



## Start Investing With Just \$100

by Richard Jenkins

(NAPSA)—Investing needn't be as difficult or expensive as most people think. Starting and managing a portfolio can require very little money (just \$100), even less effort, minimize taxes and transaction fees and even outperform the vast majority of mutual funds over the long haul.

First, look at the reasons for the awful performance of most investors.

- **Market timing.** A lot of investors believe there's a right time and a wrong time to invest in stocks and that it's possible to predict which is which. A person who attempts to time the market needs to be right three times out of four to match the performance of a buy-and-hold investor.

- **Buying high and selling low.** This often results from investors chasing the latest hot stock.

- **Failure to diversify.** Most often the product of an accumulating pile of company stock, it also can reflect a poor understanding of different types of asset classes. Diversification and strategic asset allocation are key to minimizing volatility while maximizing returns. Asset allocation spreads investment dollars across different types of investments.

For the small investor, one of the best ways to get started is to buy exchange-traded funds or ETFs. These are instruments that trade like stocks and mimic the behavior of a variety of different assets (stocks, bonds, real estate or commodities) or indexes (S&P 500, Dow Jones Industrials, Russell 2000).

Say you have \$100 and want to start investing. A broker with no minimum account size and \$4 commissions is Sharebuilder.com. Those costs are low enough to make investing in small amounts practical.



**With a little forethought on your part, a little money can go a long way toward your financial future.**

Put your \$100 in a broadly diversified ETF that represents the entire stock market, such as the Vanguard Total Stock Market VIPER. Every month after that, invest as much as you can in one of the following:

- Vanguard Total Stock Market VIPER, which is like buying virtually the entire stock market.

- iShares MSCI-EAFE, which trades in Europe, Australia and Asia.

- iShares Lehman Aggregate Bond, which tracks the U.S. investment grade bond market.

- iShares Dow Jones US Real Estate.

- iShares Dow Jones US Basic Materials, which includes stocks in the energy, basic materials and precious metals sectors.

You've built a portfolio that will ride out the market's ups and downs a lot more smoothly than most.

If you're thinking about tracking your investments, check out Microsoft Money's Portfolio Manager.

For more tips, visit MSN Money at [www.money.msn.com](http://www.money.msn.com).