A NEW STRAITS TIMES SPECIAL

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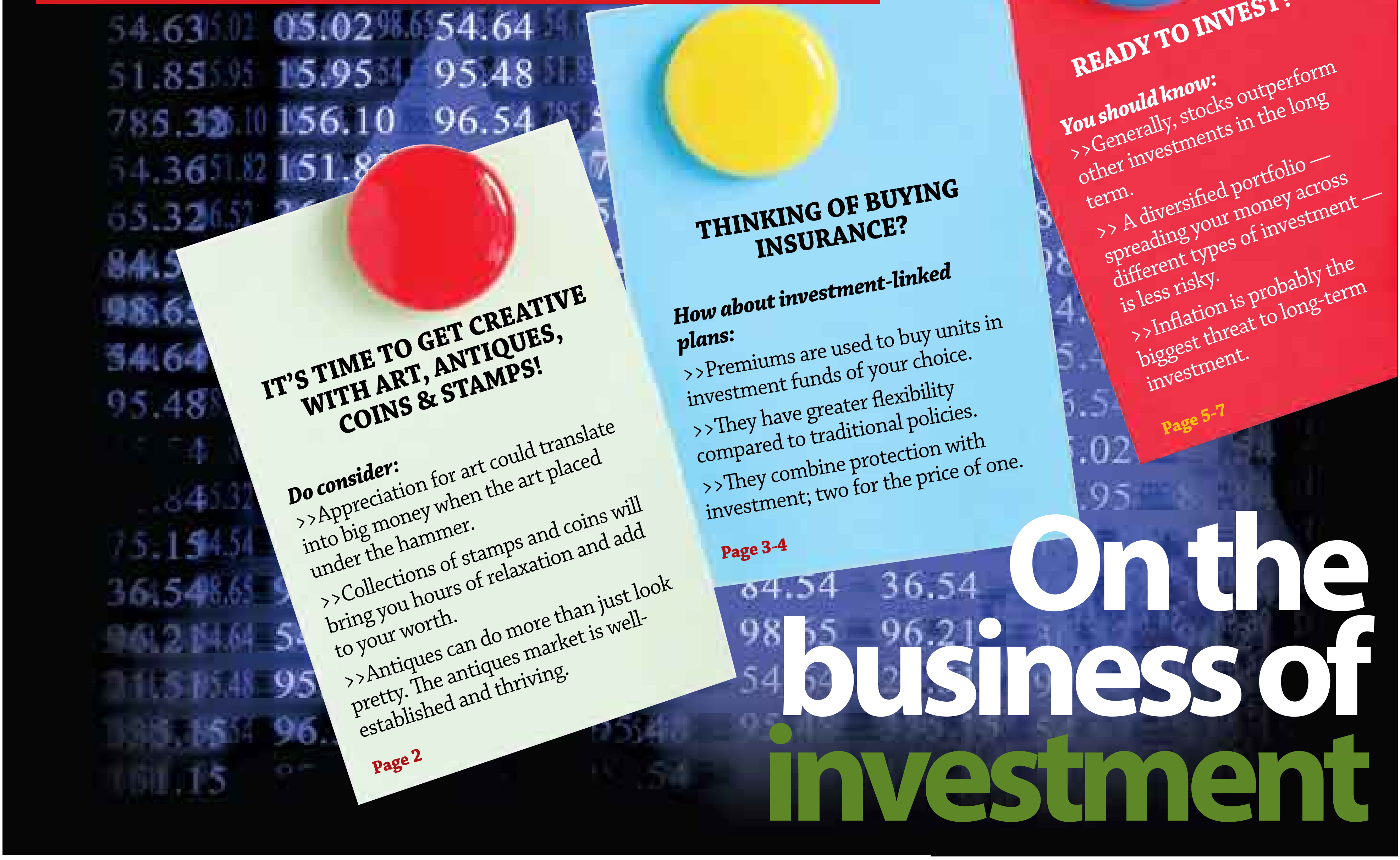
PLANNING YOUR FINANCES



On the business of investment

When buying your first home...

ONE of the biggest investments an individual would most likely make is buying a home. Buying a property will increase your net worth as you pay down your housing loan. Ownership also brings with it a sense of accomplishment and it can stand as the metaphorical foundation to wealth accumulation and eventual financial freedom.

Buying a home is not simple or fast. It is important to take your time and enjoy yourself as much as possible. Think of it as the base to all your future activities – where you lay your head after a day at work, the place from which you will raise your children and most likely the space in which you will spend most of your days once you retire.

Investing your time at the beginning of this process is only the start. Owning a home requires

It is an important and big step for any adult. But what should be an exciting time could quickly turn into a nightmare if home-buying, like all long-time investment, is not properly thought-out and strategised

investment of your time and money in maintenance, refurbishment and repairs, all while you hope that the value of your house increases in tandem, to ensure your initial investment is still protected.

The first step is to decide if you can really afford to own a home. One option is to talk to your financial adviser who will help analyse your financial position based on your income, savings, debts and spending habits.

A useful tool at this point of your house-buying mission is to utilise a home loan calculator, which is readily available online in different formats. Some of these calculators go into detail and allow you to visualise just how much you will be paying in interest.

Once time has been spent in scouting out the right location for this big investment, it is time to find a home loan that best suits your financial lifestyle. There are many housing loans on offer, some with the flexibility that complements your income cycle. The important thing is to ask questions and be very clear about what your money is paying for. Look at the details of your loan: penalties, rebates, clauses.

