



Investments 101

May 11, 2021

Women & Wealth



**8 of 10 women become
solely responsible for
financial affairs at some
point in their lives.**

Source: National Vital Statistics Reports

Investment Basics

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Types of Investments



Stocks

Shares or equity in a company.



Bonds

Used by companies and governments to finance operations



Mutual Funds

Basket of stocks or bonds.



ETF – Exchange Traded Fund

Also a basket of stocks or bonds but slightly different than a mutual fund.



Cash Equivalents

Include money market accounts, checking/savings accounts, and certificates of deposits.



Annuities

Investment products issued by insurance companies.

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Major Markets

- **Nasdaq** - Many are technology and internet-related; The Nasdaq tracks more than 3,300 stocks.



- **DJIA** – Dow Jones Industrial Average - The combined stock price of 30 large cap, publicly-traded companies determines the Dow Jones Industrial Average (DJIA).
- **S&P 500** - Tracks the stocks of 500 large-cap U.S. companies. **S&P 500®**



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Market Sectors

- **Mega cap** – Walmart, Amazon, Merck
- **Large cap** – Coca Cola, Visa, Johnson & Johnson, Google
- **Mid cap** – Lending Tree, Papa Johns, Ligand Pharmaceuticals – Some you may have heard of, some not
- **Small cap** – Carparts, ACM Research, Yext - Many are not household names
- **Growth vs. Value vs. Core**
- **International and Emerging Markets**





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Acronyms

- **IRA** – Individual Retirement Account
- **401k/403b/SIMPLE/SEP** – Types of employer sponsored retirement plans
- **RMD** – Required Minimum Distribution
- **EFT** – Electronic Funds Transfer
- **MMKT** – Money Market
- **SEC** – Securities and Exchange Commission
- **SIPC** – Securities Investors Protection Corporation
- **CFP®** - Certified Financial Planner
- **ChFC** – Chartered Financial Consultant
- **CRPC** – Chartered Retirement Planning Counselor
- **FINRA** – Financial Industry Regulatory Authority

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VS.



Miscellaneous

- **Bulls and Bears** – Rising market (bullish) vs. falling market (bearish)
- **Pullback** – 5%-10% decline from a peak
- **Correction** – 10%-20% decline from a peak
- **Bear Market** – Decline is 20% or more from the last peak
- **Bull Market** – Increase is 20% or more from the last trough
- **Diversification** - The practice of spreading your investments around so that your exposure to any one type of asset is limited.

