

FINANCIAL PLANNING IN THE NEW NORMAL



The economic tsunami wrought by Covid-19 highlights the role financial planners play in helping Malaysians navigate the financial storms of life.

10 COMMON
FINANCIAL
TRAPS
MILLENNIALS
FALL INTO



KEY TAX
INCENTIVES FOR
BUSINESSES
UNDER
PENJANA



HOW TO
CHOOSE A
FINANCIAL
PLANNER



DERIVATIVES
MARKET
CONTINUES
ITS GROWTH
TRAJECTORY

KEEP 1 METER DISTANCE AT ALL TIME

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WHERE TO INVEST IN A POST-COVID WORLD?

Investors are seeking avenues to invest safely in the midst of a pandemic



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The Covid-19 pandemic has impacted virtually every individual, business and industry around the world including here in Malaysia. This unprecedented health crisis has wreaked financial havoc on many, especially those who have seen their salary cut, or lost their jobs or their businesses.

For the financial planning industry, there appears to be a silver lining stemming from the pandemic. The financial distress faced during the pandemic has naturally led to people turning their attention to financial planning.

Perhaps, the uncertainty and the financial jolt experienced by many is a timely reminder that everyone one needs to take stock of how we manage our finances, mitigate the risks to our investments, and ensure we are not derailed from our journey of wealth accumulation.

Our Special Focus in this issue shines the spotlight on financial planning and financial literacy. This focus is certainly apt in view of the financial tsunami hitting many Malaysians as a result of the global pandemic.

We also highlight the important role played by financial planning bodies, financial planning firms, and licensed financial planners who help Malaysians manage and invest their money, protect their wealth and plan for the future.

Happy reading, and stay safe!

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Contents

NOVEMBER-DECEMBER 2020

FEATURE

6: WHERE TO INVEST IN A POST-COVID WORLD?

Investors are seeking avenues to invest safely and successfully in the midst of a pandemic

12: DERIVATIVES MARKET CONTINUE ITS GROWTH TRAJECTORY

The increased volatility sparked by the pandemic has lifted the derivatives trade in Malaysia

16: ESG RESILIENCE: IS GREEN THE NEW GOLD?

Relative resilience is found in the ESG space during the Covid-19 crisis

STRATEGY

58: INVEST INTELLIGENTLY WITH SMART BETA ETFs

Smart beta ETFs allow investors to minimise risk and reap higher returns at lower volatility

THE RADICAL COLUMNIST

60: THE VOLATILITY IS BACK AGAIN? OH, WHAT A SURPRISE

Volatility or uncertainty is something all investors have to learn to embrace and navigate

TAXATION

62: KEY TAX INCENTIVES FOR BUSINESSES UNDER PENJANA

Businesses, especially SMEs, should make full use of incentives rolled out by the government

PROPERTY

66: SHOULD YOU BUY COMMERCIAL OR RESIDENTIAL PROPERTY DURING A PANDEMIC?

Which type of property is a better investment during economic uncertainty?

EVENT

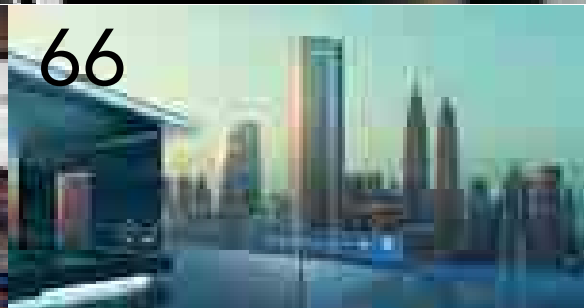
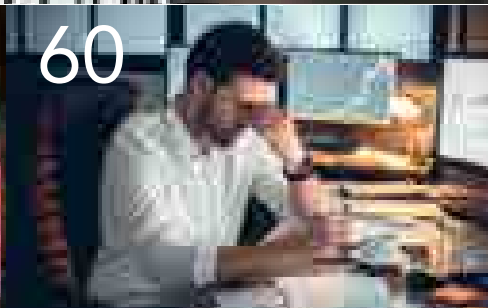
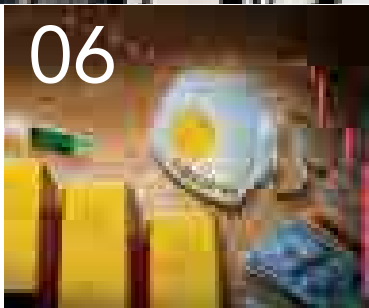
56: SUPPORTING FINANCIAL LITERACY IN MALAYSIA

FPAM holds annual symposium in conjunction with World Financial Planning Day

68: CELEBRATING BUSINESS LEADERS & HALAL EXCELLENCE

REGULAR

71: BEAT



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Contents

SPECIAL FOCUS

FINANCIAL PLANNING



19: RAISING THE BAR ON FINANCIAL LITERACY & FINANCIAL PLANNING

Financial literacy fosters improved standards of living and a confidence about one's financial future



24: A JOURNEY IN PROGRESS

FA Advisory Sdn Bhd strives to provide impartial financial advice that is in its clients' best interest

27: THE ART OF DIVERSITY

KIB's impressive growth, and how the pandemic has impacted its fund management strategies



30: FROM BIOCHEMISTRY TO FINANCIAL LIFE COACHING

Pursuing fulfilment through the financial liberation of others



32: HOW TO CHOOSE A FINANCIAL PLANNER

Selecting the right financial planner is one of the most important decisions you can make

34: FIRMS OFFERING FINANCIAL PLANNING SERVICES IN MALAYSIA



40: FINANCIAL PLANNING IN THE TIME OF COVID-19

Financial planning in Malaysia and why managing your personal finances has never been more important



44: YOUR INVESTMENTS HAVE INCREASED, HOW ABOUT YOUR NET WORTH?

Does investing successfully this year translate to a meaningful growth in your net worth?



47: 10 COMMON FINANCIAL TRAPS MILLENNIALS FALL INTO

Millennials get trapped because they don't pay much attention to their finances



50: IDENTIFYING THE INVESTMENT PULSE OF MALAYSIANS

Investment and investors' landscapes changed significantly in the last decade



53: WILL YOUR MOTHER BE KICKED OUT FROM YOUR HOUSE?

It may not be safe to assume your parents can continue to stay in your house after you pass on



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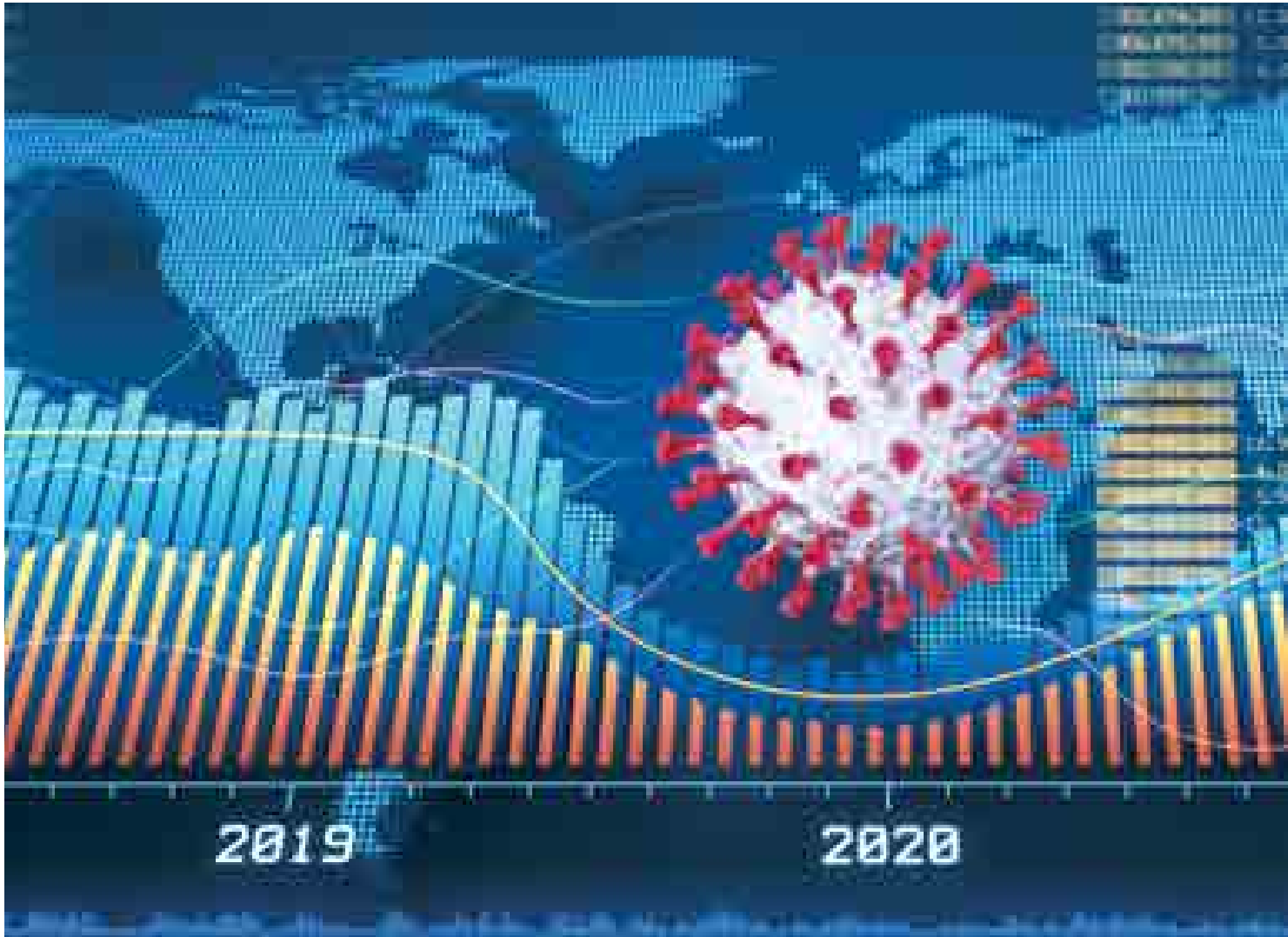
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WHERE TO INVEST IN A POST-COVID WORLD?

Investors are seeking avenues to invest safely and successfully in the midst of a pandemic

By Lee Min Keong

To say that 2020 has been a walk in the park for investors is a gross understatement to say the least. It has been more of a roller coaster ride especially with gut wrenching plunges and soaring back to new highs for the equity markets.

The ensuing global recession

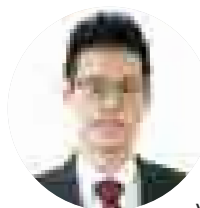
still needs to work itself out. And with a potentially contentious US Presidential Election to boot, volatility in the markets has returned just as a Covid-19 second wave rears its ugly head in the winter months.

The coronavirus pandemic has held centre stage these past 10

months and demolished much of our pre-conceptions when it comes to investing. As we move into a new year, ordinary investors are understandably a bit jittery and are seeking reassurance that they can safely continue on their investment journey in 2021.

Some quarters believe the Covid-19 pandemic may have changed the common man's investment strategies. However, iFAST Capital Sdn Bhd research analyst Shawn Low Tian Hao begs to differ.

"We advocate value investing so investing in reasonable valuations and holding investments over a long time horizon should still stay," he explains.



Shawn Low
Tian Hao

Nevertheless, given the current pandemic, he says there's a need to reassess the fair valuations for different sectors. For example, technology stocks which

have been on a tear in recent months may cause some worries of a potential bubble.