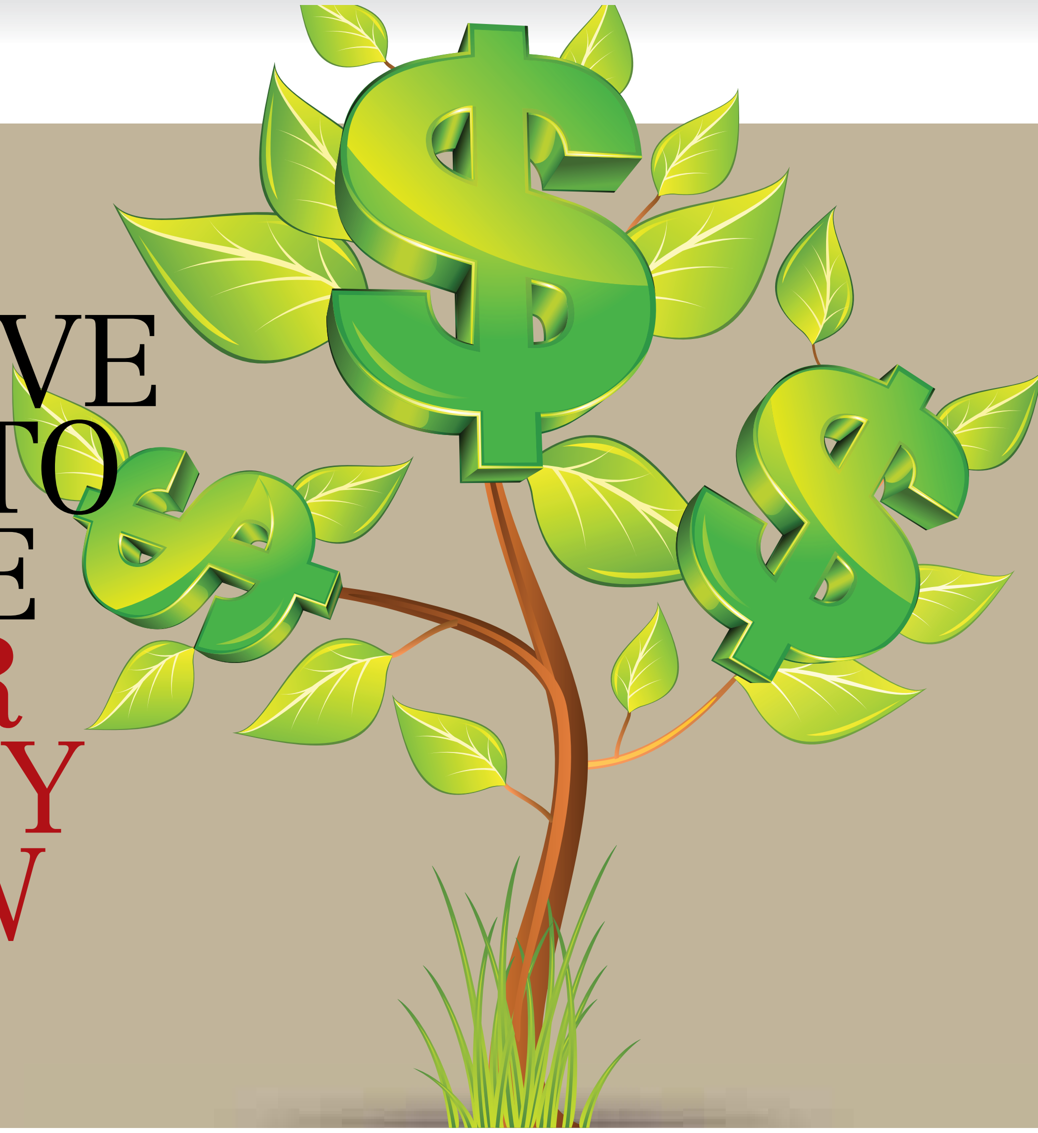
One way of reducing your interest is to of course, start with a bigger down payment. Many people do not realise how large a portion of the monthly premiums is used to pay interest on the home loan. For example on a loan of RM200,000 over 30 years, with 4.5 per cent interest, you will be repaying a total of RM364,814, which translates into RM164,814 in interest. By reducing your loan portion by RM50,000, the total amount repaid would only be RM273,610.

Apart from shopping around for a home loan, buying a house comes with the added expense of legal fees, stamp duty and insurance. Another point to remember, which is often forgotten in the excitement of moving into your first home, is the cost of packing and moving. Considering all this would help ease the complexity of the situation.

If you are buying your second home for investment purposes – and you intend to rent it out – you should still go through the same process, except that this time around you will be better equipped.

However, before making the decision to acquire a second property, you should consider whether the property is compatible with your overall investment strategies, bearing in mind that properties are technically long term investments that cannot be liquefied at a moment's notice. Being a multiple property owner also means that your maintenance bills will be higher. Overall, owning another house or apartment should work towards giving you a comfortable retirement through capital appreciation and monthly income.

CREATIVE WAYS TO MAKE YOUR MONEY GROW



■ By GREGORY BASIL

Some things have not changed – the need for money and ways to make it. If you're thinking of increasing your worth or leaving a larger legacy for your next of kin to inherit, why not try a more creative approach. Passions and hobbies can be a great source of wealth.

Arts and antiques are an alternative investment that can bring about great returns as the art scene is constantly on 'fire'. Arts and antiques can be purchased at old art stores and during auctions. Sometimes one can even chance upon great finds at flea markets.

The eye of the beholder

The art market is not a hard market to penetrate. Of course purchasing art and antiques does require some knowledge so it is always good to read up on a particular piece.

There are various types of postmodern and modern art available in the market. Art pieces that were produced circa 1860s to 1970s are known as modern art. Modern art rejects the traditional forms and conventions of art and instead encompasses a wide range of movements, theories and attitudes that show art in a more current social and intellectual condition.

Among some well-known modern art pieces are 'The Scream' by Edvard Munch and who hasn't possessed one of Andy Warhol's prints of the iconic Marilyn Monroe?

Postmodern art, on the other hand, is described as the art movement that rejects all aspects of modern art. It was aimed at doing away with the divisions between art, pop culture and the media.

In the local arena, there are a number of budding artists who have made a name for themselves: the late Datuk Ibrahim Hussein, Khalil Ibrahim and Yusof Ghani. Some of Ibrahim Hussein's pieces have even been auctioned off at Christie's and Sotheby's.

A good investment would be to buy art pieces of up and coming artists. New artists have a refreshing take on the arts. Their pieces will generally be cheaper than well-established artists and in the long run can fetch a hefty sum. There are numerous art galleries in Malaysia that are constantly showcasing the work of budding artists and this would be a great place to begin your hunt for a good piece.

Whether you decide to display or store your piece of art, always make sure that it is not exposed to high temperatures and humidity, or areas that are damp, as this will encourage the growth of mold and mildew. You should occasionally check on the condition of your stored painting.

When you decide to sell your art piece, you will first need to get it appraised. You can then sell the piece to an art gallery or you could list it on an online auction site and wait for the highest bidder.

Antiques

An antique piece is often described as an object, ranging from furniture to art work to a decorative object, that was made over 100 years ago.

There are a number of antique dealers spread across the country, Jonker Street in Malacca being a prime example. The antique shops in Jonker Street offer a wide range of collectibles as a result of the state's rich history and culture.

