Depending on the level of risk you're willing to take, equities could be right for you.
This guide should help you think about how to invest and potentially grow your money.

What are equities?

A company can raise money to invest or expand by **splitting its ownership into shares** (also known as equities) and **selling them to investors**.

The investors become **shareholders**, partial owners of the company. They could receive a **percentage share** in its profits and may have the right to **vote** on how the company is run.

What drives their **value** up or down?

SHORT TERM

Company factors
like business performance and industry news

Economic factors
like exchange rates, interest rates and inflation

External events
such as terrorism, wars, political events and natural disasters

LONG TERM

Profitability
of the business, both past and future forecasts

More investors want to buy but fewer shareholders want to sell
VALUE INCREASES

More shareholders want to sell but fewer investors want to buy
VALUE DECREASES

How do you make **money** from equities?

Income: receive dividends

The company decides how much profit to **pay in dividends** and how much to reinvest.

Capital growth

You'll make money if you sell your shares at a **higher price** than you bought them.

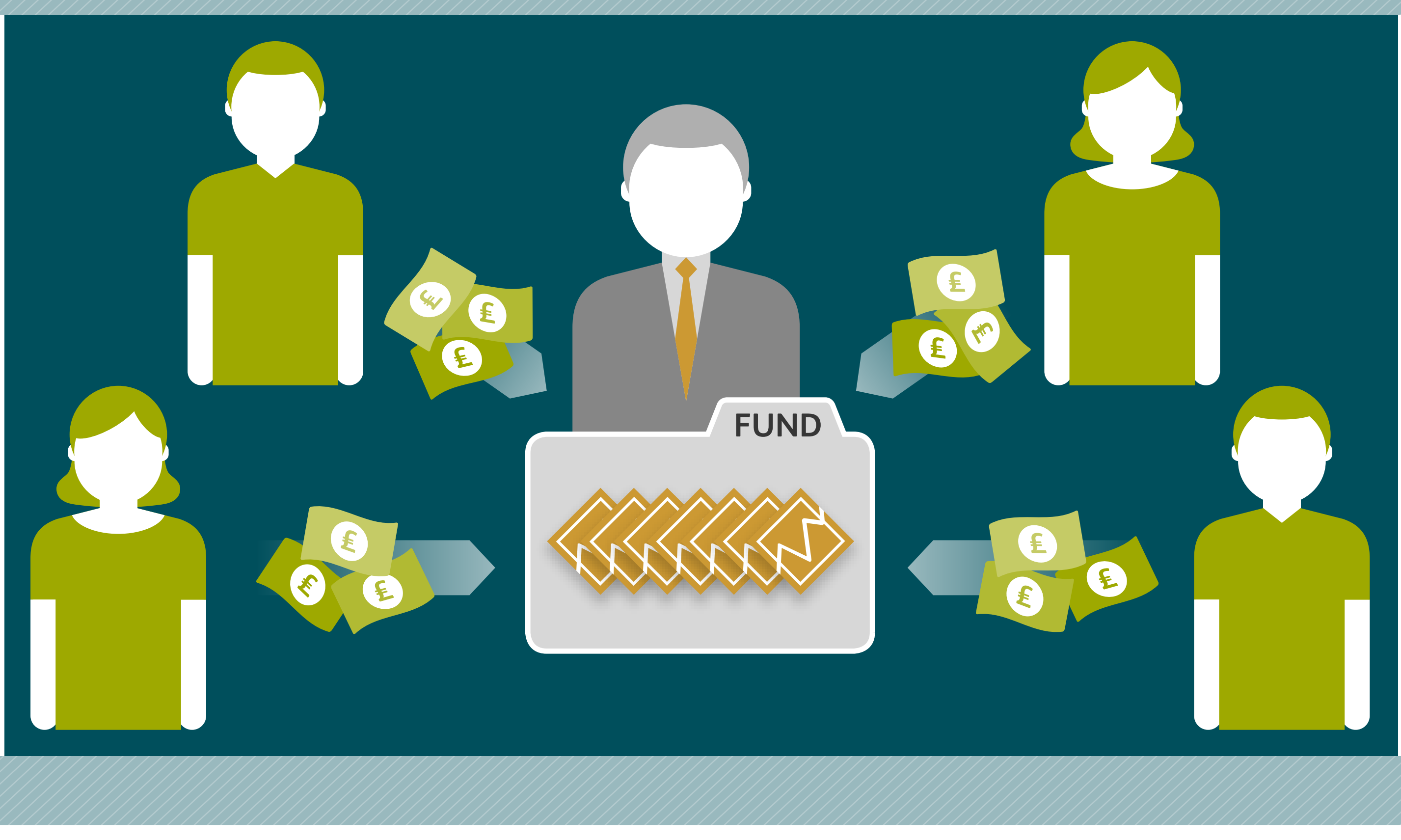
The value of investments will fluctuate, which will cause share prices to fall as well as rise and you may not get back the original amount you invested. The level of any income earned will fluctuate.

A case for equities

	Cash savings	Bonds	Equities	Property
Will I receive an income?	Low, in line with interest rates.	Generally higher, stable income. Usually fixed.	Not guaranteed, dependent on the dividend and will fluctuate.	Generally higher, can fluctuate but should remain stable.
Is my initial investment secure?	Up to £85,000 of your money (£75,000 from 1 January 2016) is secure in a bank or building society through the Financial Services Compensation Scheme.	Not secure but generally safer than equities.	Not secure and may fluctuate sharply.	Not secure but generally safer than equities.
Will my investment grow?	Low growth. You could lose money if the interest rate is less than inflation.	Some growth potential.	High growth potential.	Some growth potential.

What is an **equity fund**?

Invest through a **managed fund** and you won't invest alone – you'll **pool your money with other investors** to buy equities.



An experienced fund manager invests and manages on your behalf. An active manager aims to **beat the returns from the stockmarket**.

We are unable to give financial advice. If you are unsure about the suitability of your investment, speak to your financial adviser.

M&G INVESTMENTS