"However, earnings have also grown and the expected earnings have been revised upwards. The pandemic has brought to light the importance of technology, accelerating the trend on a global level. As such, we opine that it is not

unreasonable to adjust the fair P/E (price-earnings ratio) of tech stocks upwards.

"On the other hand, we may have to moderate the earnings expectations for sectors that have been victims of Covid-19 such as the tourism sector," he says.

He says other sectors that could be affected are those with the availability of options such as real estate investment trusts (REITs). Offices may be more open to a remote working environment while retail businesses may favour online distribution channels instead, he notes.

"The change in capitalist behaviour could thus structurally affect the REITs sector as demand for brick-and-mortar space will be affected. In this case, investors may want to take these changes into account by moderating the fair P/E levels of the sector," he adds.

Effects of monetary easing

One of the realities of the pandemic is that central banks have embarked on an unprecedented money printing spree in a bid to keep their economies afloat. This has seen interest rates drop significantly, to near zero in many countries in the developed world.

While this benefits borrowers, it has penalised the savers. So, where can Malaysians put their money to get good investment returns?

Low agrees that central banks have been easing monetary policy aggressively since the start of the Covid-19 pandemic. Similarly, Bank Negara Malaysia (BNM) has thus reduced interest rates by 125 bps in 2020.

"Given the low interest rate environment, we opine that riskier assets such as equity and high yielding debt securities are likely to benefit going forward. Investors are being compensated more per unit of risk

The pandemic has brought to light the importance of technology, accelerating the trend on a global level. On the other hand, we may have to moderate the earnings expectations for sectors that have been victims of Covid-19 such as the tourism sector.

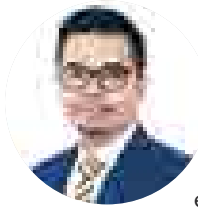
taken as risk premium increases," he says.

He expects the current environment to contribute to the valuation expansion of risky assets. "Lastly, a global hunt for yields alongside attractive bond carry is also likely to keep demand for high yielding securities relatively robust," he adds.

Maybank Asset Management Sdn Bhd chief executive officer Ahmad Najib Nazlan says most investors would try to adjust or increase their risk-taking activities slightly to ensure they could maintain a certain level of returns if not matching what they used to achieved earlier.

"Meanwhile for the very risk-averse investors, capital preservation strategies for example, fixed income funds, could be the next level alternatives to fixed deposits to get at least 100bps to pick up with very good liquidity within 10 days.

"Investors may also participate in funds that invest in high yielding blue chips, especially the bashed down



Ahmad Najib Nazlan

core cyclical stocks, which will benefit from the impending economic growth post-Covid-19 episode once vaccines are made available to the masses," he adds.

Fixed income for a balanced portfolio

Given the volatility in the markets, Ahmad Najib says fixed income should still be an essential part of one's portfolio even after it performed very well year to date. This is especially given the imminent threat of the second wave of Covid-19 with the coming winter season for Europe and America, where the virus has more propensity to spread in the cold weather.

"Asian bonds may offer better returns, but it comes with higher risks and is more volatile, especially on the high-yield papers.

"Some of the bonds may be exposed to systemic risk, for example, property-related bonds originating from China due to them being heavily geared when the sector is consolidating," he says, adding that currency fluctuation also needs to be taken into consideration when investing outside Malaysia.

iFAST's Low emphasises that fixed income should always be part of an investor's portfolio in normal or abnormal times as it may be hard to accurately predict future volatility.

"It is beneficial for investors to have a balanced mixture between equity and fixed income exposure as the latter gives the much-needed stability factor to investors' portfolio especially during such uncertain times.

"Given that the pandemic situation remains fluid and the low interest rates are expected to remain lower for longer, the demand for fixed income



Investors may also participate in funds that invest in high yielding blue chips, especially the bashed down core cyclical stocks, which will benefit from the impending economic growth post-Covid-19 episode once vaccines are made available to the masses.

should endure for the foreseeable future," he adds.

Banking on China's recovery

In terms of markets to invest in, Low has a "positive view" of China as well as the Asia Ex-Japan region.

"The draconian measures implemented by China during the early stages of the pandemic has

contributed to the economy having a faster resumption in economic activities. Better management of new cases is also done via targeted lockdowns."

The efforts of policymakers are also beginning to show in recent economic data and Low expects the recovery to continue. Given the interdependence of China with its neighbours which is likely to be reflected in the trade numbers, he opines the recovery of China may lend support to the Asia Ex-Japan region.

The current environment should also be beneficial to growth sectors. "These sectors are major beneficiaries from lower rates and a flatter yield curve due to having to rely on longer term debt.

"Globally, we are still positive on sectors such as tech and healthcare given the secular trend forming decent tailwinds over the long term.

Likewise, Maybank Asset Management's Ahmad Najib is positive on the information technology (IT) sector. "With an increasingly digitalised world where production, trade & services including transportation/logistics are increasingly reliant on internet-based technologies

A NATURAL HEDGE AGAINST INFLATION AND UNCERTAINTY

In uncertain and volatile markets, should investors consider investing in precious metals and cryptocurrency?

Maybank Asset Management Sdn Bhd chief executive officer Ahmad Najib Nazlan says other than gold, precious metals and cryptocurrencies can be more volatile than traditional assets during market uncertainties. "Hence, we should focus more on the assets backed by strong business fundamentals.

"In uncertain markets, gold is a good asset class to diversify one's investment portfolio. Unlike other asset classes like equity or even fixed income, gold prices have historically risen in times of uncertainties, making them a good asset class to hold for diversification purposes.

"Further with the US dollar likely to decline given their large budget and trade deficits accompanied by a large increase in money supply, demand for gold as an alternative safe-haven asset is likely to go up.

However, he does not advocate investing in cryptocurrency as the cryptocurrency market has been "very volatile". "Being a relatively new asset class, we don't know if Bitcoin or any of the top coins will be the one that dominates and survive, what more their value into the future."

iFAST Capital Sdn Bhd research analyst Shawn Low Tian Hao also sees precious metals such as gold as a hedge against inflation and uncertainty. "A possible reason for its recent rally could be due to the low interest rate environment, which reduces the opportunity cost (of holding the metal)."



Gold swept past its previous all-time high of US\$1,920 per ounce end July and touched a new high of US\$2,075 in early August.

Low adds the increased money supply is also likely to put upward pressure on inflation, reducing the value of the US dollar, and supporting the prices of the precious metal.

"Uncertainty revolving around the developments of the US-China trade war also lowers investors' animal spirits. These factors are some of the reasons how precious metals may be used — to hedge against inflation, uncertainty, and diversify one's portfolio."

Low says the fundamental drivers for cryptocurrencies may be fuelled primarily by sentiment. However, he advises that investors not put more than 10% of their equity portfolio into cryptocurrency to prevent overexposure into these investments.

and with industries striving to automate to improve efficiency, the technology/IT sector globally should do well."

"Within equities, we continue to like the US market where many of the world-class companies are listed. We also like Asian equities where governments have generally managed the pandemic crisis better and are better poised for recovery.

This is further supported by better valuations," he adds.

Forex Trading: Is it the right time?

Apart from the more traditional investment options like trading stocks, ETFs, and bonds, another major market that is often overlooked by local retail investors is foreign exchange (forex).

Jin Dao Tai, founder and MD of ForexBriefcase, a leading global multi-account manager, says the convenience and ease of access of forex trading makes it more popular when compared against other assets.

"Because of this, the forex market is active 24 hours a day for five days a week. This is the reason why forex trading sees the largest traded volume per day – almost US\$5.1 trillion."

HISTORICAL LESSONS FOR A POST-PANDEMIC WORLD

There is considerable debate about the long-term impact of Covid-19 on economies around the world. Many have argued the coronavirus pandemic will dramatically accelerate ongoing shifts in the economy or that it will create new trends entirely.

In its recent report 'History's Lessons for Navigating the Post-Pandemic World', investment research firm Morningstar lays out a framework for understanding the post-pandemic economy.

The report looks at five historical episodes to best understand the world after Covid-19:

1. World War II and rationing;
2. Surge in US female labour force participation during WWII;
3. The 1970s oil price shock;
4. Impact of the Sept 11 terrorist attacks on US air travel; and
5. Pandemics in recent history.

"Our goal is to understand, in general, what happens when the economy is perturbed by an extreme but temporary external shock. Pandemics are one type of this class of events, but so also are wars, political upheaval, and related disruptions," says Preston Caldwell, senior analyst – Economics at Morningstar Equity Research.

The report identifies three main causal channels whereby Covid-19 could have a long-run impact on economic outcomes.

"First, consumer habits could permanently change because of the pandemic. Second, fear of the next pandemic could make consumers reluctant to engage in social activities. Third, sunk costs incurred during the pandemic could change the long-term economic calculus of consumers and firms,"

Caldwell explains.

He notes overall, these episodes provide only modest support for the idea that the three channels will have a long-term impact on the post-Covid-19 economy. "Habits could change during the pandemic as people get used to doing less of certain activities like eating out, causing lasting changes in consumer behaviour. Fear of the next pandemic could make consumers reluctant to engage in activities involving a high degree of social contact.

"And sunk costs incurred during the pandemic could change the long-term economic calculus of consumers and firms."



As an example of sunk costs, the report says retailers' increased investment in e-commerce capabilities during the pandemic could have a long-term positive impact on the online shopping experience for customers.

Interestingly, it reveals pandemics in recent history haven't had major long-run impacts on the economy. Three noteworthy epidemics of the last two decades are SARS, H1N1 (swine flu), and H7N9 (bird flu).

"Of the three, the 2002-03 SARS epidemic clearly had the largest short-run impact on consumer behaviour (such as reduced air travel and tourism). However, SARS doesn't appear to have had a significant long-run impact in these areas overall," says Caldwell.



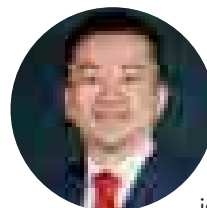
He points out that the biggest advantage of investing in forex is that it is easy to start. "All one needs is a laptop and a brokerage account – and this can be started with less than US\$500 – and they can begin their trading journey.

"However, as easy as it is to get started, beginners diving headfirst into the market and making trades without learning the craft can see them empty their accounts very quickly," warns Jin, who also founded LCMS Traders, Singapore's leading forex trading education company.

Nonetheless, he says the current climate is "a great time to begin trading" as the Covid-19 pandemic has affected markets across the globe, seeing equity prices reach multi-year lows during February and March before recovering almost entirely in the following months.

For the beginner trader, this recent market volatility gives them the opportunity to experience many different market conditions in a relatively short space of time, he adds.

"After all, learning to trade effectively and make a profit through forex is like a lot of things we do: easy to get started with but takes time and effort to master – and there is no better time than the current season to get started," advocates Jin.



Jin Dao Tai


How to succeed as an amateur trader

When it comes to forex trading, there is no quick and easy method to making a profit. Jin explains that

beginner traders looking to start should consider their risk profile to manage their aggressiveness or tolerance, and the amount of capital and time they are able to commit.

These will filter into selecting a strategy for the trader that will suit their style and preference as they learn the ins and outs of the forex trading craft. Next, it is important for traders to have realistic and repeatable goals as they work on the path towards success.

"Finally, the common characteristics of a successful trader regardless of experience lies in their ability to wait for good trades. Aim for small-but-consistent wins, and be okay with losing trades.