Before purchasing any antique items, make sure you check the authenticity of the piece and ensure that the dealers are running a legitimate business.

Making money through arts and antiques requires patience. Buying an art piece today and trying to sell if off tomorrow will disable you from earning much, or in some cases, make no profit at all. Art, just like fine wine, matures with age and the longer it is kept, the more valuable it becomes.

Coins

Coin collecting goes back as far as 63 BC. The earliest person known to collect coins was the Roman Emperor Augustus. He used to give out these coins as gifts and kept some for his personal collection.

Coin collecting is a very exciting hobby as it is not only fascinating and informative but also exposes you to new cultures, history and art. Coin collecting is also a good activity for children to pursue as it is educational and in the long run their collection may even bring them monetary wealth.

The Internet is an excellent place to start looking for coins and can provide you with a wealth of information on your coins. Guide books are also a good source to help assess the value of your coins.

This information will equip the coin collector with the basic knowledge of the coins. Pictures in the books will also help in identifying the coins and ensuring that they are not worthless.

Like arts and antiques, the value of coins increases with time and they have to be kept in good condition. Even a slight scratch will risk the coin losing its true value.

A few tips to keeping your coins in mint condition are to ensure that they are not kept in a new cabinet or a piece of furniture that has been freshly painted or chemically treated.

You must also remember to keep your coins away from excessive exposure to the sun and instead keep them in a cool, dry place. If possible, do not handle your coins as the oil from your hands can contaminate them.

Stamps

The market for stamps is a very volatile one as the price of stamps can increase and decrease quite drastically. Of course a stamp that is in perfect condition will fetch a higher price than the same type of stamp that is tattered or torn.

The supply for stamps is fixed; however, the demand for stamps will increase depending on rarity. It is good to buy stamps that are on a huge discount and sell them with a mark up. Websites like eBay and stampez.com often have valuable stamps going on auction.

A good study or a read up on the stamps will help you purchase stamps that are of value at auctions or sales.

When you are ready to re-sell these stamps, you can place advertisements for them in newspapers or art magazines. Another option would be to auction your stamps online. Websites include *www.stampauctionnetwork.com* and *www.sandafayre.com*

Another alternative are first day covers. A first day cover refers to an envelope that bears at least one stamp, with the postmark of the day it first went on sale.

The price of first day covers is affected by supply and demand and there are no fixed prices for them. Like a stamp, a first day cover that is scarce will be worth more than one that is easily available.

People who collect artwork, antiques, stamps and coins have an appreciation for the finer things in life. Gaining money is a bonus but these pastimes can be part of your wealth accumulation in the long run.

Investing in property

- The value of property investment comes from the increasing capital value as house and land prices rise, and from rental income.
- One of the most important factors to consider when buying property is location.
- Property investment is suitable for investors with a long-term investment time-frame.
- Make sure you are able to meet mortgage or loan repayments even if interest rates rise or if the property is not being tenanted.

Financial tips brought to you by AKPK

A COMBINATION OF INVESTMENT & PROTECTION

Investment-linked insurance is about flexibility and options. A one-stop insurance and investment policy, it can work for people with a lower budget who would like to explore both wealth accumulation and health coverage. However, there are pertinent points to consider when purchasing an investment-linked policy. JONATHAN A. VICTOR discusses

INVESTMENT-linked insurance has gained popularity among Malaysians since its introduction roughly 10 years ago. Factors such as flexibility, choice of investment strategy, transparency of insurance charges and all-in-one coverage are the obvious reasons why this product has increased its market share.

An investment-linked policy works very differently from a traditional one:

- The money paid as premiums is used to purchase units in investment funds of your choice.
- The insurance charges are then paid by selling the number of units that is needed to cover the charge.
- The rest of your units will remain and continue to grow in the aforementioned investment funds.

There are a few things to bear in mind when choosing to purchase an investment-linked policy (ILP).

■ CONTINUED NEXT PAGE

Strategies for life

- Plan your career so that you can increase your income-generating capability.
- When buying a car, affordability is key. Bear in mind there are other costs in maintaining a car besides loan instalments.
- Buying a house is a major financial decision. Weigh out the pros and cons of renting versus buying.
- Make a habit of discussing financial issues frankly and openly with your spouse.
- It is never too early to start planning for your retirement.

Financial tips brought to you by AKPK

GETTING BACK A GUARANTEE

HONG Leong Bank (HLB) recently launched the Hong Leong Guaranteed Multiplier Plan - the bank's first investment plan that offers customers a guaranteed 6.18 per cent per annum interest on all accumulated investments for the first 12 months. This interest is in addition to any potential capital gains from the growth in portfolio value.

Hong Leong Guaranteed Multiplier Plan is also flexible as it allows customers to skip monthly investments or even exit the 12-month plan at any point with no exit fees. Interest is paid monthly and directly into the customer's deposit account so the customer can start utilising these returns immediately.

"We recognise that while our customers understand the inherent risks and rewards associated with making investments, they would also prefer the comfort of guaranteed returns to cushion possible market corrections. Thus, we have developed the Hong Leong Guaranteed Multiplier Plan as an ideal product that pays customers a high guaranteed interest of 6.18 per cent per annum on accumulated investments while customers potentially make further gains from growth of their unit trust portfolio," says Moey Tan, HLB's Chief Operating Officer, Personal Financial Services.

"Making monthly investments through the Hong Leong Guaranteed Multiplier Plan also means that customers will leverage on the principle of dollar-cost-averaging and avoid the pitfalls of emotional investing when the market moves up or down," she adds.

For the initial launch, customers can choose to invest in the high-growth potential 'emerging markets' themed portfolio gaining exposure into markets such as Brazil, Russia, China, Vietnam and many others. Customers who sign up for a new Hong Leong Guaranteed Multiplier Plan account by 31 Oct will receive a free trolley bag. The minimum opening for this account is as little as RM200 and subsequent top-up amount starts as low as RM200 per month.

The Hong Leong Guarantee Multiplier Plan is available at all HLB branches. For more information, please visit any HLB branches or log on to *www.hlb.com.my.*

> "Making monthly investments through the Hong Leong Guaranteed Multiplier Plan also means that customers will leverage on the principle of dollar-cost-averaging and avoid the pitfalls of emotional investing when the market moves up or down."
>
> — Moey Tan

Review your investment strategy periodically

FROM PREVIOUS PAGE

Sustainability

The insurance charges keep going up with age and thus it is important to know if the amount of premium you pay can sustain your policy during later years. You might be surprised to find that your insurance charges exceed the amount you pay in premiums especially if many riders are attached to your policy. This will then eat into your cash value or you might be asked to pay extra premiums. A badly suited plan can be a burden in the later years, especially during retirement when your earning capacity is reduced.

