisha Aitken-Radburn, media personality and author of *The Villain Edit*

Glen & Nick turn the complex world of investing into a refreshingly simple and practical journey in this outstanding book. An indispensable guide for anyone looking to make smarter, more confident investment decisions!

—James Millard, financial adviser and author of *Insufficient Funds*

My eyes and ears used to glaze over when the nightly news turned to 'Finance', it was foreign acronyms and buzzwords for 'rich people'. I wanted to try investing in shares but it was overwhelming and I had no idea where to start. *The Quick-Start Guide to Investing* breaks it down into bite-size chunks in accessible language. This introduction into investing built my confidence and saw me put my first $5K into a Vanguard Investor Account - my real-life penny drop moment. Empowerment through knowledge!

—Laura P, laywer and podcast listener

Even if you've already done a bit of investing, this book is for you if you want to start taking it seriously. All in one you'll get the fundamentals in place, make great decisions and then take it to the next level with advanced strategies. I'll be buying copies for my whole family!

—Sarah Smith, HR manager and podcast listener

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WILEY

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Figure 2.6: Illustration © Visual Generation / Adobe Stock

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We acknowledge the Traditional Custodians of the land on which we reside, and pay respects to their Elders past, present and emerging.

We extend that respect to Aboriginal and Torres Strait Islander peoples who may read this book.

Contents

Hi, we’re so glad you’re here!

This book is an investment. An investment into knowledge, but more importantly, an investment into you and your future. We’d like to start by setting the scene: letting you know what we’re about, where we have come from and what you can expect. As this book has been written by two authors, we have decided, for the majority of the book, to each write different parts rather than having just one ‘voice’. We’ll tell you who wrote what before you read each section or chapter.

A note from Glen

Investing is easy. I’ll show you how. You could download an investment app (popular ones are Superhero and Sharesies), open an account, transfer some money over to your account, buy the ETF IOZ and *voilà!* You now own 200 of the top Australian companies with only one transaction. You have some diversification so your risk is spread, and your record keeping and tax reporting is taken care of each year. You might want to do this with as much money as you can, as regularly as you can, for as long as you can. And you might try not to sell — consider reinvesting the dividends/distributions instead. Over time you'll build so much wealth you won't know what to do with it all!

That's one of the easiest ways to buy a diversified portfolio of Australian shares. But there's more you need to understand about building a diversified portfolio … and more about why you're even investing. You see, when it comes to all things money and investing it can be a trap to fall into solution mode right away. That's why we'll start with your 'why' — your reason for investing — in chapter 1.

I'll aim not only to get you invested fast, but also to help you understand everything you need to know when it comes to the basics of investing. Then my co-author, Nick, will take over and provide you with some more advanced strategies that might scratch an itch you have to get more involved in other investing strategies.

I've been an investor for around 20 years. For 13 of those I was a licensed financial adviser working with clients face-to-face and I have come to learn that the easiest part of investing is the investing itself. The hardest part is continuing to be invested and removing yourself from the week-on-week, month-on-month processes, fads and distractions. That is, setting yourself up financially so that once money is committed to your investing account, it stays invested and isn't withdrawn to pay for car insurance, holidays or other things.

I want you to be wealthy. I want you to be secure. But I want you to do it the right way. Like everything in life, there isn't actually 'the way' — there's 'a way' to arrive at a location or solution. We see this book as 'a way'. Nick and I have a similar investing philosophy and we're both about building wealth for the long term. However, we do things differently along the way.

In my first book, *Sort your money out* & *get invested*, I shared the story of my first investment in shares, which was an absolute trainwreck.

It resulted in a loss of 40 per cent of the capital I had invested after breaking every rule in the book! So, since the days of the 18-year-old Glen, my strategy has somewhat changed (I'll tell you all about that in the coming chapters). My new strategy allows me to focus on the income-generation side of wealth building and having a somewhat set-and-forget portfolio set-up.

You'll find with all the online noise in groups and on Reddit, that the chatter often lands in the area of brokerage fees, investment platforms and whether or not to invest in, say, IOZ or A200 (which basically cost the same and both track the top 200 companies listed on the Australian share market). In my own experience, getting into the weeds with such issues is like not being able to proceed with a dinner order at a restaurant because you can't decide whether to order tap water or bottled water — it's like majoring in the minor, if you know what I mean.