"They need to be focused on the mindset of accumulating wins rather than expecting a windfall. And especially given the volatility in the forex market, it can be easier and faster to achieve repeated smaller wins instead of banking it all on one big win," advises Jin. 

Derivatives

DERIVATIVES MARKET CONTINUES ITS GROWTH TRAJECTORY

The increased volatility sparked by the Covid-19 pandemic has lifted the derivatives trade in Malaysia

The Covid-19 Black Swan may have roiled the equity markets but the volatility wrought by the pandemic has been huge boost to the local derivatives market and its participants.

In fact, the trading volume on Bursa Malaysia Derivatives (BMD) saw a hefty 44% increase year-to-date September compared to the corresponding period last year.

Fad'l Mohamed, chief executive officer of Maybank Investment Bank, points out that the number of FKLI and FCPO contracts rose by 164.5% and 145.8% respectively during the period. "The biggest growth is seen to be coming from FKLI due to volatility in the Malaysian and global stock markets," he noted.

FKLI is a futures contract traded on BMD which provides market participants exposure to the underlying FBM KLCI constituents, while FCPO is a derivatives contract for the delivery of

Crude Palm Oil (CPO).

Fad'l says derivatives trading is key to managing risk and uncertainty, especially under current market conditions. "It can also be used as an enhancer to an investment portfolio return or as a hedging tool," he adds.

Maybank Investment Bank offers futures broking in addition to equities broking and investment banking activities. As a key player in the local derivatives market, it plays an influential role in facilitating the growth of the Malaysian derivatives market and encouraging market participation.

To help promote the growth of the Malaysian derivatives market, Maybank Investment Bank has organised a series of client education workshops on futures, which is currently done virtually due to the pandemic.

In addition, the bank also provides the latest market insights, run promotions and offer competitive

brokerage fees to encourage market participation.

Here are excerpts of *Smart Investor's* recent interview with Fad'l.

Smart Investor: How has the Covid-19 pandemic impacted the growth of the listed derivatives market in Malaysia?

Fad'l Mohamed: We observed a trading volume jump on Bursa from YTD Sept 2019 vs YTD Sept 2020 in which volume increased from 9.47 million contracts to 13.69 million contracts, representing an increase of 44% year-on-year.

Foreign institutions contributed 45% of total volume, domestic retailers around 28%, while the remaining 27% came from domestic institutions and local participants. The main volume is attributed to FCPO and FKLI contracts, which made up around 79% and 18% respectively of the total volume.

If we further break down these two products, FKLI grew at 164.5% while FCPO grew at 145.8%. The biggest growth is seen to be coming from FKLI due to volatility in the Malaysian and global stock markets.

What are the benefits and risks in derivatives trading in the current market condition?

Derivatives trading is key to managing risk and uncertainty, and it can also be used as an enhancer to an investment portfolio return or as a hedging tool.

As the derivatives market is supposed to track its spot market, an investor should know the correlational dynamics between the derivatives market with its spot market, and also the correlation strength with other major equity and commodity markets.

The spot and derivative price relationship may vary in the short-term but their prices will eventually converge upon maturity. Therefore, it is best to use derivatives for speculative trading in the short-term and as a hedging tool for the long-term.

Investors should also note that overtrade is not advisable as the derivatives market endures excessive volatility during periods of distress.

A good trading strategy should include stop loss to prevent excessive loss and minimise trading risks while achieving your trading goals.

BMD recently re-launched its 5-Year Malaysian Government Securities Futures contract (FMG5) with a revision of its settlement

Fad'l Mohamed

“The spot and derivative price relationship may vary in the short-term but their prices will eventually converge upon maturity. Therefore, it is best to use derivatives for speculative trading in the short-term and as a hedging tool for the long-term.”



methodology from cash-settled to now physically delivered. Why is a physical delivery settlement for FMG5 an important consideration for market participants?

For industry players, the change in settlement method is a key adjustment

to enhance the appeal of the FMG5 contract as an efficient hedging instrument for MGS holdings.

This enhanced delivery mechanism is also in line with the Financial Markets Committee's (FMC) development initiatives aimed at improving market accessibility and liquidity in the domestic financial market, whilst preserving an orderly and transparent onshore financial market.

How does the revised FMG5 provide new trading opportunities to market participants?

The 5-year MGS has a principal value of RM100,000. The revised FMG5 can be a useful risk management and hedging tool for financial institutions to manage their interest rate risks.

In addition, institutional investors will have an additional avenue to hedge their interest rate risks and given the underlying is the MGS itself, it offers better hedging efficiency. It could also provide new trading opportunities for other market participants and adds diversity to existing over-the-counter (OTC) products for hedging of interest rate risks.

What are the steps taken by Maybank Investment Bank as a broker to support the growth of the Malaysian derivatives market?

As Malaysia's Best Investment Bank¹ and part of Maybank Kim Eng Group, Southeast Asia's Best Broker², Maybank Investment Bank prides itself as a one-stop centre covering investment banking activities, equities broking and futures broking. We provide consistent support and investment ideas to our client pool comprising large corporates, financial

¹Euromoney 2015-2018, 2020

²Alpha SEA Awards 2013-2020

THE BASICS OF DERIVATIVES TRADING

A derivative is a contract to buy or sell an asset at a specified price in the future, and is used for price discovery and as a hedging tool. Its value comes from its underlying asset such as commodities, interest rates, indices or stocks hence its name “derivatives”.

A derivative’s price moves in tandem with its underlying market at all times in order to provide an efficient price discovery process and effective hedging.

There are two types of derivatives:

- Exchange Traded (ETD)
- Over-the-counter (OTC).

An ETD is traded on a recognised derivative exchange where contracts are standardised and defined by the exchange. The exchange acts as a counterparty to all contracts.

OTC derivatives, on the other hand, are privately negotiated and traded directly between two parties. The OTC market is the largest market for derivatives.

There are three types of derivatives trading:

1. Hedging
2. Arbitraging
3. Speculating

Hedging is taking the opposite position in the futures market based on the current position in cash market to protect your asset value. Theoretically, as the market moves, the futures market offsets the losses incurred in the cash market from the gains in the futures market.

Arbitraging is simultaneously buying and selling the same asset in different markets to profit from the mispricing.

Finally, speculating is a trading strategy that looks for profit opportunities from the price dynamics. Although arbitraging and speculating are non-hedgers, they contribute significantly to market liquidity, enabling price discovery efficiency and hedging effectiveness of the derivatives market.

institutions and individual investors.

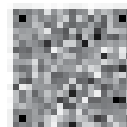
Among our initiatives to facilitate the growth of the Malaysian derivatives market is our series of client education workshops on futures, which is now done virtually due to the pandemic. We also provide the latest market insights, run promotions and offer competitive brokerage fees to encourage market participation.

What would be your advice to a new trader in the listed derivatives market? What are the steps to start trading?

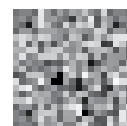
New traders should equip themselves with basic knowledge of the derivatives market, such as technical analysis, fundamental news of the underlying market and keen understanding of the contract specifications.

The first step to start trading in the derivatives market is to open a Futures Trading Account. Once the account is opened, the new trader will be guided through the deposit and withdrawal process and how to use the trading platform. Our team at Maybank Investment Bank branches or our other touchpoints will be happy to assist further.

Scan this QR code to find out how you can trade derivatives with Maybank Investment Bank:



Learn more about derivatives trading at Bursa Academy, Bursa Malaysia's one-stop platform for your capital market learning needs:



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ESG RESILIENCE: IS GREEN THE NEW GOLD?

Relative resilience is found in the Environmental, Social and Governance (ESG) space during the Covid-19 crisis

As the Covid-19 pandemic continues to dampen financial markets, funds with Environmental, Social and Governance (ESG) strategies have seen their fortunes rise.

In fact, major ESG funds have outperformed classic indices like the S&P 500 during the first weeks of the pandemic, and several ESG funds were able to soften the blow to loss in value as compared to standard non-ESG benchmarks.

This is bolstered by the fact that worldwide investors had poured US\$45.6 bil into ESG funds in the first quarter of 2020 as compared to outflows of US\$384.7 bil for the overall fund universe, according to research firm Morningstar.

To capitalise on this growing

demand for ESG funds, Affin Hwang Asset Management Bhd recently unveiled the Affin Hwang World Series – Global Sustainability Fund (the fund). Launched on 14 September, it feeds into the Allianz Global Sustainability Fund (Target Fund).

As a feeder fund, it will invest at least 80% of its net asset value (NAV) into its collaborating partner's Allianz Global Sustainability Fund with the remaining 20% of its NAV into money market instruments, deposits and/or cash. The Target Fund is a Luxembourg domiciled fund managed by Allianz Global Investors.

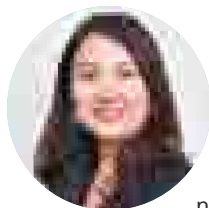
For context, ESG funds are portfolios of equities and/or bonds for which environmental, social and governance factors have been integrated into the investment process.

Changing demographics and trends

Affin Hwang Asset Management chief marketing & distribution officer Chan Ai Mei says the new fund provides an avenue for investors to buy into global quality stocks with sustainable growth, whilst investing according to their own principles and beliefs.

"Changing demographics and trends, coupled with the unprecedented impact of the Covid-19 pandemic, have only accelerated the adoption of ESG by both businesses and the investing community in their decision-making.

"Our belief is that good governance ultimately leads to better financial performance, with industry research showing positive correlation between ESG and stronger returns over the long-term," Chan adds.



Chan
Ai Mei

The base currency of the fund is the US dollar. The fund is offered in four currency classes, namely USD Class, MYR-Hedged Class, SGD-Hedged Class and AUD Hedged-Class. The minimum investment amount is \$5,000 for all listed currency classes.



Paul
Schofield

Commenting on how the ESG space has fared in the aftermath of the coronavirus-related financial crisis, Allianz Global Sustainability Fund lead portfolio manager Paul Schofield says the pandemic in and of itself may not have huge issues on ESG investing. Rather, it may highlight some areas and downplay others.

"The trend for ESG has long been established and has been increasing year on year. ESG is just one tool in the toolbox that investors may use when analysing companies. We do not believe Covid-19 will change that; the trend was already in place and it is only going one way," he tells *Smart Investor*.

"I have been told again and again by people on the other side of the table that 'ESG is a bull market phenomenon' and 'no one will care when markets are under stress'. Hence, the year 2020 has certainly been a good opportunity to test those theories!"

Shifting the focus to ESG

Despite the existing trends surrounding ESG investing, there is no doubt that the focus has shifted a little in the face of the pandemic.

According to Schofield, the governance element of ESG was always the easiest one to talk about, as everyone understood this and was

“ Changing demographics and trends, coupled with the unprecedented impact of the Covid-19 pandemic, have only accelerated the adoption of ESG by both businesses and the investing community in their decision-making. ”



comfortable that good corporate governance is a 'good thing'.

However, in the past few years, the clear focus of ESG was the 'E' – the environmental benefits. In particular, climate change was the area that clients had a particular connection with.

The 'S' – the social part of the equation – has always been the difficult one to discuss with people, and the pandemic has helped to highlight some of the social factors a little more, he adds.

"The need to get the economy back and firing means working conditions, for example, will need to be managed closely all around the world. Companies will have to convince its employees, trade unions and regulators that workers will be kept safe.

"This will be much discussed going forward, and topics will include healthcare, access to medicine,

education, and health and safety – all of which were areas that were less discussed pre-pandemic," Schofield explains.