What you can do is to ask your insurance consultant to show you the charges for the later years of your policy to ensure your current premium amount is enough to build up a cash pool large enough to support these future charges.

You should also top-up your investment funds on a regular basis. Most insurance plans allow for additional money to be put into investment funds. These monies are

not used to pay insurance fees and are purely used as investments. So while your insurance premium might be low, you will build a substantial cash reserve for the later years. There is also the flexibility of withdrawing this money whenever you need to. The amount and terms of withdrawal will vary from company to company.

A balance of investment-linked and traditional policies is also important. If you are purchasing critical illness coverage of RM200,000, depending on your budget, it could be wiser to purchase RM100,000 in ILP and RM100,000 in traditional policies.

Investment Strategy

It is important to choose a mixture of funds that suit your age, risk appetite and needs. If you are in your 20s or 30s, you could invest more of your money in equity or growth funds with a smaller sum going into bond funds. At a young age, when emphasis is on wealth accumulation rather than wealth retention, it is better strategy not to place all your money in bonds that might yield lower returns over time rather than taking a higher risk with equities.

It is important to review and keep track of your fund performance from time to time. Also, switch funds to suit market conditions and your age. When you grow older you might want to think of switching money from your equity funds to bond funds.

Benefits and Riders

Adding riders and benefits that are tailor-made to your needs is crucial. This is because adding unnecessary riders, and for too long a term, can deplete the cash in your investment funds.

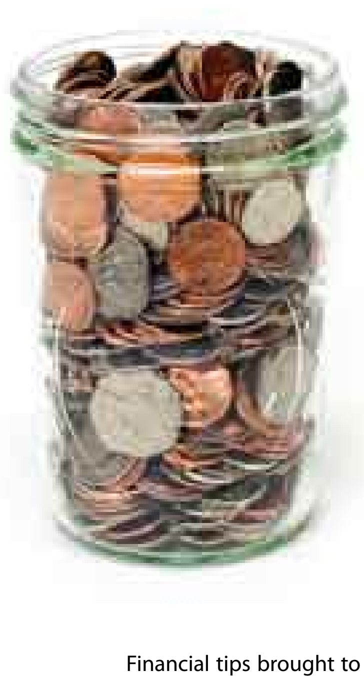
For critical illness coverage, ask your insurance consultant if the sum assured stays stagnant or increases over time. Do a comparison of how much coverage you will get if you purchase a traditional policy as opposed to an ILP. With traditional policies, critical illness coverage increases over time and this is needed to combat inflation and the rising cost of medical expenses. In Malaysia, the medical inflation rate hovers between 15 to 20 per cent a year. An ILP might suit your needs when your budget is tight. However, it may not meet your medical needs if you do not have adequate coverage. Less premium and more coverage, due to the added riders, does not necessarily mean it is a better plan.

Ensure that your insurance consultant informs you on how many years or the term of the riders you are taking. For example, if you only want an accidental death benefit rider for the next 15 years, be sure that you have not inadvertently purchased it for the next 60 years because your insurance consultant has put in a maximum term. A shorter term means less insurance fees.

Waiver of premium riders is extremely beneficial. Most insurance companies have this under all sorts of names with slightly differing conditions. Attaching this rider to your ILP means that in the event of total permanent disability or critical illness, future premiums due will be waived and the insurance company will invest this sum of money into your investment funds on your behalf.

For example, you purchase an investment-linked medical card with a waiver of premiums on critical illness. If you are then diagnosed with any one of the 36 critical illnesses, you essentially get a medical card that is free for life.

The importance of an investment-linked plan that is tailor-made to your needs cannot be stressed further. While ILP's come with many benefits, a badly suited plan can turn these benefits into detriments.



Saving and managing debt

- Get into the habit of saving by making it automatic. Instruct your bank to transfer at least 10% of your monthly salary from your current account to your savings account each month.
- Do not use your credit card as if it is 'free' money.
- Pay your credit card bills regularly. Paying only the minimum monthly payment can result in huge debt due to the compounding effect of interest.

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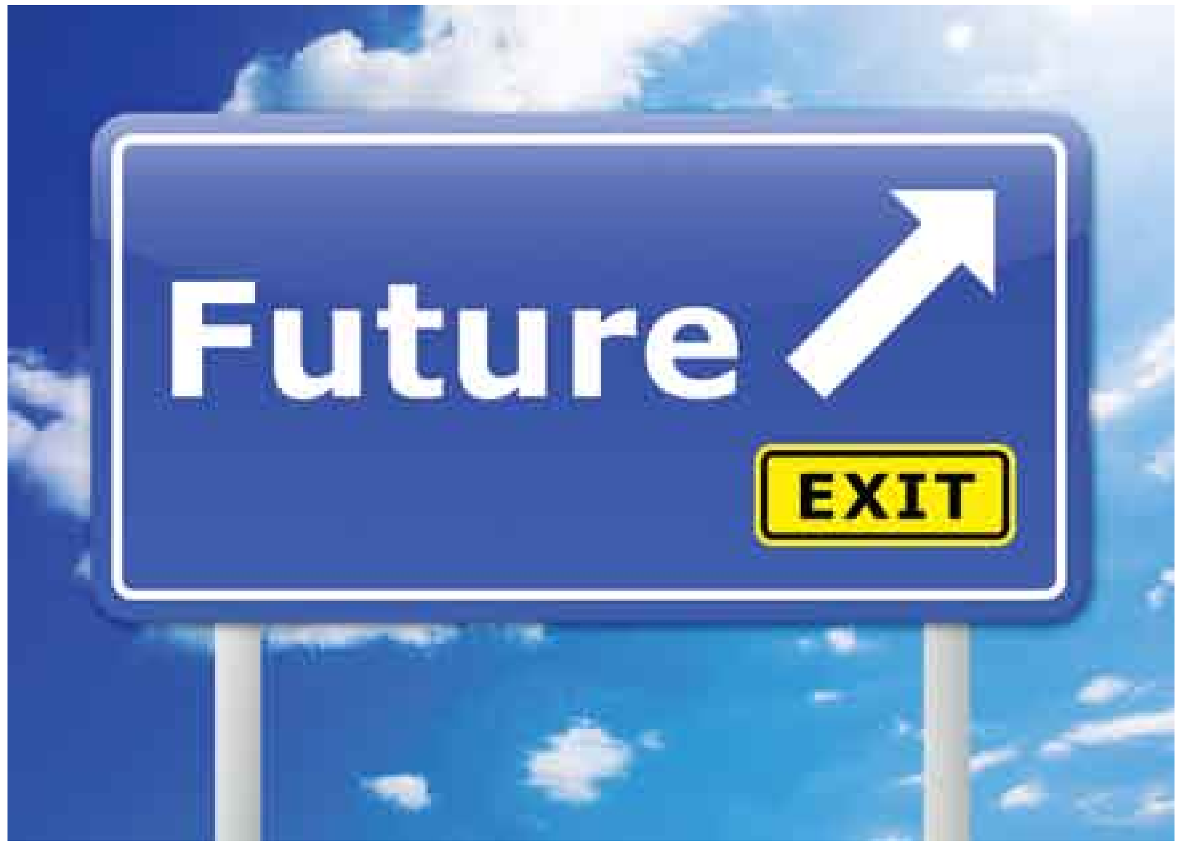
THE SMART WAY TO INVEST



