

# Type of Investments

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# About Your Speaker



- Manager, Wealth Management-I, Hong Leong Islamic Bank
- In Wealth Management since 2002, in various capacities
- Specialises in unit trusts

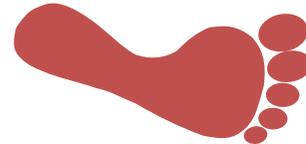
Mo and me!

# Stages of Life (for an Average Joe/Jane)



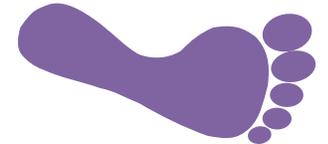
Student/Graduate

Working Adult



Marriage

Retirement



# Student / undergraduate



Situation : Still in college/university

Recommended : Inculcate the saving habit

Products : Fixed deposit, unit trust

# Working Adult



Situation : Fresh graduate, just started working

Recommended : To commit to an insurance/takaful plan, to start savings for car/property/marriage, find a partner

Products : Medical insurance; fixed deposit

# Mid Career and Parenthood



Situation : Married, with a stable career and young children

Recommended : To buy a house, get a life insurance plan, to get medical insurance for children, to start investing for children's education, to start planning for retirement

Products : Life insurance for self, medical insurance for children, endowment plan for children, unit trust and stocks for self

# Retirement



Situation : House is an empty nest; on a consumption mode

Recommended : Distribution planning, low risk income bearing instruments

Products : Will, fixed deposit, bond and income unit trust funds

# Products To Help You Reach Your Investment Goals and Objectives

**Savings Account:** 0.4% - 1% p.a. – low returns, suitable for short term placement

**Fixed Deposit :** 3%- 4.3% p.a. – lower than inflation rate, suitable for short – medium term placement

**Unit Trust : 8%-12% p.a. (average long term returns), managed risk, affordable, professionally managed**

**Properties :** huge capital, high cost of maintenance, illiquid, RPGT

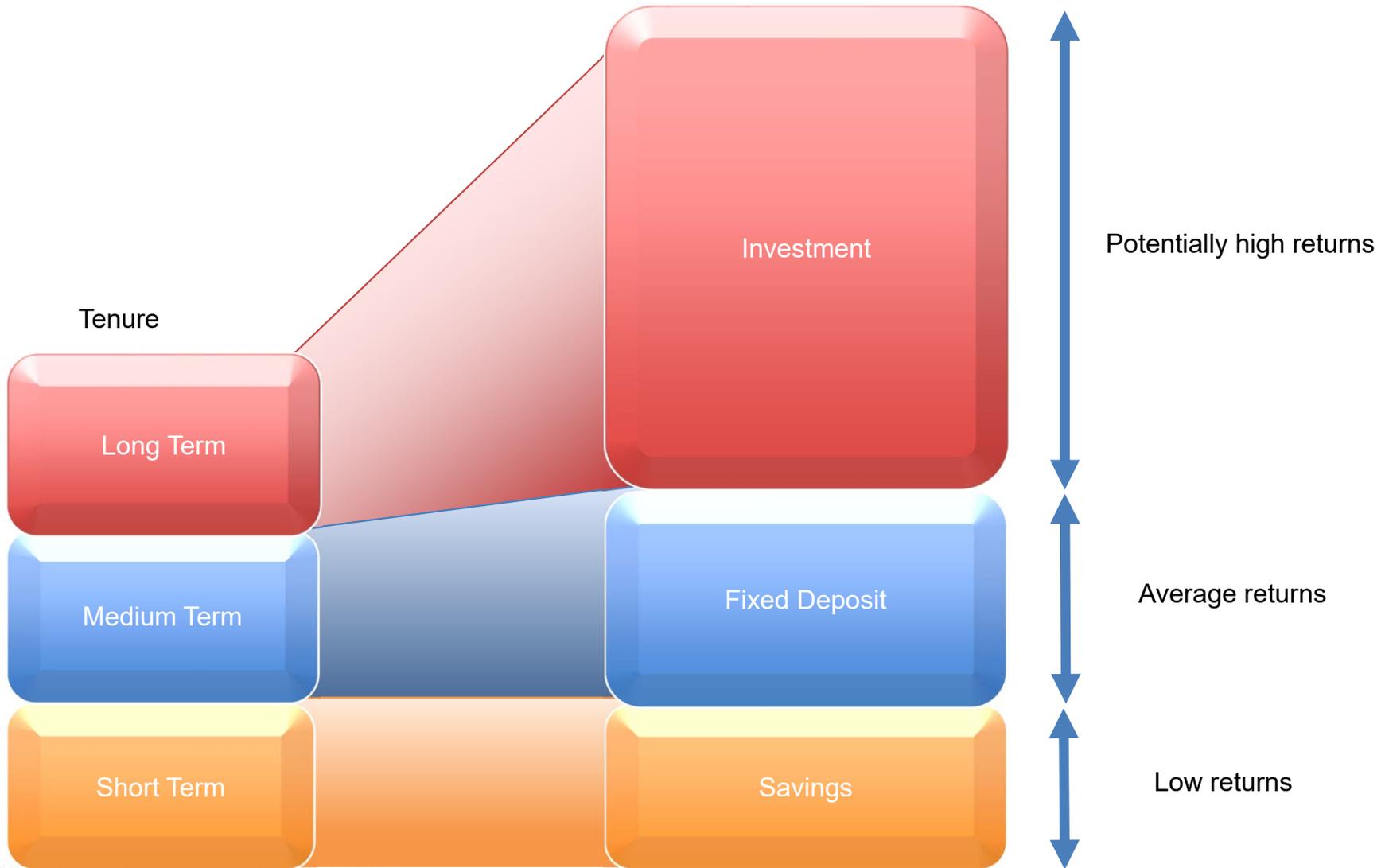
**Stocks :** high risk, need expertise and understanding and constant monitoring