The investment strategy

The Allianz Global Sustainability strategy invests in a diversified mix of companies on the global stock market that aims to generate long-term outperformance and a positive, measurable impact on society.

The investment process is a collaborative effort consisting of four stages: SRI Ratings; Idea Generation; Team Stock Selection; and Portfolio Construction.

The strategy takes a 'Best in Class' approach to SRI, seeking to own companies which outperform sector peers on ESG criteria.

ESG performance is assessed using AllianzGI's proprietary SRI Ratings model. The strategy also aims to avoid stocks with reputational risks, excluding stocks with significant revenues from coal, tobacco, alcohol, weapons, gambling and/or pornography.

The model ranks stocks as Best in Class, Average or Worst in Class. Thereafter, using bottom-up fundamental analysis, the portfolio managers construct a concentrated, diversified and long-only portfolio of c.50 stocks with superior financial and ESG performance.

The team analyses all potential investments from the bottom up, considering stocks in terms of their quality, growth and valuation



PANDEMIC ACCELERATES TECHNOLOGICAL DISRUPTION

The Covid-19 pandemic has accelerated the technological change disrupting the old economy, driving increasing returns for the winners at the expense of the losers.

“We believe technological disruption is set to continue. It will pay to be on the right side of these trends as has been shown in recent years. Similarly, Covid-19 has brought forward many behavioural changes that were likely to happen anyway,” explains Allianz Global Sustainability Fund lead portfolio manager Paul Schofield.

He also notes there is great conviction in the power of the US Federal Reserve to backstop the financial system and the equity market through unlimited asset purchases.

However, Schofield cautions against the assumption that everything that has changed in the recent months will stay this way.

“Many behavioural changes have been forced rather than voluntary. Thus far, monetary authorities around the world have reacted quickly and aggressively to support markets, but such actions may bring new risks further down the road, particularly as they come in combination with huge fiscal deficits.”

Against this uncertain backdrop, Schofield believes that the portfolio’s focus on quality stocks with sustainable growth at reasonable valuations makes it well-placed to navigate the months and years to come.

“A quality mindset means the portfolio may have a bias towards resilient, financially sound companies. At the same time, we are not chasing market momentum for stocks without the long-term earnings growth to substantiate their valuations. A truly active approach may prove more necessary now than ever.”


“ We believe that superior ESG performance may ultimately translate into share price appreciation. As a result, this mechanism is an important source of alpha for the strategy, as well as positive, societal impact. ”

characteristics. The focus is on high quality companies generating returns sustainably above the cost of capital, with a clear growth trajectory, on reasonable valuations.

These stocks tend to be excellent franchises, operating in sectors with low competitive intensity and high barriers to entry. The valuation discipline is based on reverse discounted cash-flow analysis.

“The strategy invests primarily (at least 75% of portfolios) in companies that are considered ‘Best in Class’ according to our SRI ratings. It can also invest up to 25% of the portfolio in ‘Average’ rated stocks that have demonstrated a commitment to improving ESG performance,” explains Schofield.

This flexibility incentivises the portfolio managers to engage with investee company managements to press for continued ESG improvements.

“We believe that superior ESG performance may ultimately translate into share price appreciation. As a result, this mechanism is an important source of alpha for the strategy, as well as positive, societal impact. The strategy cannot hold any worst-in-class rated names.” 



RAISING THE BAR ON **FINANCIAL LITERACY & FINANCIAL PLANNING**

Financial literacy fosters improved standards of living and a confidence about one's financial future. It assists in sound financial planning - in asset accumulation, in the funding of your children's education, and in planning for your retirement.

It is aptly said that if you give a man a fish, you will take care of his one meal. But if you teach him how to fish, that takes care of the rest of his life.

For economic progress, it does not suffice for an individual to just earn an income. He also needs to make informed decisions about what to do with the money when it reaches his hands.

Failure to make the right decision leads to increasing debt and the misuse of credit facilities which will have great repercussions on our future.

On the flipside, financial literacy fosters improved standards of living and a confidence about one's financial future. It assists in sound financial planning – in asset accumulation, in the funding of your children's education, and in the planning of your retirement, for instance.

Financial literacy, as defined by the Organisation of Economic Cooperation and Development (OECD), is a combination of awareness, knowledge, skill, attitude, and behaviour necessary to make sound financial decisions and ultimately achieve financial well-being.

As such, the understanding of the basics of a variety of financial topics – from personal budgeting and debt management to insurance, investing and retirement planning – and the ability to make sound financial decisions is crucial to our everyday lives, thus enabling us to provide for current and future needs.

Hampered by economic challenges

Malaysians have been greatly affected by the rapidly increasing cost of living in recent years, with many feeling they are unable to cope with the current standard of living relative to their level of income.

Among the main factors that contribute to this are the low levels of financial literacy among Malaysians, the lack of understanding of how best to manage their finances, and the myopic 'live for today' attitude when it comes to personal financial management.

With various economic challenges impacting the way they save, spend and invest, many have been forced to take on another job. Or turn to banks for loans and credit cards to support their lifestyle choices, thus risking bankruptcy and rendering them susceptible to financial fraud and scams in the process.

In fact, according to the Malaysian Insolvency Department, about 84,805 Malaysians were declared bankrupt between 2015 and 2019, with people below the age of 34 making up 26% of the total bankruptcy cases.

Scam-related cases have been on the rise for the past few years, with reports revealing that scammers have cheated Malaysians of more than RM769 mil from 2017 to 2019.

Among the main factors that contribute to this are the low levels of financial literacy, the lack of understanding of how best to manage their finances, and the myopic 'live for today' attitude when it comes to personal financial management.

In denial of their financial reality

Data from the RinggitPlus Malaysian Financial Literacy Survey 2019 (RMFLS 2019) revealed that while close to 70% of Malaysians indicated they are in control of their finances, an alarming 53% of respondents admitted they were not able to survive for more than three months with their savings.

The survey further revealed about 43% of Malaysians spend exactly what they earn or more. Meanwhile, 37% of those who earn less than RM2,000 do not save at all.

These sobering results can be attributed to three main challenges faced by many Malaysians in the past decade – the increasing cost of living, low or stagnant income, and crucially, poor financial planning and financial management practices.

In the light of the RinggitPlus survey, its chief executive officer Liew Ooi Hann believed it is time for



Liew Ooi Hann

Malaysians to take action as he expressed his hopes that the survey results would serve as a wake-up call. "What's more alarming to us is that people are in denial of their financial reality.

Another insight that we gained is that some Malaysians, while knowing the importance of financial management, do not take active measures.

"For example, we found that 34% of the respondents who believe their Employees Provident Fund (EPF) savings is not enough for retirement do not have a retirement plan to compensate for that," Liew revealed.

The RMFLS 2019 received over 8,000 responses from people across the country, from which stratified sampling was conducted to achieve a more representative sample of the population.

National Strategy for Financial Literacy

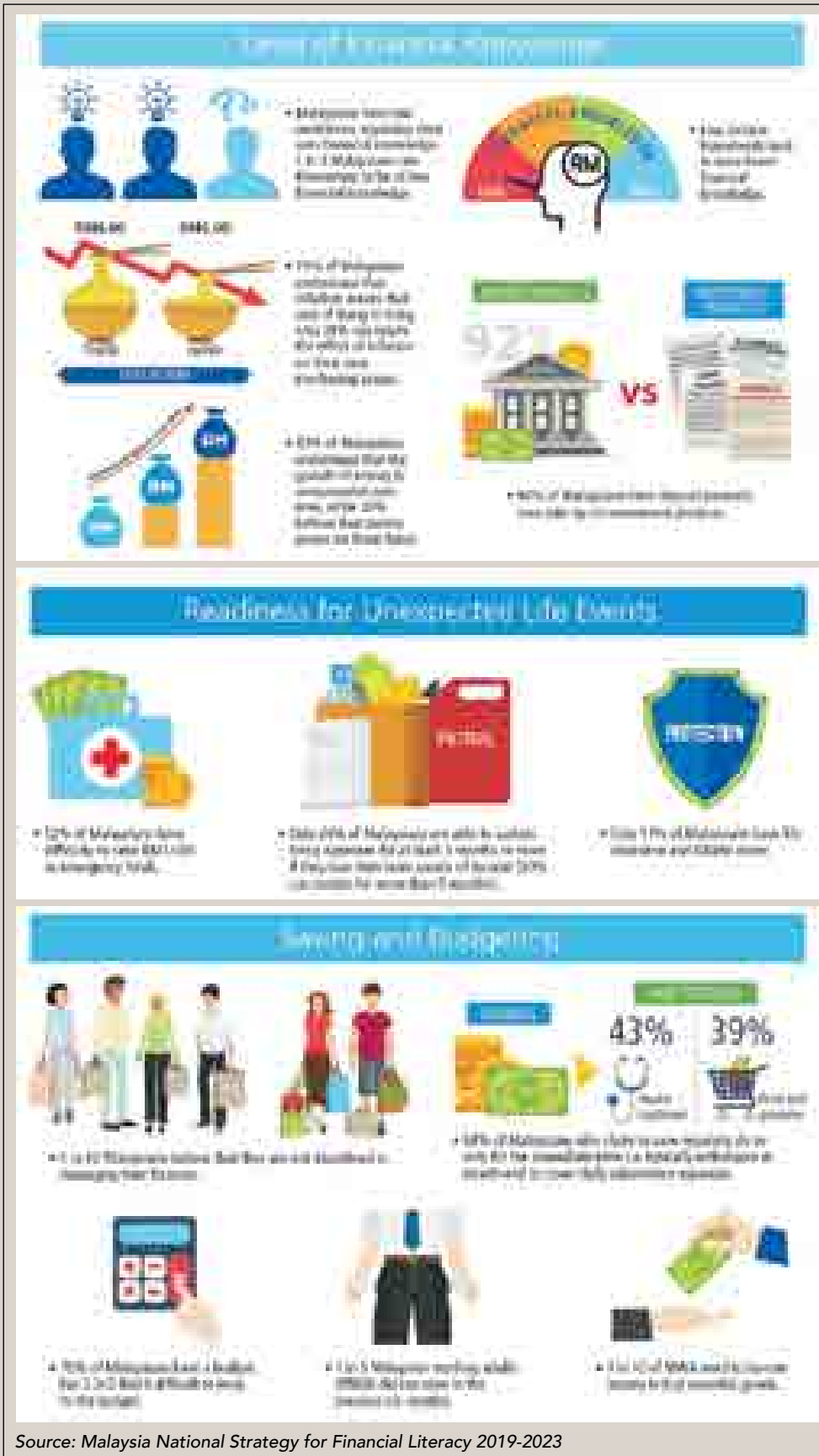
Launched by then Prime Minister Tun Dr Mahathir Mohamad in July 2019, the National Strategy for Financial Literacy 2019-2023 highlights the urgent need to address financial illiteracy in Malaysia. It was formulated by the Financial Education Network (FENetwork), an inter-agency group co-chaired by Bank Negara and the Securities Commission Malaysia.

Its founding members comprise the Ministry of Education, Perbadanan Insurans Deposit Malaysia (PIDM), the EPF, Agensi Kaunseling dan Pengurusan Kredit (AKPK) and Permodalan Nasional Bhd (PNB).

The five-year roadmap sets out priorities and actionable plans to help Malaysians make informed decisions and aims to elevate the financial literacy of Malaysians in all life stages – from school children to retirees.

The FENetwork is committed to working collaboratively with individuals and organisations across the public, private and non-private sectors to deliver the national strategy's inclusive and sustainable measures, and focuses on empowering individuals to manage money wisely, plan ahead and invest for their future, and protect themselves from financial fraud and abuse.