■ By ANUSHIA KANDASIVAM

PEOPLE are always talking about investing money. Most people have been told that putting money into something that can generate returns is advantageous for their future. But just how should you go about it, and at what stage of your life?

The safest investment

Before putting your money into something, you of course have to have some money left over from your expenses. But before being able to save, you must have manageable debt. The lower your debt, the better able you will be to channel your money into investments.

"We recommend that a person's debt should not exceed more than 40 per cent of their gross salary," says Mohamed Akwal Sultan, CEO of the Credit Counselling and Debt Management Agency (AKPK). "Debts that are 10 or 20 per cent of gross salary are manageable, and there will be money you can put aside for savings or investments."

If you have a bad credit rating you should first try to repair your credit, meaning pay off your debts. If you are in arrears with payments or repayments, try to bring yourself out of them and back on track. AKPK can advise you on how to plan your budget and help you come up with a plan to manage your debts.

Once the level of your debt is reduced, you can use the money to invest. This balance from your income and expenses should be put into a savings account.

Savings should be thought of as a basic investment, says Akwal. You should have at least six months' worth of your monthly expenses in a savings account. This is so you have something to fall back on in case of an emergency – if a medical issue crops up or you lose your source of income, for example.

Investment should start early and slowly. The best way to start is by getting into very low risk investments, such as fixed rate accounts. If investment is akin to savings, it should ideally start into the third or fourth month of employment.

Once you build up the money in this investment to six or more months of your expenses, you can channel the balance into instruments with higher returns.

Savvy investment accounts

Instruments with higher returns of course carry higher risks. For a first-time investor, easy and 'safe' investments are instruments like shares, bonds and unit trusts. The stock market, established blue chip companies, and even gold are good places to start. If you want something a little more sophisticated, you can look at listed or over-the counter options, and property.

People very rarely buy property with cash; investment in properties is normally done with borrowings. When you have this kind of borrowings, it is very important to ensure that you can pay the instalments comfortably. You may want to factor in the rentals you get from the property to contribute to the instalments, but bear in mind that there is always the danger of there being no rentals.

The question everyone borrowing to invest in property must ask themselves is 'If I am not collecting any rent, can I still meet the instalments?' This should be part of your investment strategy. You should always discount rental payments towards your instalment payments. Always be mindful that there is the possibility of investment you can going against you.

More high risk investments, which would of course generate higher returns, would be things like the futures market.

Eggs in a basket

Your net worth will determine how much and how diversely you can invest. The bigger your net worth, the more diverse your investments can be. Another factor is preference – you may prefer investing in properties or gold instead of the stock market, for example. These two factors play a role in determining how diverse a person's investment portfolio is.

"The golden rule in any investment is: Spread your eggs," advises Akwal. "Putting them all in one basket is risky. If you have all your money in the stock market, and it crashes, you are in trouble. Your investment portfolio should be as varied as you can make it."

Liquidity is also of absolute importance. It is very important that no matter what you put your money in – a savings account or other investment – there is always at least 20 per cent that you are able to draw out as liquid cash. You may have some very good investments in property, but if there comes a time when you need cash urgently, it is not easy to sell a house.

"You should not put all your money into an instrument from which you cannot draw it out quickly," says Akwal. "Everyone should have some liquid cash, which is something you can liquidate quickly without suffering a big loss."

Do your research

Before putting your money into anything, you must find out as much as you can about it. Reading up on investment counters and attending seminars and talks is a good way to build on your investment knowledge.

Check on the KLSE or Securities Commission websites if the company you are interested in is listed. Be mindful of companies that are categorised as PN4 or PN17; these are companies that are in financial difficulties. When doing research on the stock market, look at factors like the P/E (price-to-earnings) ratio, dividend yield and even how the shares have been doing on the charts for the last few years. You must also know the risk-reward factor before you invest.

It is safest not to put money into a non-listed company unless you really know the ins and outs of it. Do not put your money into illegal deposits. These are usually deposits where the promised returns are extremely high.

"You must be extremely cautious if an individual or company tells you that they can give you more than 20 per cent returns per annum," explains Akwal. "Most of these deposits are get-rich-quick schemes which very often work on a pyramid structure."

If you suspect an illegal deposit scheme, check the legitimacy of the company or scheme with Bank Negara. Companies are not permitted to take money without a licence from Bank Negara unless the transaction is trade-related. If you are told that you will see returns of the money in a few months, this could be deposit-taking, and illegal.

When you put money into something knowing that it is a long-term investment, you will not become unduly worried about price movements, as you know the investment has long-term prospects and the money will come back to you. If your investments are short term, you must calculate your liquidity requirements. If you want to use the money six months down the road, you must make sure your investment is sound, says Akwal

Rookie mistakes

Following the herd instinct and just putting your money where everyone is putting theirs or where people tell you to, is something that Malaysians tend to do quite often.

"When it comes to investing, a lot of people in Malaysia do not do their own research and just listen to what people tell them. This is the first mistake they make," says Akwal.

If you have done the proper research, you will be able to decide where and how to invest your money in a way that works best for you. Whatever decision you make, you must always take a balanced view of the situation.