## REAL PROPERTY GAINS TAX

RPGT EFFECTIVE RATES FROM 1 JANUARY 2014

DISPOSER \ DISPOSAL PERIOD	OTHER THAN COMPANY AND OTHER THAN NON-CITIZEN AND NON-PERMANENT RESIDENT INDIVIDUAL	NON-CITIZEN AND NON-PERMANENT RESIDENT INDIVIDUAL	COMPANY
Within 3 years after the date of acquisition	30 %	30 %	30 %
In the 4th year after the date of acquisition	20 %	30 %	20 %
In the 5th year after the date of acquisition	15 %	30 %	15 %
In the 6th year after the date of acquisition and subsequent years	0 %	5 %	5 %

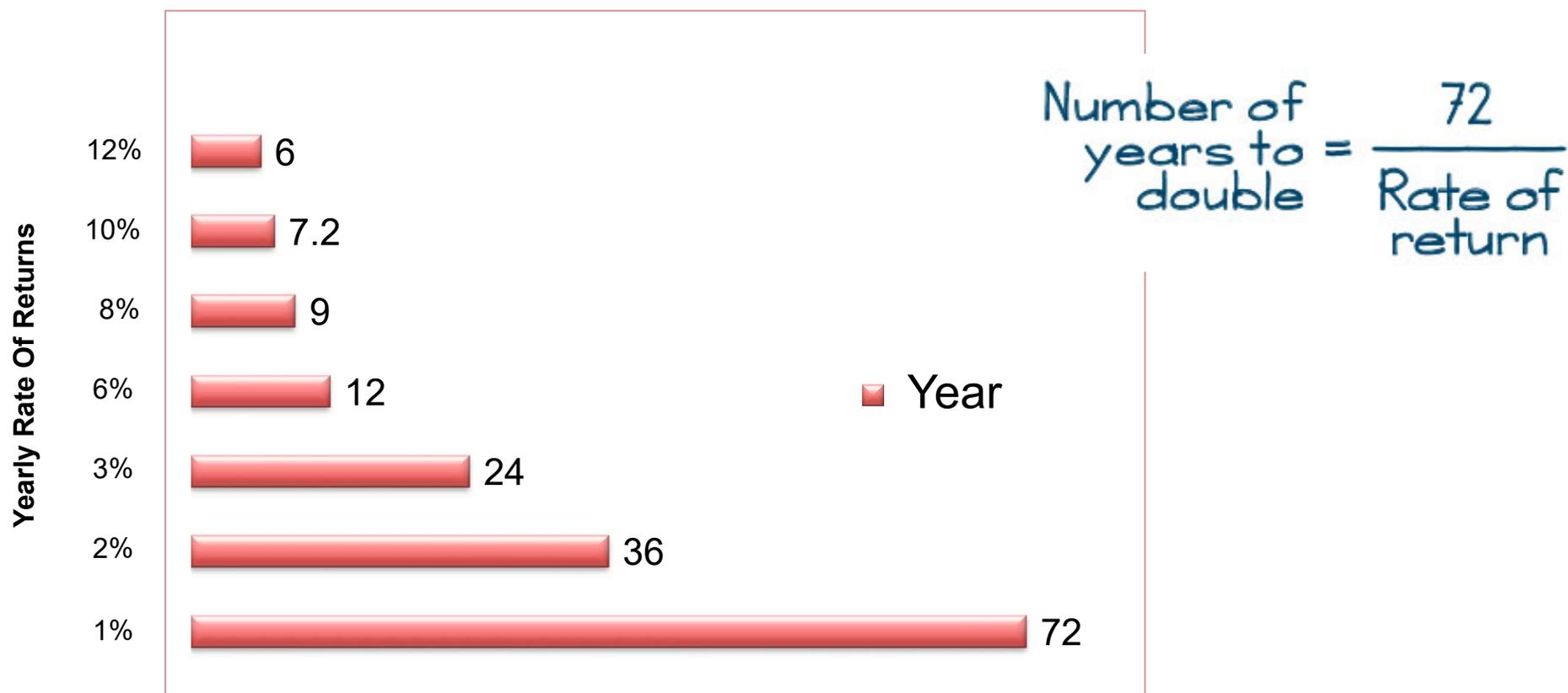
# Matching Your Goals With The Right Products



