

# INVESTING USING A REGULAR GEARING PLAN

A Regular Gearing Plan (RGP) offers a simple, automated approach to investing that helps you build wealth over time. It combines the power of a disciplined monthly savings plan with gearing to invest regularly into managed funds, without the hassle of needing to initiate the transactions each time.

When you start an RGP, you decide which managed fund(s) you want to invest in. Once you've chosen the managed fund that suits your investment strategy, you make an initial investment and set up an instruction to purchase additional units in that managed fund, using a combination of your own cash plus loan funds, every month — all in the same request.

You can make your initial investment by purchasing managed funds with your own cash, or you can choose to draw against other existing approved investments that are held on your Margin Loan.

You can also start an RGP if you have existing units in a managed fund and would simply like to establish an RGP to make further investments.

What's more, if at any time you need the cash earmarked for your RGP, you can suspend your RGP for a specified period of time.

**Portfolio Accumulation Comparison: Regular Investing with & without a Margin Loan**



## BENEFITS OF A RGP

### LOW INITIAL AND MONTHLY INVESTMENTS

You can start with as little as \$1000 in cash and regular contributions of \$250 a month\* — that's about \$62 a week. For every dollar you invest, you can borrow up to two dollars, tripling your regular investment amount. Your contributions and borrowed amount are automatically invested each month in the managed fund(s) of your choice. Over time, your investment's capital growth and distribution income has the potential to exceed the costs of borrowing, which may leave you with a greater profit than you might have generated without using regular gearing.

### BUILD WEALTH OVER TIME

A RGP can spread your entry into the market over time, a strategy known as “**dollar cost averaging**”. By investing an equal dollar amount every month, you're buying more units prices are lower and fewer units when prices are at their highs. This means the total average cost per unit of your investment is lowered over time. While dollar cost averaging doesn't guarantee a profit, it can smooth out your average entry price across the market's highs and lows.

### CHOOSE YOUR INVESTMENT OPTION

You can use an RGP as a standalone strategy or in conjunction with other investments. You determine the initial and monthly contribution amounts, as well as the split between your cash and the borrowed amount.

# INVESTING USING A REGULAR GEARING PLAN



A CommSec Margin Loan gives you access to an extensive range of investments across Australian and international assets. For more details, see the accepted securities list at [Portfolio>Accounts>Account Details>Accepted Securities List](#) on the CommSec website

When you apply to start your managed funds investment through CommSec Managed Funds, you can get up to 100% of the entry fee rebated, depending on the fund.

## FIND OUT MORE

For more information on how to get started and run a Regular Gearing Plan, download the Regular Gearing Amendment form at [Support>Forms & Brochures>Margin Lending](#) on the CommSec website, or contact one of our Margin Lending Specialists on **13 17 09**.

## Risk Disclosure

Remember, whilst borrowing to invest can multiply your investment returns, it may also multiply your losses if the value of your investment falls. Margin Loans involve risk, before acting on this information please read and consider the CommSec Margin Loan Important Information & Risk Disclosure Statement located at [www.commsec.com.au](http://www.commsec.com.au)>Tools&Support>Contact&Support>FAQ's>CommSec Margin Loan Risk Disclosure, Important Information and Disclaimer.

Please Note: This information has been prepared without taking account of the objectives, needs, financial and taxation situation of any particular individual. For this reason any individual should, before acting on the information, consider the appropriateness of it having regard to their own objectives, needs, financial and taxation situation and, if necessary, seek appropriate independent financial and taxation advice.

CommSec Margin Lending facilities are provided by the Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945 (the Bank) and administered by its wholly owned but non-guaranteed subsidiary Commonwealth Securities Limited ABN 60 067 254 399 AFSL 238814 (CommSec), a Participant of the ASX Group. Please consider the Product Disclosure Statement available from [commsec.com.au](http://commsec.com.au) before making any decisions about the CommSec Margin Loan. Fees and charge apply.