So why have we written this book? Well, I host a podcast — *this is money* — that has a large community of listeners, and ever since I started it in 2018 the number-one thing people wanted to know about is investing in shares. Since this topic was popular, I asked Nick to host a dedicated podcast. I'll be the first to say I'm not an academic — nor do I want to be. And I can't speak for my co-author — though I will! — but he isn't an academic either. So think of this as a street-smart guide to investing. We really wanted to write a book that's full of useful information, along with some prompts to challenge your thinking or to make you more focused.

Nick, who hosts our investing podcast — *this is investing* — is originally from Alaska and now resides in Columbus, Ohio in the United States. You might think that it's weird to have someone in the United States co-author an investing book for a predominantly Australian audience. However, it attests to the fact that the language of investing is truly international. Nick is a very close friend of mine whom

I've known for many years and I trust him explicitly to speak to my podcast community. He has a lot of experience and curiosity when it comes to investing.

The cool thing is that while there are different accents to each language, it's all the same when it comes to investing. One product in Australia may give you access to an international index (language) and you can get the same product in, say, the United States with a different name (accent) and with the same exposure. This is akin to my current hire car while writing this part of the book in 'the States'. It's a Chevrolet Cruze — the Australian version is the Holden Cruze. The world is truly becoming globalised when it comes to physical products. However, it kind of always has been when it comes to investing. An ETF with the ticker code IVV can be purchased on the ASX (domiciled to Australia), giving you weighted exposure to the S&P 500 index, which is the top 500 listed companies across all exchanges in the United States. This ETF is provided by the international investment powerhouse BlackRock and its iShares S&P 500 fund can also be purchased on the NYSE with the same ticker code: IVV: the same product, available in both the United States and Australia. (If some of the investing terms I'm using are making your head spin, you'll find definitions for the trickier ones at the end of this introduction.)

Another reason why I wanted Nick to be involved with this book is that we need to pay attention to the United States when it comes to investing. I'm reluctant to say this to my friend, but he can be, and is, useful to have around. Nick is on the ground in the United States. While we can get information about investing online, Nick is immersed in it day-to-day and has a genuine passion for investing.

To give you some more perspective, you've likely used a product today made by Apple or Microsoft, or scrolled Instagram or Facebook.

You may watch Netflix or Disney+ tonight or google how to cook up some fava beans or where to buy a nice bottle of Chianti (extremely niche joke, for those who know!). These companies are listed in the United States and have true global reach.

To drive this home further, the total gross domestic product (GDP) of Australia is approximately $1.5 trillion US, whereas the state of California alone has a GDP of $3.5 trillion US! This is why I've always been inclined to 'get off the island' when it comes to investing and learning more — there really is a bigger world out there when it comes to money and investing than an island in the South Pacific.

Now, the truly unique thing about Australia is that though we're small, we pack a punch. We're part of the top 20 economies in the world. While this may be off the back of digging up most of the island and selling it overseas (namely iron ore and coal to China), there are many quality public companies listed on the ASX that have provided long-term stable returns.

Australia is a great place to start one's investing journey because it's relatively simple to get started here. You understand the brands and companies because you've grown up shopping at Woolworths, perhaps banking at the Commonwealth Bank, or you've had a Telstra mobile plan forever. This sense of familiarity can help you when starting out.

Whenever I speak or when writing my previous books, I've encouraged people to look for one thing to take away and implement. Generally, if you have a 'penny-drop moment' and change just one behaviour or start something new in your life — or even stop doing something that is negatively impacting you or not taking you towards your financial or lifestyle goals — that's a win. Don't get overwhelmed: look for the one thing you can start or stop and the rest is a wonderful bonus.

On a final note, Nick and I have an interesting dry and sarcastic sense of humour, which you'll pick up on as you read this book. We're very good friends with a robust friendship, so we have fun talking about serious topics in a way that may be different from the norm, including having a jab at each other along the way.

I'll hand you over to Nick now to bore you with a bit of his story and what his vibe is for this book. Then we'll explain a few of the investing terms you've already come across in this introduction, after which we'll get right into it! If you learn anything from this book, I'll take the credit. If there are mistakes or things you disagree with, blame Nick. 😊

Glen.

A note from Nick

How I got interested in investing is a simple story. In 1998 I was in grade 8, living in Anchorage, Alaska. Every year the local newspaper, *Anchorage Daily News*, had a stock-picking competition for all eighth-grade students in the area who were enrolled in an economics course.