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
U.S. Fixed Income 8.43%	Gibl ex-U.S. Fixed 22.37%	Emerging Market Equity 55.82%	Real Estate 37.96%	Emerging Market Equity 34.00%	Real Estate 42.12%	Emerging Market Equity 39.38%	U.S. Fixed Income 5.24%	Emerging Market Equity 78.51%	Small Cap Equity 26.85%	U.S. Fixed Income 7.84%	Real Estate 27.73%	Small Cap Equity 38.82%	Real Estate 15.02%	Large Cap Equity 1.38%	Small Cap Equity 21.31%	Emerging Market Equity 37.28%	Cash Equivalent 1.87%	Large Cap Equity 31.49%	Small Cap Equity 19.96%
High Yield 5.28%	U.S. Fixed Income 10.26%	Small Cap Equity 47.25%	Emerging Market Equity 25.55%	Real Estate 15.35%	Emerging Market Equity 32.17%	Dev ex-U.S. Equity 12.44%	Gibl ex-U.S. Fixed 4.39%	High Yield 58.21%	Real Estate 19.63%	High Yield 4.98%	Emerging Market Equity 18.23%	Large Cap Equity 32.39%	Large Cap Equity 13.69%	U.S. Fixed Income 0.55%	High Yield 17.13%	Dev ex-U.S. Equity 24.21%	U.S. Fixed Income 0.01%	Small Cap Equity 25.52%	Large Cap Equity 18.40%
Cash Equivalent 4.42%	Real Estate 2.82%	Real Estate 40.69%	Dev ex-U.S. Equity 20.38%	Dev ex-U.S. Equity 14.47%	Dev ex-U.S. Equity 25.71%	Gibl ex-U.S. Fixed 11.03%	Cash Equivalent 2.06%	Real Estate 37.13%	Emerging Market Equity 18.88%	Gibl ex-U.S. Fixed 4.36%	Dev ex-U.S. Equity 16.41%	Dev ex-U.S. Equity 21.02%	U.S. Fixed Income 5.97%	Cash Equivalent 0.05%	Large Cap Equity 11.96%	Large Cap Equity 21.83%	High Yield -2.08%	Dev ex-U.S. Equity 22.49%	Emerging Market Equity 18.31%
Small Cap Equity 2.49%	Cash Equivalent 1.78%	Dev ex-U.S. Equity 39.42%	Small Cap Equity 18.33%	Large Cap Equity 4.91%	Small Cap Equity 18.37%	U.S. Fixed Income 6.97%	High Yield -26.16%	Dev ex-U.S. Equity 33.67%	High Yield 15.12%	Large Cap Equity 2.11%	Small Cap Equity 16.35%	High Yield 7.44%	Small Cap Equity 4.89%	Real Estate -0.79%	Emerging Market Equity 11.19%	Small Cap Equity 14.65%	Gibl ex-U.S. Fixed -2.15%	Real Estate 21.91%	Gibl ex-U.S. Fixed 10.11%
Emerging Market Equity -2.61%	High Yield -1.37%	High Yield 28.97%	Gibl ex-U.S. Fixed 12.54%	Small Cap Equity 4.55%	Large Cap Equity 15.79%	Large Cap Equity 5.49%	Small Cap Equity -33.79%	Small Cap Equity 27.17%	Large Cap Equity 15.06%	Cash Equivalent 0.10%	Large Cap Equity 16.00%	Real Estate 3.67%	High Yield 2.45%	Dev ex-U.S. Equity -3.04%	Real Estate 4.06%	Gibl ex-U.S. Fixed 10.51%	Large Cap Equity -4.38%	Emerging Market Equity 18.44%	Dev ex-U.S. Equity 7.59%
Gibl ex-U.S. Fixed -3.75%	Emerging Market Equity -6.16%	Large Cap Equity 28.68%	High Yield 11.13%	Cash Equivalent 3.07%	High Yield 11.85%	Cash Equivalent 5.00%	Large Cap Equity -37.00%	Large Cap Equity 26.47%	Dev ex-U.S. Equity 8.95%	Small Cap Equity -4.18%	High Yield 15.81%	Cash Equivalent 0.07%	Cash Equivalent 0.03%	Small Cap Equity -4.41%	Dev ex-U.S. Equity 2.75%	Real Estate 10.36%	Real Estate -5.63%	High Yield 14.32%	U.S. Fixed Income 7.51%
Real Estate -3.81%	Dev ex-U.S. Equity -15.80%	Gibl ex-U.S. Fixed 19.36%	Large Cap Equity 10.88%	High Yield 2.74%	Gibl ex-U.S. Fixed 8.16%	High Yield 1.87%	Dev ex-U.S. Equity -43.56%	Gibl ex-U.S. Fixed 7.53%	U.S. Fixed Income 6.54%	Real Estate -6.46%	U.S. Fixed Income 4.21%	U.S. Fixed Income -2.02%	Emerging Market Equity -2.19%	High Yield -4.47%	U.S. Fixed Income 2.65%	High Yield 7.50%	Small Cap Equity -11.01%	U.S. Fixed Income 8.72%	High Yield 7.11%
Large Cap Equity -11.89%	Small Cap Equity -20.48%	U.S. Fixed Income 4.10%	U.S. Fixed Income 4.34%	U.S. Fixed Income 2.43%	Cash Equivalent 4.85%	Small Cap Equity -1.57%	Real Estate -48.21%	U.S. Fixed Income 5.93%	Gibl ex-U.S. Fixed 4.95%	Dev ex-U.S. Equity -12.21%	Gibl ex-U.S. Fixed 4.09%	Emerging Market Equity -2.60%	Gibl ex-U.S. Fixed -3.09%	Gibl ex-U.S. Fixed -6.02%	Gibl ex-U.S. Fixed 1.49%	U.S. Fixed Income 3.54%	Dev ex-U.S. Equity -14.09%	Gibl ex-U.S. Fixed 5.09%	Cash Equivalent 0.67%
Dev ex-U.S. Equity -21.40%	Large Cap Equity -22.10%	Cash Equivalent 1.15%	Cash Equivalent 1.33%	Gibl ex-U.S. Fixed -8.65%	U.S. Fixed Income 4.33%	Real Estate -7.39%	Emerging Market Equity -53.33%	Cash Equivalent 0.21%	Cash Equivalent 0.13%	Emerging Market Equity -18.42%	Cash Equivalent 0.11%	Gibl ex-U.S. Fixed -3.08%	Dev ex-U.S. Equity -4.32%	Emerging Market Equity -14.92%	Cash Equivalent 0.33%	Cash Equivalent 0.86%	Emerging Market Equity -14.57%	Cash Equivalent 2.28%	Real Estate -9.04%

The Callan Periodic Table of Investment Returns conveys the strong *case for diversification* across asset classes (stocks vs. bonds), capitalizations (large vs. small), and equity markets (U.S. vs. global ex-U.S.). The Table highlights the uncertainty inherent in all capital markets. Rankings change every year. Also noteworthy is the difference between absolute and relative performance, as returns for the top-performing asset class span a wide range over the past 20 years.