According to FEN's report on the national strategy, the current state of financial literacy in Malaysia is less than satisfactory. Concerns have



Source: Malaysia National Strategy for Financial Literacy 2019-2023



FINANCIAL PLANNING: WHY IT MATTERS

How much should I save for retirement? What is the amount of life insurance that I need? What types of investments should I own?

These questions highlight the importance of financial planning and its role to help consumers determine whether they are on track to meet their financial goals while outlining their path to overall financial success.

But what is financial planning?

According to the Malaysian Financial Planning Council (MFPC), financial planning is defined as “the process or methodology of assisting clients to determine their financial goals, objectives and priorities, and the resources to meet them in an optimal and practical manner.”

It is a professional service offered instead of a product, which breaks down the step-by-step processes involved in planning out your financial goals and purposes, as well as prioritising goals based on your current resources.

The service aims to tailor a practical plan to ensure your goals are realistic and attainable, without drastic changes to your current lifestyle.

Financial planning usually covers cash flow and

liability management, risk management, planning for insurance, investment, education, retirement, tax, and estate conservation and distribution.

The importance of financial planning

- Getting into the game early is better as you can afford to take more risks to achieve higher returns, as well as benefiting from compounding interest. An early start gives you more flexibility to experiment with various plans to find one that suits you best, whereas you may not have as many options available if you start later in life.

With that being said, the best time to start was yesterday, but the next best time is now!

- There is a misconception that financial planning is only for the rich, but in reality, it is a service that can cater to anyone. While the rich want to grow and protect their wealth, those of lower income levels need to maximise and stretch their resources to create the best possible lifestyle for themselves and dependents.

In fact, it can probably be argued that financial planning is probably more important for the B40 and M40 instead of the T20!



THE UGLY TRUTH ABOUT MALAYSIAN SALARY LEVELS

Government statistics reveal an uncomfortable truth – that the average level of salaries in Malaysia is not enough to sustain a reasonable level of living, and this can be detrimental to a person’s mental and social health.

According to the Bank Negara Malaysia (BNM) Annual Report 2018, the living wage required to live in Kuala Lumpur was RM2,700 for a single adult, RM4,500 for a couple without children, and RM6,500 for a couple with two children.

However, the average monthly salary for employees is just RM3,087 according to the Salaries & Wages Survey Report Malaysia 2018 released by the Department of Statistics Malaysia (DOSM). Salaries in urban areas were slightly higher at RM3,274 compared to RM2,083 for employees in rural areas (DOSM, 2017).

As a consequence, many Malaysians turn to loans to reach financial goals or sustain basic survival. For example, the national household debt to gross domestic product (GDP) reached a high of 82.7% in 2019.

Residential property loans accounted for the majority of total debt, while the rest was made up of personal, vehicle, investment and credit card financing, according to BNM data.

Further statistics showed that two out of 10 Malaysian working adults could not afford to save in the last six months, while faster debt settlement remains the number one goal for most of them.

Such bleak figures might suggest a basic inability to build an emergency fund due to a lack of financial planning or knowledge. However, the stark reality is that it is near impossible for employees on an average salary to even think about doing so as many are unable to even cover basic living expenses.

The current state of financial literacy in Malaysia is less than satisfactory, with concerns being highlighted in the areas of level of financial knowledge, and saving and budgeting.

been highlighted in the areas of level of financial knowledge, and saving and budgeting.

Data from the report revealed that Malaysians have low confidence regarding their own financial knowledge, with one in three Malaysians rating themselves to be of low financial knowledge.

The report further revealed that 52% of Malaysians have difficulty raising RM1,000 as emergency fund, while only 24% Malaysians are able to sustain their living expenses for at least three months if they lose their main source of income, and only 10% can sustain for more than six months.

In addition, one in five Malaysian working adults (MWA) did not save in the previous six months, while three in 10 MWAs need to borrow money to buy essential goods. Meanwhile, 84% of Malaysians who claim to save regularly do so only for the immediate term (i.e. typically withdrawn at month-end to cover daily subsistence expenses).

These statistics are alarming as they reflect that level of financial literacy among Malaysians – especially the youth – is still lacking. **SI**

A JOURNEY IN PROGRESS

FA Advisory Sdn Bhd is all about providing impartial financial advice that is in its clients' best interest



If there's a word to define FA Advisory, it would be 'progress'.

This takes precedence over terms like 'success' or 'achievement', FA Advisory Sdn Bhd general manager Bryan Zeng muses. This is simply because the financial advisory firm adopts a progressive culture that allows its practitioners to be forward-looking in their unwavering purpose of helping their clients navigate their financial journey.

"We don't believe in the status quo. As an organisation, we must continue to progress, and because of that we move the organisation towards innovation. We continue to innovate our processes, and build robust infrastructure so we are able to support our financial practitioners to carry out their duties to the highest

standards of professional advice," he tells *Smart Investor*.

But first, a quick history of FA Advisory.

Established in 2009 under the name Uniplan Advisory Sdn Bhd, the Kuala Lumpur-based firm changed its name to FA Advisory in 2013 when it became a member of the Financial Alliance Group based in Singapore which is, today, the largest independent financial advisory firm in Singapore.

Home to 67 licensed financial planners across Malaysia, FA Advisory is a one-stop centre for wealth management and financial planning solutions. It offers professional and unbiased advisory services based on detailed analyses of their clients' financial situations and goals.

This is followed up with the firm's capability to implement financial solutions – drawn from their comprehensive range of wealth management services – that best suit their clients' needs, thus allowing them to enjoy flexibility in mixing and matching the financial benefits they seek.

Navigating the turbulent times

The Covid-19 pandemic has forced businesses of all kinds to rethink how they work and interact with customers. While this is very much the case, it is business as usual for FA Advisory.

"What we do is regularly engage and communicate with our clients. We do this through various means, including holding talks where we



**Bryan
Zeng**

invite our clients to either educate or inform them of the happenings in the markets, and this has been done since day one," Zeng reveals.

And so, when the pandemic hit, FA Advisory diversified their touchpoints and increased the frequency of their outreach. This is done by making full use of online meetings/webinar facilities, as well as social media platforms such as Facebook and YouTube.

Despite the convenience offered by technology, Zeng is quick to point out that the significance of personal engagements is still very much emphasised in their daily operations.

"During the first month of the Movement Control Order (MCO), we held daily Zoom meetings with our financial planners to communicate, empower, share, and learn from each other," he recalls, adding their financial planners in turn reached out to their clients with personal telephone calls and messages to show care and encouragement.

As FA Advisory is about the client, and providing the client with the best possible financial advice, Zeng reveals that when the pandemic led to a nationwide MCO, there were a myriad of issues impacting their clients' lives.

"We acted swiftly to provide relevant information to enable our clients to make the right decisions. We have created over 15 YouTube videos to address the concerns related to the stock market volatility. In addition, we have been hosting a bi-weekly webinar on market updates for our clients since March," he says.

In fact, the team at FA Advisory had rallied together to create

We look forward to working with people who are like-minded, who believe in the independent financial advisory business model, and together I believe we can build a better organisation.



HOME FOR FINANCIAL PLANNERS

FA Advisory strives to be the 'Home for financial planners' where they engage individuals who share the right values and develop their competence to handle the complex and diverse financial needs of today's consumers.

"We look forward to working with people who are like-minded, who believe in the independent financial advisory business model, and together I believe we can build a better organisation," Bryan Zeng says.

The firm, he explains, practises the 5 Pillars of Wealth approach, a financial advisory model that covers all the essentials of financial planning which includes Wealth Protection, Wealth Maintenance, Wealth Accumulation, Wealth Enhancement, and Wealth Distribution.

"Stemming from this model, our financial advisory services are designed to take every aspect of financial planning into consideration and provide our clients with comprehensive advice," he adds.

By partnering with 17 life and takaful operators, 14 general insurance companies, three investment platforms with access to over 30 fund managers and more than 600 funds, and two estate planning partners, FA Advisory is able to independently and objectively structure the most fitting solutions to fit their client's unique circumstances.

According to Zeng, FA Advisory operates within a strict regulatory framework, thus ensuring they maintain high standards of professional and ethical conduct in the financial services industry.

The firm is approved by Bank Negara Malaysia to conduct the businesses of a Financial Adviser and Islamic Financial Adviser to analyse the financial planning needs of a person and subsequently advise and market various insurance and takaful solutions.

FA Advisory is also licensed by the Securities Commission Malaysia (SC) under the Capital Markets and Services Act 2007 for the regulated activity of financial planning, dealing in securities restricted to unit trust, and dealing in Private Retirement Schemes (PRS).

The firm is also registered with Federation of Investment Managers Malaysia (FIMM) as a Corporate Unit Trust Adviser (CUTA) and Corporate PRS Adviser (CPRA) to market and distribute Unit Trust Schemes and Private Retirement Schemes from multiple fund managers.



infographics, slides and webinars to guide their clients on the deferment of life insurance premium payments and loan moratorium, alongside other Covid-19 relief initiatives by government agencies and private sectors.

“It warms our hearts when we receive acknowledgement and messages of appreciation from our clients. If anything, the pandemic has strengthened our resolve and conviction in our mission to champion purposeful financial advice for our clients and elevate life quality for all,” says Zeng.

The road ahead

Financial planning as an industry has witnessed an impressive growth over the past few years, and the pandemic has all but accelerated it as the awareness about financial planning continues to grow and consumers become more informed.

So, what does this mean for the industry?

“One of the things that the Covid-19 pandemic has taught us is the importance of being financially prudent. Even as Malaysia progresses towards becoming a high-income and developed nation, the demand for

The pandemic has strengthened our resolve and conviction in our mission to champion purposeful financial advice for our clients and elevate life quality for all.

quality advice will continue to grow, and the industry will offer a great career path for young people,” Zeng opines.

Positive growth notwithstanding, he cautions there are various challenges ahead. Among these is that we live in an age of information overload, with misinformation, fake news and outright scams threatening the financial well-being of individuals and households at unprecedented speed and reach.

“We must play our part to continue promoting financial literacy and dispensing sound financial advice to members of the public. The advent of fintech has disrupted the financial services industry by empowering consumers with innovative products



5 PILLARS OF WEALTH

This financial advisory model covers all the essential elements of an individual’s financial planning needs, which includes:

- Wealth Protection
- Wealth Maintenance
- Wealth Accumulation
- Wealth Enhancement
- Wealth Distribution

Source: www.faadvisory.my

and myriad choices with great efficiency.

“Thus, the job of a financial planner is increasingly demanding, and as a firm, we are constantly building our advisory capabilities to address the increasingly complex needs of tomorrow’s consumers.”

As such, continues Zeng, the future of financial planning will definitely be client-driven.

“We believe we are in a good position to capitalise on this as our business model has always been client-centric with a personal touch. We are delighted to be in this rewarding profession that enables us to make a meaningful contribution to improve people’s lives,” he concludes. **SI**

THE ART OF DIVERSITY

CEO discusses Kenanga Investors Bhd's impressive growth, and how the pandemic has impacted its fund management strategies.

Kenanga Investors Bhd (KIB) has always been guided by its unwavering conviction in the investment strategies that has weathered them through many challenging periods in the past. And this deep-rooted philosophy has proven its resilience, especially in these trying times.

The firm's success isn't a single-handed effort, however.