The second mistake is going into investment with mostly borrowed money and very little money of your own. This is a risky step. "If your assets appreciate, people will say you are a smart investor, but if it goes the other way, you may end up bankrupt," says Akwal.

If you do need to borrow, ensure that your debt is manageable and if something does go wrong, you will still be able to manage the debts. Again, the golden rule, is to never put all your eggs in one basket.

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Investment basics

- Do your research and find out as much as you can before you invest in something.
- Diversify your investment portfolio as much as possible to spread risk.
- Ensure that at least some of your investments can be liquidated quickly in case of emergencies.
- Be mindful that the higher the investment returns are, the higher the risk will be.
- Consider carefully before borrowing to invest, and ensure you will be able to repay the loan.

Financial tips brought to you by AKPK

Managing your finances effectively

■ FROM PREVIOUS PAGE

Another misstep is not knowing, or finding out, exactly what you are getting involved in. A trap that many Malaysians fall into is investing in instruments like unit trusts, and having the wool pulled over their eyes by fast-talking sales executives. The instrument's performance may look very impressive, but bear in mind you may not have been told the whole story. Look at the charts and look at a longer average than you have been shown. You may minimise your risk-factor this way, and you will certainly go in with a more conscious outlook.

Management or exit fees are another thing that people are not careful to find out about. Some of these hidden fees may be quite high. Many people also do not realise there may be a difference between buying and selling prices. You may have to sell at a lower price than what you bought the share at, even on the same day. Again, a little research would have made you aware of these 'extras'.

Of course, one of the biggest mistakes a person can make is investing in an illegal deposit or get-rich schemes and running the risk of losing all their money.

A good investment culture

"People should always have a saving culture," advises Akwal. "Whether you are in debt or not, you must have some money kept aside. If you don't have a habit of saving, chances are you will never have enough money. Even if you tell yourself you will save your next salary or increment, you will most probably end up spending it because you are not in the habit of saving."

Mohamed Akwal Sultan, CEO of AKPK

AKPK's advice is that whatever amount you earn, put a little aside each month. Start the culture of saving, and it will become a habit. If you have very high debts try to clear them and cut down on spending so that you will have the money left over to save or invest.

"As savings can be considered an investment, and in general most Malaysians do not save enough, it is safe to say that not many will be able to graduate to the next level of investment," reveals Akwal.

The important thing to know about savings and investments is that if you manage them well, they will give you the passive income that you need for your future. Just remember that savings will help propagate investments, and that diversity in your portfolio and liquidity are all-important, and you will be on your way to becoming a savvy investor.

Investing in property

- The value of property investment comes from the increasing capital value as house and land prices rise, and from rental income.
- One of the most important factors to consider when buying property is location.
- Property investment is suitable for investors with a long-term investment time-frame.
- Make sure you are able to meet mortgage or loan repayments even if interest rates rise or if the property is not being tenanted.

Financial tips brought to you by AKPK

WHAT'S RIGHT FOR YOU?

■ By ELIZA NAJAR

MAKING an investment can be as straightforward or complicated as you want it to be.

There are various forms of investment including mutual funds, stocks, bonds and unit trusts, and there are probably dozens of ways and means of investing. Information is available online; there are also many books written on the matter that cater to both the beginner and the guru.

There are some basics to consider before you venture further. The first thing to do is to develop a plan that suits your investment goals. This is best done together with a financial professional who will be able to provide you with the information you need and advise you on the best course of action.

If you prefer to do this on your own, you should start by learning how to read and understand financial statements, figure out market analyses and read up on economists and strategists.

Risks exist, of course

Investment opportunities will always exist, but their form and function really depend on an individual's risk profile. There are many investor risk profile tests online that allow you to gauge where your investment appetite lies.

"There are always risks when it comes to investments that an investor cannot escape," says Wong Mien, the chief executive officer of TA Investment Management Berhad.

"Risk and return is always a trade off."

Generally younger people would take a higher risk. They have less commitment and more time to recover from a 'bad' investment.

Time

Investors sometimes do not have the patience for mid- to long-term investments. Time, however, is important because the market is cyclical and it is important to hold on to investment to ride out short-term volatility.

Dollar cost averaging is a strategy that investors are advised to use. It involves investing a sum of money at intervals, as in RM200 a month, enabling you to average out the prices of shares in the long-term. While this strategy does not guarantee profit or protect against loss, it does reduce market timing concerns.

Diversity

A range of investments is vital. By diversifying your options and spreading funds across a variety of asset classes allows for better management of risk.

Wong Mien points out: "Investment theory states that a diversified portfolio generates optimum return."

Investment companies

Wong Mien has some good advice about looking for the best in investment companies, which he calls his three 'P's.

"The People in a fund management company are very important. Look at the fund managers and their track record. Do they only perform in good times?

"The second is Performance. Generally people look at funds that have won awards, which are important, but one should also look at consistency. And finally, look at Product variety. The investment company must have a product range that allows the investor to switch from low risk to high risk."

What to expect

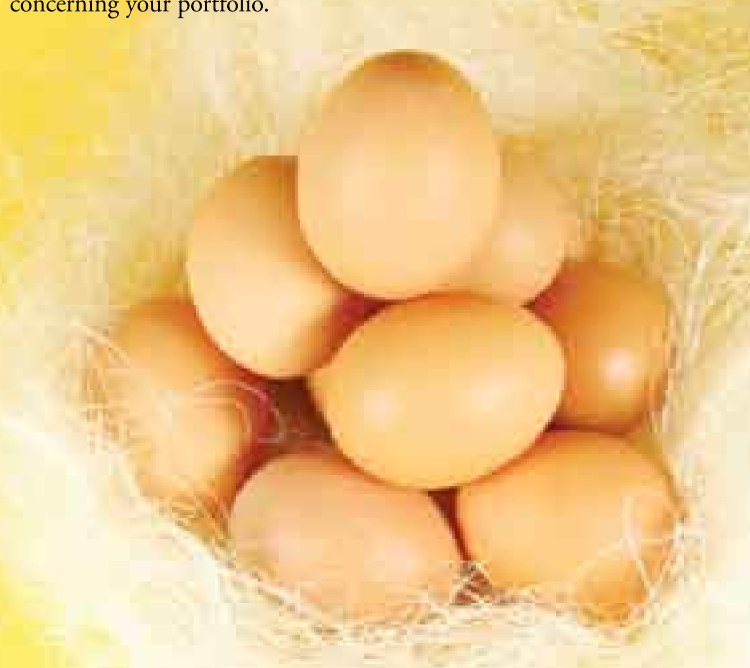
An investor should expect a high level of service from their investment company. This would include regular updates, online access to further information on your portfolio and some even have system alerts when your fund is doing particularly well or badly.