Income vs. Total Return

**Income + Growth =
Total Return**

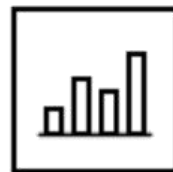


What Type of Investor Am I, and How Will This Affect My Goals?



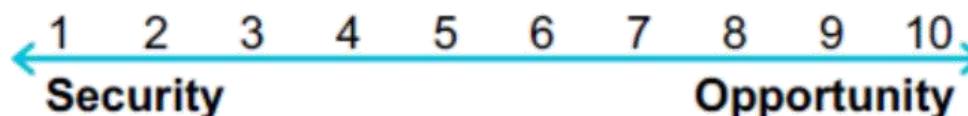
Money Habits:

Are you a spender, a saver, or somewhere in the middle?



Values:

Do you value financial security, meaning you're more concerned with preserving the original value of your investments than maximizing growth? Or do you value opportunity and feel comfortable with the possibility of substantial declines in pursuit of higher levels of growth?



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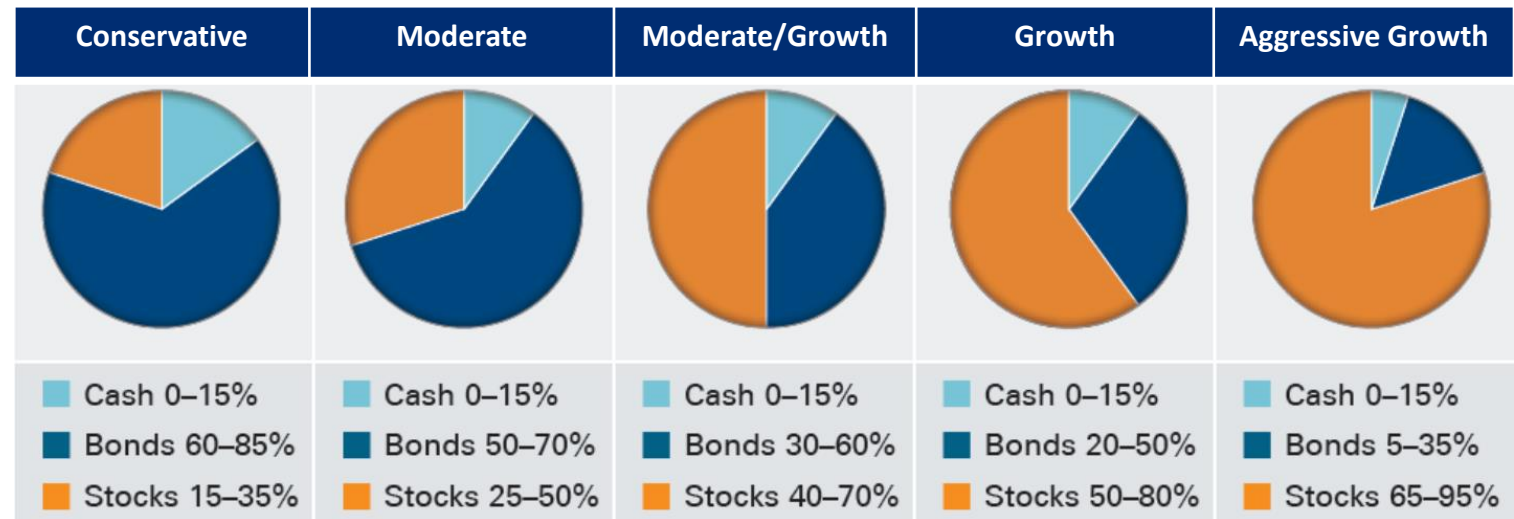


Things to think about

- 🕒 Time Horizon
- ⚠️ Risk Tolerance
- 💰 Account Objective
- 📊 Asset Allocation

Types of Investors

- Conservative
- Moderate
- Moderate/Growth
- Growth
- Aggressive Growth



What questions should I ask when selecting a financial advisor?



What habits should I avoid to prevent undercutting efforts to build wealth?



**What is one thing I
should do today to stay
on the right track?**



Important Disclosures

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