Rather, it is attributed to the organisation's capable and dynamic investment team as well as the diversity of ideas, strengths and competencies that come from the team, KIB chief executive officer Ismitz Matthew De Alwis tells *Smart Investor*.

"Diversity is strength, and together, all of us have worked tirelessly to uphold our firm's philosophy that is 'Consistent Top Performance' and ensure sustainability in what we do," he reveals candidly.

Key drivers for impressive growth

Over the years, KIB's strategy to be a multi-segment, multi-distribution and multi-product platform has spurred the organisation's strong growth.

"We are able to cater our services and products to meet different client risk appetites be it equity, fixed income, managed portfolios or even alternative investments.

"We achieve this by firstly

prioritising the optimisation of our investment engine to create an alpha-centric performance culture – a culture that is the foundation of our consistent top performance," De Alwis explains.

From a product perspective, KIB has streamlined its entire suite of offerings to ensure their investors' various needs are being met.

In addition to sourcing for new investment ideas and strengthening the distribution of the funds on their platform, much thought and effort has been put into ensuring their existing product line-up continue to contribute to their vision of being a market leader. This also provides a holistic approach to their



Ismitz Matthew De Alwis

clients' investment and wealth management journey.

"We have also taken up the mantle of championing financial planning

which will benefit our consultants and investors alike by focusing on a needs-based structure.

"This highly complements our goal of eventually becoming a one-stop wealth advisory firm with access to all capital market products while also providing holistic financial planning to our clients," says De Alwis.

Pandemic's impact on fund management strategies

KIB's investment strategy, reveals De Alwis, has always been premised on a bottom-up stock-picking approach on stocks that can offer a strong earnings trajectory.

As such, across its top-performing funds, the common performance contributors are their overweight positions in technology and rubber glove sectors, with the global outbreak of the Covid-19 pandemic leading to a surge in demand for glove products.

"This strong earnings profile coming from the tech sector especially is a showcase of not only their capabilities but the emerging importance of home-grown Malaysian technology companies in the global semiconductor supply chain.

"We believe there are structural drivers such as the rising adoption of 5G, artificial intelligence, electric vehicles and industrial automation and thus the supply chain that provides the components to these industries will benefit.

"Besides growth, tech stocks also have solid balance sheets and strong cash flows which enable them

Diversity is strength, and together, all of us have worked tirelessly to uphold our firm's philosophy that is 'Consistent Top Performance' and to ensure sustainability in what we do.



to weather an economic downturn better than some other cyclical."

For check and balance, De Alwis reveals the organisation adopts a holistic approach to risk management to prepare the firm for inevitable situations by identifying, assessing, reporting and managing the probability and impact of all related activities.

Indicators are used to provide early warning signals which then determine the responses required. For instance, during unsustainable bull markets, their indicators may help them to avoid companies with weak fundamentals or to avoid paying excessive prices for stocks relative to its intrinsic value.

"Our risk management policies

are consistently fine-tuned to ensure that our returns commensurate with the risks we take which means achieving outperformance without taking on more risk."

Navigating market complexities of tomorrow

The economic fallout from the pandemic has many Malaysians questioning their financial security, with concerns such as needing to postpone retirement or tapping into savings to pay for basic expenses.

So how are such concerns addressed?

The firm, according to De Alwis, has always been known as an equities expert within the Malaysian landscape. Since 2019, however, they have expanded into the fixed income space after a strategic mergers and acquisitions (M&A) exercise, while in early 2020, KIB launched Malaysia's first leveraged and inverse ETF to be benchmarked against the FTSE Bursa KLCI.

"Investors now have the flexibility to diversify their portfolios further to suit changing needs and investment environments backed by superior and holistic investment expertise.

"Furthermore, our focus on the financial planning model ensures we are a needs-based asset manager, instead of mere product-pushing which may not benefit investors in the long run," says De Alwis, stressing the firm is now more equipped than ever to guide investors of today in navigating the market complexities of tomorrow.

By helping an investor map out their risks and goals to develop a plan (possibly comprising a diversified portfolio of various asset classes), they will eventually achieve their intended goal.

"Following that, we will work hand-in-hand with the investor to



KIB'S COMMITMENT TO DRIVE FINANCIAL PLANNING

As part of the company's commitment to promote financial planning, Kenanga Investors Bhd has made it essential for their business development and private wealth teams to be licensed financial planners.

"Being in a position to influence distribution channels and investors, we need to walk the talk. Hence, the change must come from within the organisation. As for our consultants, we aspire to have them all eventually be LFP-certified.

"We are seeing good traction with many already embarking on this journey in attaining the Certified Financial Planner (CFP) and the Islamic Financial Planning (IFP) mark," says KIB chief executive officer Ismitz Matthew De Alwis.

To date, in addition to the registered FA and FP firms, KIB has over 40 employees directly registered with the firm and the Securities Commission Malaysia as licensed financial planners (LFPs), making them one of the largest financial planning/financial advisory firms in Malaysia.

"We expect this number to grow aggressively in the coming months. We will continue to champion financial literacy and the need for proper wealth and financial planning to the public," says De Alwis, who is also president of the Financial Planning Association Malaysia (FPAM).


It is easy to follow where the crowd goes because many believe there is safety in numbers. With us in the picture, we can help the investor to assess their situation before they indulge in panic selling and finding out later that they would have recovered or profited had they stayed the course.

keep periodic tabs on their overall portfolio to ensure they are on the right track and to make adjustments where necessary.

"It is critical for the investor to stay diversified so that the various assets in the portfolio can take advantage of different economic conditions, leading to the best possible outcomes during crashes," he adds.

De Alwis goes on to highlight the need for investors to avoid following a herd mentality, especially when they are caught in times of crises.

"It is easy to follow where the crowd goes because many believe there is safety in numbers. But when it comes to personal financials, one person's risk appetite and goals can differ to the next person's.

"With us in the picture, we can help the investor to assess their situation before they indulge in panic selling and finding out later that they would have recovered or profited had they stayed the course," he concludes. 



FROM BIOCHEMISTRY TO FINANCIAL LIFE COACHING

Award winning financial planner shares his vision to pursue fulfilment through the financial liberation of others

A background in biochemistry may not seem like a solid foundation on which to build a financial planning career, but for Kevin Neoh, going against the grain is nothing new.

Deciding on a drastic change in career direction just two months prior to graduating from Universiti Kebangsaan Malaysia (UKM), he dove headfirst into the world of financial planning by completing the Certified Financial Planner (CFP) and Registered Financial Planner (RFP) courses, while providing insurance advice on the side.

Once his certification was secured, the journey to becoming a full-fledged financial planner began in earnest. "I wanted to do something meaningful and driven by purpose

more than profit," he says.

"I began to engage and accept opportunities that allows me to share knowledge with people looking to improve their financial wellbeing, or information that can help them make decisions."

Having resolved to make a positive impact on people's lives, the initial switch saw him penning blog articles about personal finance, tackling issues such as loans, debt management, and wealth building that continue to mystify many individuals today.

During his university days and short stints in various industries, one thing he found was that many individuals from all walks of life lacked financial literacy. A common sticking point was the challenge of managing

their money and assets to support the ideal lifestyle they wanted to lead.

Mastering your money

In general, there was a gap in understanding their relationship with money which often led to money being the master instead of vice versa.

Through experience, Neoh quickly learned that individuals in full control of their finances usually master the fundamentals of money management before even thinking about pursuing their financial goals.

"What is the point of beautiful decorations on a table when the legs are weak and shaky?" he asks.

The need for sustainable financial plans for his clients led him to introduce coaching elements into

his work, known as the Money Transformation Programme (MTP). He teaches clients how to clarify goals, save money, reduce debt, and stay on track in order to reach their financial goals.

"It is common to find participants that read a lot of books and attend many seminars but who still do not take action.

"Sometimes they just need a push to help them understand what they truly want and discover their inner strength to achieve a financial breakthrough," says Neoh, a two-time winner of the Malaysian Financial Planner of the Year Award.

Although it is important to establish financial goals, Neoh cautions against a single-minded approach due to external factors, such as the Covid-19 pandemic, which can derail this pursuit.

This is where the MTP helps participants to get the fundamentals right, with a personalised action plan to fit their lifestyle and what they value in life.

By focusing on what is important to them, Neoh hopes that they will not be motivated to chase the lifestyle of their peers. Ultimately, he wants them to start a pursuit of happiness instead of a race against themselves.

Neoh also champions the importance of the digital nature of the programme, believing it can reach a larger audience.

"A virtual programme allows anyone across Malaysia to have access, allowing me to make a difference regardless of where they live," he observes.

"In addition, the lower cost

"It is common to find participants that read a lot of books and attend many seminars but who still do not take action. Sometimes they just need a push to help them understand what they truly want and discover their inner strength to achieve a financial breakthrough."



of running a digital programme means the savings can be passed onto the customer in the form of a lower programme fee, allowing more people to sign up!"

With 12 years of experience in the bank, Neoh is now a seasoned professional that tailors comprehensive plans for clients that addresses all aspects, helping clients to prepare for major life transitions such as a career change, taking a break from work, or even retiring early!

Not resting on his laurels

So what is next on the agenda for this tenacious financial planner?

Instead of resting on his laurels, Neoh continues to diversify his offerings to reach

new audiences and touch more lives.

He is currently building a community known as the 'NextGen Money Warriors', with the aim of providing a platform for people to seek help, advice, and solace in a safe place, and eventually become fearless about the concept of money management.

It also allows members to discuss and exchange ideas about saving, debt reduction, wealth accumulation and other practical aspects of finance.

In addition, he has also recently launched a podcast titled "Your Money, Your Life" that targets audiences constantly on the move.

Packed with information, this is just another example of how he can disseminate his knowledge to the masses as he believes everyone of all income levels should be able to access real financial planning services that are focused on the individual instead of the product. **SI**

Kevin Neoh



HOW TO CHOOSE A FINANCIAL PLANNER

Selecting the right financial planner is one of the most important decisions you can make



It is very easy to get financial advice nowadays, especially with the boom of the internet and social media. If you visit financial related Facebook groups or forums, everyone is eager to give their opinion on the best ways to manage your money.

However, one downside of these free online advice is the bypassing of important safeguards such as ensuring the person seeking advice is subject to a detailed financial health check and understanding their current financial position.

So, choosing your personal financial planner can be one of the most important decisions you can make. Your financial planner is your

partner to guide you through many decisions about handling major financial and life decisions.

To find the best financial planner who is right for you, here are five important factors to keep in mind:

1. Make a list of financial planners

Start by creating a list of potential financial planners. Ask your friends or family if they have engaged with any financial planners. Take the time to check if the planners have the required license from Securities Commission Malaysia's database. Then, call each financial planner to see if he or she is accepting new

clients and arrange a meeting with the planner.

2. Research the financial planner's credentials and experience

In Malaysia, most financial planners do not start their career as a financial planner. Some are trained lawyers and accountants. Knowing the background of the financial planner allows you to understand whether the financial planner has the resources to help you in your financial decisions. The more experience a planner has, the better your results are likely to be.

If you need a specific form of planning, such as the involvement

Knowing the background of the financial planner allows you to understand whether the financial planner has the resources to help you in your financial decisions. The more experience a planner has, the better your results are likely to be.

financial planner several times in a month. Can you reach your planner online, especially during the Covid-19 pandemic?

4. Evaluate the financial planner's company/team

Take the time to research the company and team behind the financial planner. Is the financial planner working alone? What are the credentials of the team behind the financial planner?