Advice is another important point: expect consultants or bankers to counsel and guide you in making the decisions concerning your portfolio.

In Summary

First of all look at your own risk profile, the type of investment you are comfortable with and find a company that suits your needs. Most importantly, give your investments time to grow.

> Investment theory states that a diversified portfolio generates optimum return.
>
> — Wong Mien




Choo Swee Kee

A fruitful partnership

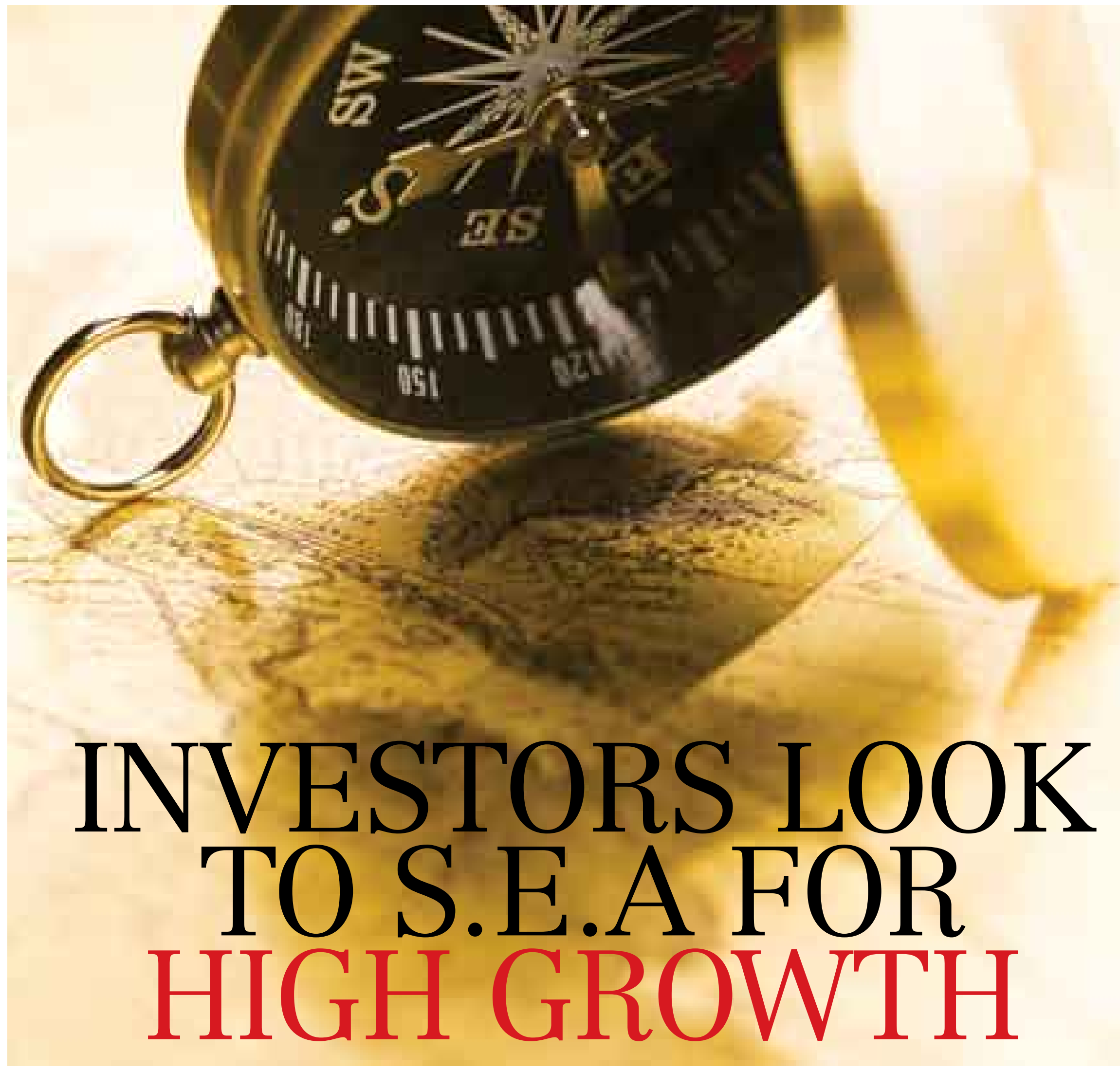
THE partnership between TA Investment Management Berhad and Lion Global Investors Ltd has worked well, as can be seen from the performance of the South East Asia Equity Fund. "Before we chose Lion Global Investors, we did an extensive search for the appropriate fund managers for us," says Choo Swee Kee, TA Investment's chief investment officer. "Lion Global Investors' investment policy is similar to TA's, in the sense that they go for value investing.

That, plus the fact that their fund managers are all well experienced and have proven to be very capable regional fund managers with good knowledge of South East Asian markets make them the perfect choice to manage this Fund."

Lion Global Investors is based in Singapore, which not only makes communication with TA Investment convenient, but also makes it strategically placed in the hub of the South East Asian fund management industry. Singapore is also one of the most advanced countries in the region in terms of financial development.

With assets under management of about S$27.8 billion as at 30 June last year, Lion Global Investors itself is a large, credible and professional investment manager. It possesses one of the largest teams of investment professionals and a very large equity investment team. TA Investment ensures that Lion Global Investors comply with investment guidelines which are aligned with the Securities Commission regulations. From 2006 to this year, the company has won a total of 77 investment fund management awards, a reflection of their capability in managing regional funds. The full award listing can be found on Lion Global Investors' website, *www.lookforLion.com.*

Under the management of Lion Global Investors, the Fund has chalked up an impressive record of 63 per cent returns (as at 30 Aug). Since its inception five years ago, it has consistently outperformed its benchmark. The Fund has weathered challenging times including the recent financial crisis but continues to perform well.



INVESTORS LOOK TO S.E.A FOR HIGH GROWTH

TA Investment Management Berhad's South East Asia Equity Fund invests primarily in listed equities and equity related instruments in South East Asian markets. We spoke to Kelvin Wong of Lion Global Investors Ltd, the external fund managers, about the Fund and the South East Asian markets.