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# How Long Does It Take For Your Money To Double Up?

**Rule of 72** - divide 72 with the rate of returns to find out how many years it takes for your money to double up



# Types of Investments?

- ✓ An investment is an asset or item acquired with the goal of generating income or appreciation.
- ✓ Insurance is also a type of investment to protect your life and the ability to earn income.
- ✓ Methods of investment may include purchases of bonds, stocks, unit trusts, property or even fixed deposits.
- ✓ Three Levels of Investment Risks:

Low-Risk : Fixed Deposits

Medium-Risk : Unit Trust

High-Risk : Stock Market

## Fixed Deposits (Low-Risk)

- ✓ Fixed deposits offer a fixed and guaranteed rate of return.
- ✓ It offers a significantly higher interest rate than saving accounts while minimising risks associated with other high-risk investment products.
- ✓ However, fixed deposits do not offer protection against inflation. In most cases, it is due to the inflation rate being higher than the interest rate of fixed deposits.
- ✓ One of the largest drawbacks of FD, is the inability to withdraw funds during tenure. Premature withdrawals will often disqualify the interest earned.

*fixed*  
deposit



## Unit Trust Fund (Medium-Risk)

- ✓ A Unit Trust Fund consist of a pool of funds collected from a group of investors with similar objectives (e.g. equities, bonds and assets)
- ✓ The collective investment fund is managed full time by professional fund managers.
- ✓ Enables investors to choose the type of funds that suits his/her risk tolerance and investment objective. Furthermore, investments are diversified.
- ✓ But investors are required to pay management fees to the fund managers. Also, you do not have control over the investment decisions made by the fund managers.



## Stocks / Shares (High-Risk)

- ✓ Stocks represent ownership in a company, which entitles you to become a part-owner in the company and entitles you to share in its future value and profits.
- ✓ It offers growth in two ways:
  - Overall value of the company increases, the value of the stock also increases.
  - Earning dividends when the company chooses to pay part of its profits to shareholders as income payment.
- ✓ But shares also have the potential to fall in value if the company's performance drops.
- ✓ This investment is more suited for investors with medium to long-term financial goals.



## Which is the best method?

- ✓ There is no one-size-fits-all approach when it comes to investments.
- ✓ Before you start investing, you should have clear goals in mind.
- ✓ In most cases, it is best to diversify your investments by making a few different type of investments (e.g. more safe investments than riskier investments for long-term gains)
- ✓ Conclusion is – pick your investments according to your risk profile.  
Safe = Low Returns  
Risky = High Returns

## Conclusion



Never place all yours eggs into one basket.  
If the basket is dropped, all is lost.

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 HongLeong Islamic Bank

Thank  
you