

Investments 101

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Bangor
Savings Bank

Independence • Capacity • Action

Saving & Investing



Pay Yourself First (a Little Can Add Up)



<u>Save this each week</u>	<u>At % Interest</u>	<u>In 10 Years You'll Have</u>
\$7.00	5%	\$4,720.00
\$14.00	5%	\$9,440.00
\$21.00	5%	\$14,160.00
\$28.00	5%	\$18,880.00
\$35.00	5%	\$23,600.00

Pay Yourself First (a Little Can Add Up)



If you invest \$1,000 each year (\$19.20 per week) . . .

Interest Rate	5 Yrs.	10 Yrs.	15 Yrs.	20 Yrs.
5%	\$5,525.00	\$12,578.00	\$21,578.00	\$33,065.00
6%	\$5,637.00	\$13,181.00	\$23,276.00	\$36,786.00
7%	\$5,751.00	\$13,816.00	\$25,129.00	\$40,995.00
8%	\$5,867.00	\$14,487.00	\$27,152.00	\$45,762.00
9%	\$5,985.00	\$15,193.00	\$29,361.00	\$51,160.00

The Rule of 72

$$\frac{72 \text{ divided by}}{\text{Interest rate}} = \text{Years to double investment}$$

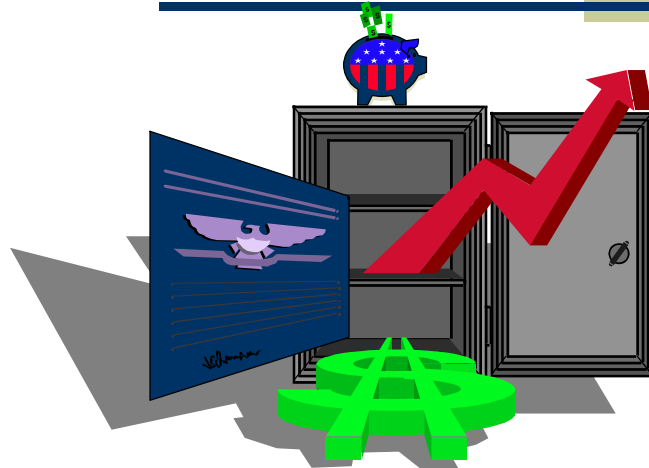
$$\frac{72 \text{ divided by}}{\text{Years to double investment}} = \text{Interest rate required}$$

The Rule of 115

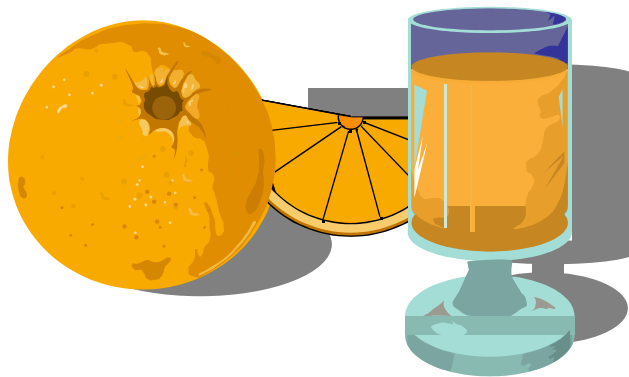
$$\frac{115 \text{ divided by}}{\text{Interest rate}} = \text{Years to triple investment}$$

$$\frac{115 \text{ divided by}}{\text{Years to triple investment}} = \text{Interest rate required}$$