As finance is a very broad topic, a good financial planner usually specialises in a particular field and works with another financial planner or other professionals (such as lawyers and accountants) to handle other parts of the planning and solution implementation. Think of it like the case of a hospital, where a patient may get treatment from different specialists.

5. Understand how the financial planner is getting paid

There are 3 main types of fee-structure when it comes to financial planners:

- (i) Commission only;
- (ii) Fee-based; and
- (iii) Fee-only.

In Malaysia, we usually see commission only and fee-based planners. Fee-only financial planners are extremely rare.

A financial planner that receives commissions only works great with

someone that wants a product that they already have some idea in mind. The relationship is usually transactional in nature and heavily focused on advice with a product-based solution.

A fee-based financial planner earns a fee for developing a financial plan for you, while also earning a commission if you require him or her to service your insurance policies or investment portfolios.

Make sure that your financial planner is transparent on the fee for their services.

Summary

Just like when making any major purchases, it is important to do your homework when it comes to choosing your financial adviser. Not every financial planner has the same level of training or offer the same range of services. It is important to talk to several financial planners and choose someone that meets all the above-mentioned criteria.

Finally, it is important to understand that financial planning takes a long process. Find a financial planner that you feel comfortable talking to and feel he or she is helping you work through your problems. **SI**



Marshall Wong is a financial planner holding licenses from the Securities Commission Malaysia and Bank Negara Malaysia. You may contact him via email at Marshall@plannerd.io

of business or family offices, ask the financial planner if he or she has any experience handling the matter.

3. Evaluate the financial planner's communication style

Choose a financial planner with whom you are comfortable talking to. Do you feel that the financial planner understands your situation? Find a planner who shows an interest in getting to know you and will respect your decision-making process.

Also think of the convenience of meeting your financial planner. In the beginning of the financial planning process, you may need to meet your

FIRMS OFFERING FINANCIAL PLANNING SERVICES IN MALAYSIA

This is the list of financial planning firms in Malaysia that *Smart Investor* spoke to about their services and offerings.

Financial planning firms must register with the Securities Commission Malaysia (SC), which regulates and monitors the industry, in order to provide financial planning services.

The regulator has cautioned the public about firms and individuals who promote the offering of financial planning services without being licensed by the SC. It also advised investors to seek licensed professionals who are able to provide an unbiased plan that serves the best interests of their clients.

Before engaging a financial professional, it is advisable to fully understand how the financial planner will be compensated for the advisory work provided to prevent any misunderstanding later.

Smart Investor spoke to some of these firms to find out more about their philosophy, services provided and how their financial planning services are charged. Please note that the list is not exhaustive, and do check with your professional adviser for verification:

Company Name

A.D. Financial Sdn Bhd

Address

No. 3, Jalan Dato Abdul Aziz 14/29,
Section 14, 46100 Petaling Jaya,
Selangor

Website

www.adfinancial.com.my

No. of licensed financial planners
registered under SC

19

"Should you seek the services of a financial planner, it is best to engage **financial planners who are licensed** under the Securities Commission Malaysia (SC)"

Company Name

Alpine Advisory Sdn Bhd

Address

32A-2, Jalan Kuchai Maju 8,
Off Jalan Kuchai Lama, 58200
Kuala Lumpur

Website

www.alpine-advisory.com

No. of licensed financial planners
registered under SC

7

Alpine Advisory Sdn Bhd joined the list of financial planning firm in May 2020. Founder Kelly Wong Li Yui, who is the managing director/CEO, says the firm specialises in retirement planning, adding that its core values – "dynamic, integrity and passion" – empowers its financial planners to plan well for clients' financial needs.

The firm charges are both fee-based and commission-based. Financial products will be commission-based while financial planning services will be charged a fee from a few hundred to a few thousand ringgit depending if it's modular or comprehensive planning. Hourly consultation rate starts from RM150 per hour.

Company Name

Areca Capital Sdn Bhd

Address

107, Blok B, Pusat Dagangan
Phileo Damansara I, No. 9,
Jalan 16/11,
Off Jalan Damansara, 46350
Petaling Jaya, Selangor

Website

www.arecapital.com

No. of licensed financial planners
registered under SC

16

Areca Capital specialises in financial advisory, investment management and estate planning.

"At Areca, we have made a unique stance and commitment to bring personalised investor care and attention to our investors. We are extremely people-focused, and we offer client-focused solutions with personalised services. We manage funds discreetly. We believe in long term commitment and aim to deliver consistent risk-adjusted returns," says the firm's founder Danny Wong Teck Meng.

Company Name

Asia Business Wealth Management Sdn Bhd

Address

Suite C-05-05, 5 th Floor,
Sunway Nexis Tower, No 1,
Jalan PJU 5/1, Kota Damansara,
47810 Petaling Jaya, Selangor

Website

www.asiabusinesscentre.com

No. of licensed financial planners
registered under SC

3

"The firm specialises in tax and financial consulting as well as family wealth and business succession planning, with motto, and charges for its services are fee-based only. The fee range is dependent on the complexity of work involved."

Company Name

Ascendur Bistari Sdn Bhd

Address

Suite C-06-07, Plaza Mont Kiara,
2, Jalan Kiara, Mont Kiara, 50480
Wilayah Persekutuan,
Kuala Lumpur

Website

www.ascendur.com/

No. of licensed financial planners
registered under SC

4

The firm specialises in investment planning and risk management, and says its aim is "to help individuals, families and businesses achieve long-term financial well-being." The firm's charges are either fee- or commission-based or a combination of both.

"For the first 6 months of this year alone, Malaysians were reported to have lost a total of

RM914 million to scams."

- Datuk Syed Zaid Albar
(Chairman, Securities Commission Malaysia),
Oct 23, 2020

Company Name

Bill Morrisons Wealth Management Sdn Bhd

Address

52C, 58C & 60C, Jalan SS21/35
Damansara Utama
47400 Petaling Jaya
Selangor

Website

www.billmorrison.com

No. of licensed financial planners
registered under SC

44

Company Name
Blueprint Planning Sdn Bhd

Address
B1-03-03, Pusat Perniagaan Temasya 8, Jalan Doktor U1/67, 40150 Shah Alam, Selangor

Website
www.bpplanning.com.my

No. of licensed financial planners registered under SC
13

The firm specialises in comprehensive financial planning in line with their philosophy “to help clients to achieve their goals through financial planning”. The firm’s charges are fee- and/or commission-based. Average fees range from RM200 to RM5,000 or more depending on the complexity of the clients’ needs.

Company Name
CC Advisory Sdn Bhd

Address
No. 16-G, Jalan 2/114, Kuchai Business Centre, Off Jalan Klang Lama, 58200, Kuala Lumpur

Website
www.ccadvisory.com.my

No. of licensed financial planners registered under SC
24

Company Name
Coreplus Advisory Sdn Bhd

Address
B-09-11, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Selangor

Website
www.coreplusadvisory.com.my

No. of licensed financial planners registered under SC
16

Company Name
Excellentte Consultancy Sdn Bhd

Address
A-2-05 Neo Damansara, Jalan PJU 8/1 Damansara Perdana, 47820 Petaling Jaya, Selangor

Website
www.excellentte.com

No. of licensed financial planners registered under SC
12

Company Name
FA Advisory Sdn Bhd

Address
Suite 29-6, Level 29, Menara 1Mont’ Kiara, 1 Jalan Mont’ Kiara 50480, Kuala Lumpur

Website
www.faadvisory.my

No. of licensed financial planners registered under SC
67

FA Advisory’s focus is on providing the client with the best possible financial advice. It adds the company is “stubbornly independent in putting our client’s interest first” and is “free from undue influence on our practice.”

The company prides itself with having “a comprehensive range of personalised, unbiased financial advice and solutions.” In addition, its tech-enabled “5 Pillars of Wealth” approach covers all the essential elements of financial planning which includes Wealth Protection, Wealth Maintenance, Wealth Accumulation, Wealth Enhancement and Wealth Distribution. The firm’s charges are fee- or/and commission-based, ranging from RM200 to RM5,000.

During the pandemic, FA Advisory created infographics, slides and webinars to guide their clients on the deferment of life insurance premium payments and loan moratorium, alongside other Covid-19 relief initiatives by government agencies and the private sector.

In August, *Smart Investor* collaborated with FA Advisory to provide webinars for our readers to learn from financial planning experts about how to be financially prepared and grow their wealth during these challenging times.

"The financial distress faced during the pandemic has naturally led to people turning their attention to financial planning, although this should not be the case."

- Vincent Kwo (President, Malaysian Financial Planning Council)

Company Name
Fin Freedom Sdn Bhd

Address
D’Piazza Mall, No. 70-1-53, Jalan Mahsuri, Bayan Baru 11900 Pulau Pinang

Website
www.financialfreedom.com.my

No. of licensed financial planners registered under SC
8

Company Name

Finwealth Management Sdn Bhd

Address

Block H-10-3A, Setiawalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor

Website

www.finwealth.com.my

No. of licensed financial planners registered under SC

17

Finwealth Management Sdn Bhd believes that "clients can only make well-informed decisions when they have a holistic view of their financial situation and have access to independent and unbiased advice."

The company provides a whole suite of services comprising holistic financial planning from investment to estate planning. Its services also extend to corporates and SMEs in managing their risks and cash management. On fees, it has both fee- and commission-based structure, with fees ranging from RM800 to RM10,000.

"Choosing your personal financial planner can be one of the most **important decisions** you can make."

- Marshall Wong,
Licensed Financial Planner

Company Name

Genexus Advisory Sdn Bhd

Address

512, Block F, Phileo Damansara 1, 46350 Petaling Jaya, Selangor

Website

www.genexus.com.my

No. of licensed financial planners registered under SC

20

The firm provides complete financial solutions for individuals and SMEs, and have both a fee- and commission-based structure. Its fees start from RM2,000.

Company Name

Harveston Wealth Management Sdn Bhd

Address

D-9-02, Block D, Oasis Square, No. 2, Jalan PJU 1A/7A, 47301 Ara Damansara, Selangor

Website

www.harveston.com.my

No. of licensed financial planners registered under SC

46

The firm's vision and mission is "to be our clients' preferred wealth management adviser and provide the most desirable solution to meet clients' expectations". The company specialises in personal, family and business wealth management services, have both a fee- and commission-based structure, with average fees ranging from RM3,000 to RM30,000.

"Our financial advisers come from different backgrounds, including non-insurance fields, investment, finance, corporate and accounting, and more. In addition to quality assurance processes for our services, Harveston also invests substantially into the training processes for advisers, so that we can establish long-term, sustainable relationships with our clients," says Phang Kar Yew, Executive Director and Head of Investment Service.

" **53%** of respondents admitted they were **not able to survive for more than three months** with their savings."
- RinggitPlus Malaysian Financial Literacy Survey 2019 (RMFLS 2019)



Company Name

I-Max Financial Sdn Bhd

Address

B-07-02 Garden Shoppe One City, Jalan USJ 25/1A, 47650 Subang Jaya, Selangor

Website

www.imaxfinancial.com.my

No. of licensed financial planners registered under SC

17

The company prides itself on "practising best practices that looks after our client interest in our product advising", and specialises mainly in Life & Group Employee Insurance. It has both a fee- and commission-based structure, with fees ranging from RM500 – RM5,000.

