Looking to make a few bucks? Where to invest your money

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AUSTRALIA'S real estate boom is over, shares look shaky after recently reaching 10-year highs, and bank deposit interest rates are so low that savers are losing money on them.

People are scratching their heads about where to invest, but finance specialists say this has created chances to become better investors through diversification.

From overseas infrastructure and real estate to corporate debt or robotics companies, it has never been easier to broaden investments, while reducing the risk of getting burnt in a downturn.

"Anybody who tells you they know what's going to tank or go gangbusters is either deluding themselves or they're lying," financial strategist Theo Marinis said.

"Diversification across asset classes to protect your portfolio is the way to go. True investing isn't about speculating or trying to pick the market."

The rapid growth of low-cost investments means people can spread their money well beyond the traditional and popular trio of Aussie shares, property and cash.

EXCHANGE TRADED FUNDS

European ethical shares, global cybersecurity, Chinese currency and global agriculture can be owned through exchange traded funds, which with one share hold small stakes in many different companies within a theme or sharemarket index.

JBS Financial Strategists CEO Jenny Brown said ETFs gave everyday investors more exposure to assets they otherwise could not buy.

"It's a lot easier, they're listed on the ASX and it doesn't cost a lot to get into them," she said. However, Ms Brown said investors should "never put a large percentage of your portfolio into anything".

GLOBAL STOCKS

Aussie shares comprise just 2 per cent of global stockmarkets yet many investors don't look beyond our borders.

This lack of diversity has stung in recent years as US technology giants Apple, Amazon, Google, Facebook and Netfix multiplied in price many times over. Investors can buy overseas companies through stockbrokers, online brokers or new online platforms.

DOWNTRODDEN SHARES

Some Australian technology and health stocks have sparkled this year, but CMC Markets chief market strategist Michael McCarthy said many of them were expensive and risky at current levels "and I would be worried about getting into these".

However, taking a contrarian view and targeting "bombed out sectors" such as retail and traditional media could deliver value, he said.

Some analysts believe the big banks – struggling amid the royal commission – may turn a positive corner soon.

BEYOND YOUR BACKYARD

House prices are falling in several states – most notably Sydney and Melbourne after their booms – and many property specialists recommend looking elsewhere because each city has a different growth cycle.

Suburbanite principal Anna Porter said auction activity in Sydney and Melbourne had been "abysmal" and she preferred Adelaide as a hot spot and recently bought there herself.

Ms Porter also likes freestanding houses in Brisbane within 25 minutes of its CBD, while other property experts note that Perth and Darwin prices have been falling for years and are much closer to bottoming out than the big east coast cities.

INFRASTRUCTURE

Airports, pipelines, ports and toll roads are popular assets for superannuation funds because of their long-term growth and income, and can benefit individuals too.

You can own shares directly or through listed infrastructure funds.

Overseas infrastructure might be a better bargain than high-priced Australian assets.

CORPORATE DEBT

Fixed interest was traditionally government bonds paying low returns, but a growing group of investment funds offer corporate bonds paying much higher interest.

They're riskier than cash in the bank, but the risk is lowered by spreading their loans across several big companies.

FUTURE STARS

Picking the next big thing is challenging but worth some thought.

Investors can buy into global robotics, artificial intelligence, technology or healthcare through investment funds or direct shares. It's risky but the rewards are huge if you find the next Netflix — it has jumped from $US4 to $US350 in just 10 years.

Beware of speculative fads. Bitcoin's price has dropped by two thirds in a year and is seen as a gamble rather than an investment.

CMC's Mr McCarthy said the best answer to the "where do I invest" question was not about the next hot sector, but more about your personal circumstances such as age and risk appetite.

YOUR OWN DEBT

The safest – and most boring – guaranteed return for any investor with mortgage or other debt is to pay that off.

The financial gains from debt repayment, especially for credit cards charging 20 per cent interest, won't be matched long-term by any type of investment.

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