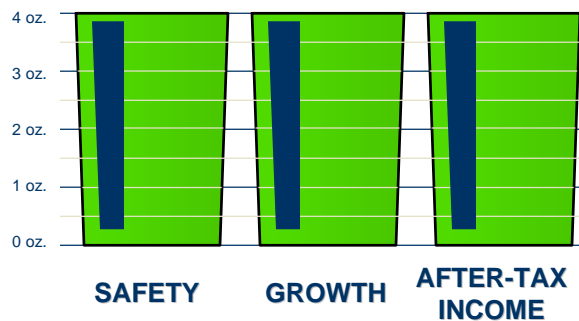
The Perfect Investment



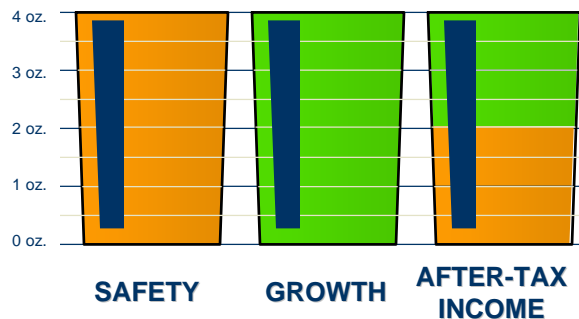
The Orange Juice Analogy



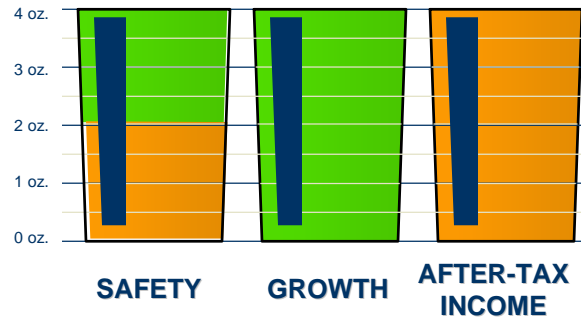
Using the Orange Juice Analogy



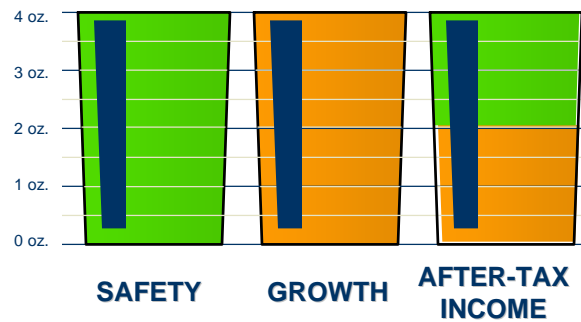
Bank Certificate of Deposit



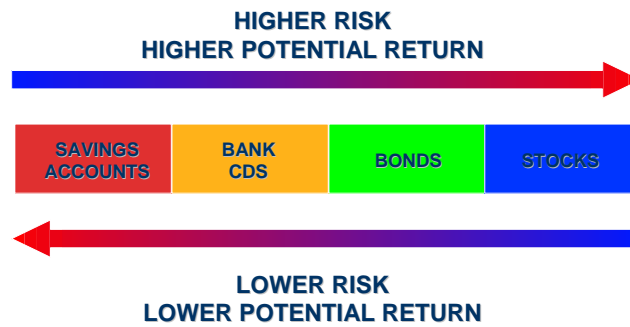
Bond or Bond Mutual Fund



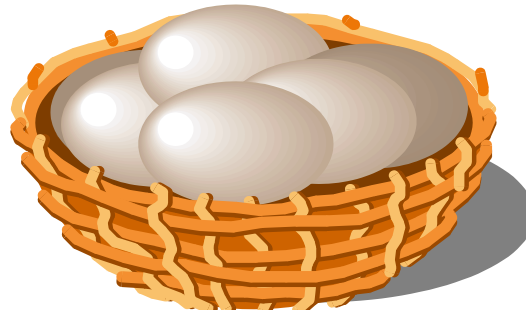
Stock or Stock Mutual Fund



Investment Spectrum



Asset Allocation



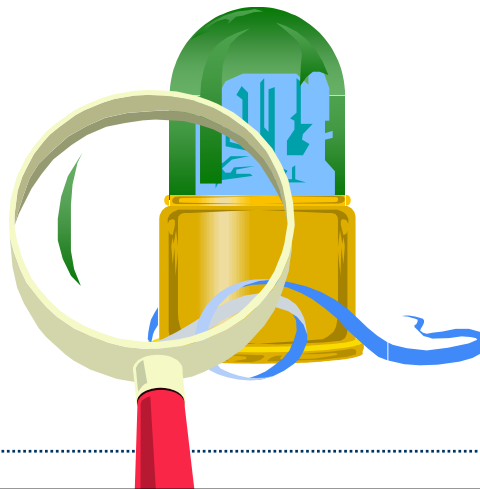
Diversification

VALUE AFTER 20 YEARS

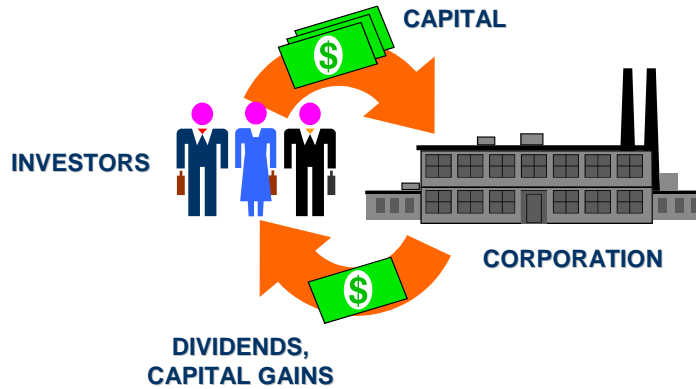
	Investor Y			
\$ 100,000	Investment A	@ 8%		\$466,096
	Investor X			
\$ 20,000	Investment B		(TOTAL LOSS)	
\$ 20,000	Investment C	@ 5%		\$ 53,066
\$ 20,000	Investment D	@ 9%		\$112,088
\$ 20,000	Investment E	@ 10%		\$134,550
\$ 20,000	Investment F	@ 12%		<u>\$192,926</u>
\$ 100,000	TOTAL			\$492,630

$$\$492,630 - \$466,096 = \$26,534$$

Investment Options



What Are Stocks?



Stock Market Indicators



Current Stocks in the Dow Jones Industrial Average

- Alcoa
- Altria Group
- American Express
- American Int'l. Group
- A T & T