Q. What is the main draw of the South East Asian markets? Is it still unsaturated with significant pockets of investment opportunities?

A. South East Asia is a distinct region within Asia and is one of the fastest growing. It is made up of a large population of approximately 580 million, with the economies growing at an average rate of more than 5 per cent, and an aggregate GDP of over US$1.5 trillion. This effectively positions itself as the world's third largest economy by population and ninth largest by income.

Hence, the main draw of South East Asian markets is simple. Domestic demand momentum is the key driver for secular growth in this region based on favourable demographics, rising household formation and improving disposable income per capita.

GDP growth for this year is expected to be strong at about 7 per cent. This higher economic growth should support positive earnings revisions and the markets in the near term. Valuations are also not expensive relative to history. Foreign ownership in a number of the ASEAN markets is also low.

Q. The outlook on the South East Asia market seems very promising. What are the sectors that are poised to grow even more in the coming decade? Which are the sectors that TA is looking to invest in?

A. Since the Asian crisis, the banking systems across ASEAN countries have cleaned up their balance sheets, whilst corporates have also reduced their gearing structure. Unburdened by excessive debt and facing a credit friendly, low interest rate environment, banks should enjoy strong growth.

Capital expenditure spending has also been tepid in emerging ASEAN countries, especially Philippines and Thailand. Ongoing urbanisation should benefit construction and infrastructure related companies, whilst a rapidly growing middle class should demand more retail, education and medical services.

We also like the financial sector, specifically the banks, for improving loan growth on the back of an economic recovery. We fancy consumer discretionary, especially in the hospitality, transport and airline related industries.

Q. How does Malaysia fare in terms of investment opportunity compared to other South East Asian markets?


Kelvin Wong

A. Malaysia appears to be a safe refuge for foreign investors, given its strong domestic economic outlook and defensive characteristics. Hence, in an environment of rising volatility, the Malaysian market would hold up well.

From a structural perspective, Malaysia runs the risk of a middle-income trap. The fact that it is no longer a low-income economy means that it is difficult to compete with low-cost manufacturers such as China. Current policymakers are now attempting to engineer a structural inflexion point.

So far, reform initiatives announced by the government have been encouraging. These include the reduction of food and fuel subsidy, greater co-operation between the Singapore and Malaysian governments, and more recently, the further liberalisation of capital controls.

Q. What are the main countries of interest for the TA South East Asia Equity Fund?

A. We like Singapore and the government's vision in remaking the country into a 'Global City'. The two newly completed Integrated Resorts are driving tourist arrivals. Monthly tourist arrivals crossed a million, a new milestone. Although the main transformational projects have opened, there are further phased openings which will be rolled out over time. For the longer term, we expect a higher population base and the two integrated resorts to generate greater domestic consumption and to create a more vibrant service sector.

Indonesia is another country that looks interesting. With improved macro and political stability, we believe that Indonesia is going through a structural transformation. Tight fiscal control in Indonesia has kept the deficit consistently below 2.5 per cent of GDP. Indonesia also stands out as having one of the highest investments to GDP ratio in Asia. The country's natural advantage is having an abundant supply of commodity resources and her favourable demographics is also a big plus.

Q. Tell us more about this offshore fund and how investors (individuals) can potentially benefit from investing in a South East Asia focused fund.

A. As I have mentioned, the ASEAN economies make up one of the fastest growing regions in the world. The countries are also at different stages of their economic cycle, with different characteristics. For instance, Indonesia and Philippines are domestically driven economies, whilst the other ASEAN countries are more export oriented. With a South East Asia regional mandate, the fund is able to invest accordingly at different points of the global and country economic cycles.

Q. Why should investors invest in the TA South East Asia Equity Fund now given the volatility in the market?

A. Here at Lion Global Investors, we take a longer term approach in investing. Opportunities present itself in an environment of rising volatility. The short term gyration in stock prices is determined by greed and fear of market participants.

We do not advocate trying to time the market, but to invest when both fundamentals and valuations of the markets make sense. The fundamentals of the ASEAN economies are promising, and market valuations are also not demanding.

TA INVESTMENT
A MEMBER OF THE TA GROUP

Building Regional Prosperity

TA South East Asia Equity Fund is your link to dynamic regional markets with investments primarily focused on equities in South East Asia, particularly in:

- Singapore
- Malaysia
- Indonesia
- Thailand
- The Philippines

The Fund potentially lets you benefit from the rising population and rapid urbanisation in South East Asian countries – the key factors that provide a strong pillar for ASEAN stock markets to perform.

The performance of TA South East Asia Equity Fund*

63.0% Fund Return; Outperforming
- 48.4% Benchmark[1] Return
- 33.6% Average Return of its peers in the same category[2]

Call us for more information today.

25.9

TA South East Asia Equity Fund

* Source: Lipper Hindsight
Period: Since inception 28/11/2005 – 30/08/2010
[1] Benchmark: FTSE ASEAN 40 Index
[2] Category: Equity Asia Pacific Ex Japan

Institutional Unit Trust Advisers:
AmBank (M) Berhad
ASM Investment Services Berhad
CIMB Bank Berhad
EON Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Phillip Mutual Berhad
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad

External Investment Manager:
LION GLOBAL INVESTORS

1-800-38-7147 www.tainvest.com.my

A copy of the Master Prospectus dated 7 November 2009 has been registered with the Securities Commission, who takes no responsibility for its contents. Investors are advised to read and understand the contents of the Master Prospectus, copies of which are available from our offices, authorised consultants and distributors of TA Investment Management Berhad before investing. The price of units and distributions payable, if any, may go down as well as up. Investors should also consider the fees and charges involved and the risks when investing in the Fund such as currency risk and market risk before investing. Past performance of the Fund is no indication of its future performance. Units are issued upon receipt of a duly completed application form referred to in and accompanying the Master Prospectus.

Based on the fund's portfolio returns as at 30 June 2010, the Volatility Factor (VF) for this fund is 25.9 and is classified as "Very High" (source: Lipper). "Very High" includes funds with VF that are above 19.2. The VF means there is a possibility for the fund in generating an upside return or downside return around this VF. The Volatility Class (VC) is assigned by Lipper based on quintile ranks of VF for qualified funds. VF is subject to monthly revision and VC will be revised every six months. The fund's portfolio may have changed since this date and there is no guarantee that the fund will continue to have the same VF or VC in the future. Presently, only funds launched in the market for at least 36 months will display the VF and its VC.

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