The premise of the competition was that you had \$50 000 to invest in stocks, and whoever chose the best stocks with the best performance by the end of the semester won the competition. Being eighth-grade boys, many of my friends selected stocks such as Coca-Cola, Playboy and various companies like those. I remember choosing Coca-Cola, but I thought I would get in trouble from my mother if I followed suit and invested in Playboy like my friends, so I invested in a couple of companies that ended with 'soft'. I didn't do any research, I just picked them. In fact, it didn't dawn on me until later in the semester that 'soft' stood for 'software'. One of the 'soft' companies I selected was Microsoft, and if my memory serves me correctly the other company was called TibcoSoft.

By the end of the semester, Coca-Cola was probably up 1 to 2 per cent, Microsoft was up 20 to 30 per cent and the little-known company called TibcoSoft was up nearly 100 per cent, with a stock split as well, so I owned more shares than I'd started with. I ended up winning the stock-picking challenge, and my love of the stock market and all things investing was officially embedded into my young psyche. (For those of you for whom the term 'stock split' is new, this occurs when the number of a company's outstanding shares are divided or 'split', which in turn reduces the price per share without changing the overall market capitalisation of the company.)

As an eighth grader who fancied himself as a stock-picking savant, I told my dad he should invest in these software companies. I checked the newspaper every single day to see the performance of the stock market. I remember being upset at weekends because my investments in my fake stock-picking game were not updated in the paper on weekends. But I was never able to convince my dad to invest in these newly founded internet companies, a decision that was both good and bad. An investment in Microsoft in 1998 would have ended up being very lucrative had it been held until 2024. But an investment in TibcoSoft would have ended up a total loss as they went bankrupt in the dot-com bust just two years later.

Since I was only in eighth grade and had no money of my own to invest, I went back to my normal activities of hockey and chasing girls. But the seed for the stock market was planted in my heart.

Growing up in Alaska, many people work in the oil fields located in the Arctic Circle. I dabbled in the dark arts of petroleum drilling in the winter after high school, but realised this wasn't the life for me. So I enrolled in a business management university course that included finance classes.

Post-college I started working for a securities bank, got my investment advisers licence and, just like that, my love for investing returned … but the year was 2006 and little did I know how hard life was going to get just 15 short months later.

The Global Financial Crisis (GFC)

My fun run as an upstart investment adviser was met very quickly with a grave lesson from the stock market. A 'black swan' event was on the horizon and, looking back, it seemed obvious that reckless spending on multiple mortgages on multiple houses at a time was going to be a big deal. At the time, no-one except a few shrewd hedge funds was paying attention. (See *The Big Short*, a movie on the GFC for more info.)

In December 2007, everything started happening at once. The stock market was in free fall. In fact, it halted trading for a bit to slow down the panic. The use of 'circuit breakers' to halt trading is very rare — they were implemented in 1987 as a result of the 1987 NYSE crash. These breakers had only been used in 1997 and again on 11 September 2001. So, to say they are rare is an understatement. Seeing huge historical Wall Street institutions such as Bear Stearns and Lehman Brothers, followed by others, go out of business was rattling to the economy and the average retail investor.

I was receiving calls practically non-stop from worried and scared clients who didn't know what to do. It is in times like these that your resolve is tested, and your plan is tested even more. I tell you this story to say that I was scared. I was an investment adviser and I was scared. Seeing your retirement account fall by 30 to 40 per cent is not a fun feeling.

But we all survived. People who had a good plan and kept investing not only made their money back, they bought one of the great stock-market sales of all time. The investments they made while the market was falling became some of the best money they have ever invested. Warren Buffet, the 'Oracle of Omaha' (Omaha is a small city in Nebraska), invested $5 billion US to 'save' Goldman Sachs and to show the American people and the world that investing during the GFC was not only 'safe' but wise. At the time it seemed like one of the richest men in the world was saving Wall Street. But he wasn't investing because he's an altruist. He looked at Goldman Sachs, saw their leadership, their plan and their potential future and he invested. Just a few years later that $5 billion was worth $8 billion. Investing in good companies, broad indexes and solid markets will never go out of style.

That's why we're writing this book: to give you some ideas on how to make and stick to a good plan. Seek out solid companies that you like and ascertain whether they are good investments or a flash in the pan. And then work out how can you dig in, get your hands dirty and start building wealth through the stock market.

Nick

Before we begin

Glen

This book is not a textbook, and I do not claim that it is. It is not to be used as a substitute for formal education or analysis of share investing, market analysis, accounting or taxation. We have on purpose kept away from a deep level of technical, financial information and detail. It may also be one of the first investing books that does not detail 'franking credits' for Australian shares and their tax treatment.

We wrote this book for the person who has an interest in investing in shares and ETFs to build wealth and those who want a quick start and need a framework to follow.