- Boeing
- Caterpillar
- Citigroup
- Coca-Cola
- Du Pont
- Exxon Mobil
- General Electric
- General Motors
- Hewlett-Packard
- Home Depot
- Honeywell
- I B M
- Intel
- Johnson & Johnson
- J. P. Morgan Chase
- McDonald's
- Merck
- Microsoft
- Pfizer
- Procter & Gamble
- 3M
- United Technologies
- Verizon
- Wal-Mart
- Walt Disney

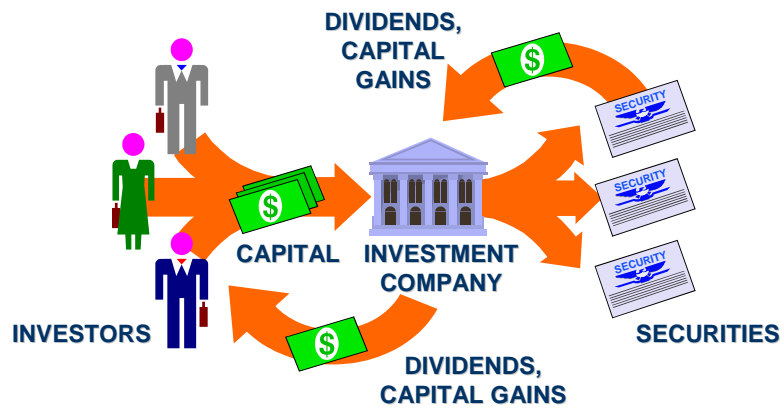
Other Stock Indices

- ◆ Standard & Poor's 500
- ◆ Standard & Poor's Midcap 400
- ◆ Russell 2000
- ◆ Wilshire 5000
- ◆ Morgan Stanley EAFE

Investment Sectors

- ◆ Consumer Discretionary
- ◆ Consumer Staples
- ◆ Energy
- ◆ Financial
- ◆ Health Care
- ◆ Industrial
- ◆ Industrial Materials
- ◆ Information Technology
- ◆ Telecommunications
- ◆ Utilities

What Are Mutual Funds?



Advantages of Mutual Funds

1. Professional management
2. Diversification
3. Low initial investment
4. Flexibility

Types of Mutual Funds

- Money Market Funds
- Tax-Free Money Market Funds
- Municipal Bond Funds
- Income Funds
- Balanced Funds
- Growth and Income Funds
- Growth Funds
- International and Global Funds
- Sector Funds
- Aggressive Growth Funds
- Specialized Funds