

### ***What exactly is Rand Cost Averaging?***

By investing monthly, you achieve what's called rand cost averaging, investing a fixed rand amount on a regular basis, you buy more units or shares when prices are low and fewer when prices are high.

### ***Why is it important?***

We always talk about “buy low and sell high” but our emotions get in the way and it is very difficult to invest a lump sum when there is bad news everywhere. But investing monthly forces you to do exactly the right thing: you buy more shares at a lower price resulting in a better long-term performance.

### ***How rand-cost averaging works***

	<b>Rands invested</b>	<b>Price of units</b>	<b>Units bought</b>
January	R200	R10.00	20
February: Market falls 15%	R200	R8.50	23.53
March: Market falls another 10%	R200	R7.65	26.14
April: Market recovers 10%	R200	R8.42	23.77
May: Market recovers 10%	R200	R9.26	21.61
<b>Total</b>	<b>R1 000</b>		<b>115.05</b>

On the 24<sup>th</sup> of March, I shared an article with you, referring to time in the market, this speaks directly to the benefits of rand cost averaging.



### *Five reasons to invest by debit order*

1. It forces you to save
2. A debit order goes off your bank account before you can spend the money, and you learn to live off the money that is left in your account.
3. **Your savings grow over time**
4. A relatively small debit order can over time become a significant amount of money, take advantage of compound interest.
5. **It reduces the risk of emotional investing**
6. With a lump-sum investment in units (shares), the timing of entering the market has a significant impact on the investment return. Our emotions increase the chance that we will invest at the wrong time: we tend to buy high and sell low as we get caught up in the emotions of investing.
7. **It protects your investment from the risk of bad timing**
8. Because you buy both when the market is up and when it is down.
9. **It reduces the overall price of your units**
10. You buy more units (shares) when prices are low, and fewer units when prices are high, which reduces the overall price you paid for the total number of units in your account.

<https://mayaonmoney.co.za/2020/04/dont-panic-your-monthly-investment-is-getting-bargain-rates/>