We want to teach you about learning to invest — much like learning to drive when you were 16 years old. This is the car; these are the 'go' and the 'stop' pedals; watch out for stop signs; don't speed; and stay on the look out. You've got the basics of how to drive and are now a successful, licensed driver without having to learn the mechanics of how an internal combustion engine operates. If you're a mechanical purist, it will likely annoy you that people aren't taught about mechanics when they learn to drive. Rest assured, not everyone is like you (hehe) and there are ways people can learn more, should they be interested in doing so.

We do, however, want to highlight some of the baseline investing terminology and acronyms that you need to know if you're new to investing. This will help you hit the ground running and make sense of this introduction to our book. Here we go!

Security

A security is a financial instrument that has a monetary value and can be traded. Such as shares, bonds and ETFs.

Stock exchanges

Let's touch on three main stock exchanges for now:

- *ASX:* Australian Securities Exchange. This is where the majority of Australian public companies list their shares to allow those shares to be bought/sold and this is done so via a broker that connects to the exchange.

- *NYSE:* New York Stock Exchange. The oldest and biggest stock exchange in the United States.

- *NASDAQ*: National Association of Securities Dealers Automated Quotations. This stock market is a newer exchange in the United States. It is second in size to the NYSE; however, it was the first to be completely electronic and many tech companies chose to list on this exchange.

Index/weighted index and rebalancing

An index is effectively a list of companies. This could be as simple as the top 500 companies by size or the top 20 semiconductor companies or *insert niche here*. Most indexes are weighted.

Let's use an example of an investment into a 'market capitalised weighted index' fund. Say you wish to invest $10 000 into a fictitious fund that tracks the three biggest sporting goods retailers in the United States.

This index is called the 'Big 3 Sport Index', or simply the 'B3S index' and was created by the fictitious fund manager Driftwood Capital Partners to get a sense of the activity of sporting supply sales as high school sports, college sports and recreational sporting equipment sales are a good pulse check of the discretionary spending of middle America. You have decided you want exposure to these big three retailers but you are happy to just set-and-forget with a one-stop shop and let your investment do whatever the index does.

Driftwood Capital Partners created an ETF that also tracks its index and has a ticker code of 'B3S'. The investment into the 'B3S' ETF would be as follows:

'B3S' index:

- Retailer A is worth $2 billion (57% of index)
- Retailer B is worth $1 billion (29% of index)
- Retailer C is worth $500 million (14% of index)

Total market capitalisation of the 'B3S' index is $3.5 billion (100%).

Effective exposure of your $10 000 invested:

- Retailer A: $5700 (or 57%)
- Retailer B: $2900 (or 29%)
- Retailer C: $1400 (or 14%)

Each quarter Driftwood Capital Partners would review the weightings of the index and, if needed, change the allocation to each retailer. This is called rebalancing. There could be a retailer that grows to become worth more than Retailer C and that would mean Retailer C would leave the index and be replaced. Another thing that may happen at a quarterly rebalance is that Retailer B could take market share from Retailer A and represent 33 per cent of the index — up from 29 per cent — meaning Retailer A's exposure would be reduced to 53 per cent of the index.

Driftwood Capital Partners charges a fee of 0.60 per cent, or $60 per year, for managing the $10 000 worth of funds invested.

Most indexes that we discuss in this book and that are out there in the wild are weighted, unless otherwise specified.

S&P 500

Standard & Poor's (S&P) 500 is a weighted index of the top 500 companies in the United States. On all exchanges, Standard & Poor's is an American stock research company. It effectively created and owns the index.

Dow Jones (or Dow)

The Dow Jones Industrial Average is a weighted index of the top 30 companies in the United States (on all exchanges). This is one of the oldest indexes and is sometimes seen as a good guide for what the total market is doing. However, many say the S&P 500 is a better representation.

Exchange Traded Fund (ETF)

This is an investment structure that can be purchased and traded (bought/sold) on a stock exchange. Within the structure, the fund manager will either manage investments (actively) or provide you with exposure to an index. In almost all instances, what is on the label is in the can.

Stocks / shares / equities

These all mean the same thing and they are commonly interchanged depending on the vibe of the writing or conversation! Generally, Americans stay 'stock' and Aussies say 'shares', but most people use all three.

Private equity

This is a style of investment management. Generally, an unlisted entity that collects money from investors and then purchases different companies and startup ventures. They would buy unlisted companies or get a good price for a listed company and make it private (remove it from public exchange). They may 'renovate' a company and sell it again for a profit. Usually, high risk/high reward territory.