Company Name
IPPFA Sdn Bhd

Address
B-2-28 Block B Dataran
Cascades, No. 13A Jalan PJU
5/1, Kota Damansara, Petaling
Jaya, 47810 Selangor

Website
www.ipp.com.my

No. of licensed financial planners
registered under SC
7

Headed by Lim Chin Tik or better known as CT Lim, IPPFA's vision is "Bringing financial success to Malaysians". The company specialises in providing written financial plans and all related aspects of financial planning. As for the fee charged, the company says it depends on the experience of each financial planner and clients' preference, which can be "fee- and/or commission-based."

"Ideally you should have a **right combination of low, moderate and high-risk assets** that match your risk profile to be able to generate the ideal target weighted average growth rate required to help you achieve your financial goals."
- Felix Neoh, Director of Financial Planning Finwealth Management

Company Name
UOB Kay Hian Wealth Advisors Sdn. Bhd.

Address
B-8-3A, Block B West, Menara PJ8, Jalan Barat, Sek. 8, 46050 PetalingJaya, Selangor

Website
www.uwealth.com.my

No. of licensed financial planners
registered under SC
122

The firm's philosophy is to be "the trusted financial planner, and provide a one stop financial solutions in Malaysia". UOB Kay Hian Wealth Advisors (UOBKHW) was established following the acquisition of Standard Financial Adviser Sdn Bhd or better known as StandardFA by UOB Kay Hian Securities (M) Sdn Bhd in May 2020.

"We offer unit trust products, along with life insurance, general insurance, and will and trust planning, as well as onshore and offshore investment products. And now, we can also provide equities investments, including investment research reports, adding more value for our clients," says its Founder Alvin Tan Chin Cherng.

"The establishment of UOB Kay Hian Wealth Advisors makes it the first institutionally owned financial advisory firm as well as the first Corporate Unit Trust Advisor (CUTA) in the industry. As an institutionally owned CUTA, this allows independence without having to be tied to a particular service provider. This way, we are more customer-centric and can represent our customers better," he adds.

Like most financial planning firms, their services can be "fee- and/or commission-based." The range will depend on its financial advisers and their clients' preference as well as the complexity of the advisory work.

Company Name
Legacy Advisory Sdn Bhd

Address
7-A Jalan Todak 5, Pusat Bandar Seberang Jaya, 13700 Seberang Jaya, Penang

Website
www.legacygroup.com.my

No. of licensed financial planners registered under SC
23

The Penang-based financial planning firm strives to be "the company that provides one-stop solutions for our corporate or individual clients to meet their financial requirements and needs."

"We strive to not to only protect our clients' assets and wealth but also to grow them," says Legacy Advisory's Managing Director & CEO Irene Chan Kin Wai.

On how the firm charges the clients, she said it will depend on the complexities of the clients' cases, the services required as well as the type of products recommended. The company says their services can be "fee- and/or commission-based."

"We will **work hand-in-hand with the investor** to keep periodic tabs on their overall portfolio to ensure they are on the right track and to make adjustments where necessary."
- Ismitz Matthew De Alwis
(CEO, Kenanga Investors Bhd)

Company Name
Phillip Wealth Planners Sdn Bhd

Address
B-2-7, Block B Level 2, Megan Avenue II, No. 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur

Website
www.phillipwealth.com.my

No. of licensed financial planners registered under SC
249

Company Name
VKA Wealth Planners Sdn Bhd

Address
E-7-27, IOI Boulevard, Jalan Kenari
5, Bandar Puchong Jaya, 47170
Puchong, Selangor

Website
www.vka.com.my

No. of licensed financial planners
registered under SC
140

VKA Wealth Planners is synonymous with its motto of providing Value-added, Knowledge-based and Action-oriented solutions to the clients. The firm believes in continuous improvement and seeks innovation to bring professional financial planning services to Malaysians from all walks of life. It specialises in the following areas:

- Personal Financial Planning
- SMI/SME & Corporate Financial Advisory
- Wealth Management & Family Office Advisory
- Employee Benefits & Talent Retention Program
- Private Retirement Scheme (PRS) Advisory

The firm has also launched an online will-writing service that helps Malaysians to write a will for a very minimal fee, which you can find at <https://start.ewill.com.my>.

Charges for its services are "fee- and/or commission-based." Depending on the service required by the client's situation, the firm will work with client to determine the most suitable model model.

Company Name
**Whitman Independent
Advisors Sdn Bhd**

Address
No. 19-2, Block E1, Jalan PJU 1/42,
Dataran Prima, 47301 Petaling Jaya,
Selangor

Website
www.whitman.com.my

No. of licensed financial planners
registered under SC
34

"One of the things
that the pandemic
has taught us is the
importance of being

**financially
prudent"**

**- Bryan Zeng, General
Manager, FA Advisory
Sdn Bhd**

Company Name
**Wealth Vantage
Advisory Sdn Bhd**

Address
No 1-2, Jalan 2/76C,
Desa Pandan, 55100
Kuala Lumpur

Website
www.wealthvantage.com.my

No. of licensed financial planners
registered under SC
31

Wealth Vantage Advisory was established to be the firm of choice for clients and financial advisers, leading change in the industry by focusing on the right way of doing things, says its Managing Director Rafiq Hidayat Mohd Ramli.

"We assist clients to achieve their financial goals by providing holistic end-to-end financial services," he says, adding that the firm's support services are enhanced by the use of technology and process driven implementation.

On the firm's areas of specialisation, he listed debt and cashflow management, investment and retirement planning, wealth protection, estate planning, business advisory as well as Islamic financial planning. Charges for its services are fee-based only, ranging from RM1,000 to RM3,000 and above.

Company Name
YES Financial Sdn Bhd

Address
Head Office: 27-1F & 2F, 28-1F, Precinct
1 @ Sunway Wellesley, Jalan Muthu
Palaniappan, 14000 Bukit Mertajam,
Penang

KL Branch: 11-2, Jalan Radin Bagus Tiga,
Bandar Baru Sri Petaling, 57000
Kuala Lumpur

Website
www.yesadvisers.com

No. of licensed financial planners
registered under SC
29

According to its founder John Chan Ninyii, the financial planning firm's philosophy is to be a professional, productive and socially responsible firm in providing non-biased, independent and holistic financial advice to help clients achieve their financial goals.

The company has both fee-based and commission-based charges for its financial planning services. To construct a full financial plan, fees start from RM2,000 onwards. Modular financial plans start from as low as RM100.

"In our survey earlier
this year, it shows that a
majority of investors in
Malaysia have an
**unrealistic
expectation
of 24% to 30%
returns**

per annum on their
investments. Please
remember, if the
investment proposal
is too good to be true,
then it probably is."

**- Datuk Syed Zaid Albar (Chairman,
Securities Commission Malaysia),
Oct 23, 2020**



FINANCIAL PLANNING IN THE TIME OF COVID-19

Industry experts discuss financial planning in Malaysia and why managing your personal finances has never been more important

In a world where the Covid-19 pandemic has cast its web of devastation far and wide, financial planning and the management of personal finances has never been more important.

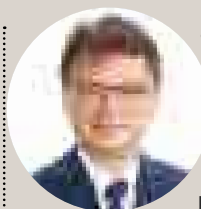
This is even more so with the country facing evolving challenges posed by the pandemic, where companies are scrambling to reinvent their business models to stay relevant in the changing ecosystem. Individuals, too, have to reorient their finances to survive in the new world order – one that is rife with pay cuts and job losses.

However, Malaysian Financial Planning Council (MFPC) president Vincent Kwo observes that while

financial planning encompasses four main areas – asset protection, management, distribution and accumulation – most chose to focus on the asset management part of financial planning during the pandemic as many individuals and businesses have witnessed lowered earnings and revenue collection.

“The financial distress faced during the pandemic has naturally led to people turning their attention to financial planning, although this should not be the case,” says Kwo.

Financial planning, he points out, is for the longer term, and for an individual, it has to begin as soon as they start their first jobs. “Financial management requires discipline



Vincent Kwo

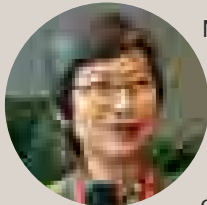
and is a long-term process,” he tells *Smart Investor*. Challenges notwithstanding, Financial Planning Association of Malaysia (FPAM) CEO

Linnet Lee says those who have solid financial plans in place before the pandemic are taking the opportunity to pick up good stocks at discounts.

“Those who have saved to buy properties are also enjoying the opportunity to cherry-pick properties made more attractive with the Home Ownership Campaign (HOC) and stamp duty incentives,” she points out.

FPAM: Helping Malaysians cope with MCO

Having planned to celebrate its 20th anniversary this year with the theme FPAM Financial Literacy Year (FPAMFLY), the pandemic saw FPAM tweaking its activities towards helping Malaysians cope with the Movement Control Order (MCO) instead.



Linnet Lee

“At the start of the MCO, on 1 April 2020, our dedicated FPAMFLY team set up daily Financial Clinic for Malaysians on Facebook which saw our Certified Members sharing tips

and ideas with the audience on how to navigate their personal finances through the pandemic,” recalls Lee.

“The team did three sessions per day for a month, followed by a series of webinars as follow-up with group Google class for those who wanted more information on specific topics. On top of that, they also ran a one-to-one complimentary financial consultation with licensed financial planners (LFPs) which ended recently.”

Running concurrently with the initiative is FPAM’s collaboration with business and current affairs-oriented radio station BFM to jointly host a personal finance series live through BFM’s Facebook page which sees two LFPs (who are FPAM members) discuss specific topics relating to personal finances during the MCO.

“The second season ended on 29 September with real clients sharing their success stories in riding the pandemic through the application of their financial plans which were already in place prior to the MCO,” Lee explains.

Another one of FPAM’s outreaches is its collaboration with Ai FM – the national Chinese

We are also very fortunate to have the Financial Education Network (FENetwork) supporting our initiatives and efforts in joining other organisations to reach out to Malaysians during these challenging times.



radio station operated by Radio Televisyen Malaysia (RTM) – which features a series of five interviews on topics relating to the MCO, which commenced in September 2020.

“We are also very fortunate to have the Financial Education Network (FENetwork) supporting our initiatives and efforts in joining other organisations to reach out to Malaysians during these challenging times,” Lee adds.

Rolling out the Learning Management System

On MFPC’s end, much effort had been put into the launch of its Learning Management System (LMS), which is designed to ensure its members can attend a series of free programmes. The LMS also features paid professional courses and Continuing Professional Development (CPD) programmes at a reasonable price.

“The LMS rollout allows potential global participants to easily access MFPC’s modules while providing learning experiences that are adapted to individual learners,” says Kwo, adding that MFPC’s recent Global Islamic Finance Awards (GIFA) win as the Best Islamic Wealth Management Qualification 2020 would help the Council promote its Shariah qualification through LMS to a wider market.

MFPC also embarked on numerous free webinars for the public where the importance of attaining financial wellbeing and financial resilience through undertaking basic financial planning methods were emphasised, alongside the utilisation of basic money management applications.

“It has been a very humbling experience for us, as we noticed the participants were Malaysians from



THE JOURNEY CONTINUES FOR FINANCIAL PLANNERS

"Those who have passed their CFP examinations are required to attach themselves to a financial planning firm that is licensed with the Securities Commission Malaysia (SC) and apply for a financial planning license through the firm," says Financial Planning Association of Malaysia (FPAM) CEO Linnet Lee.

"Meanwhile, tied agents (insurance agents who sell policies of only one insurance company) who have completed their CFP examination and still want to sell insurance for a specific company can choose to carry the CFP mark on their name cards. They are entitled to call themselves 'CFP Professionals' but not 'financial planners'.

"This is because the term 'financial planner' is protected by the SC, and tied agents are strongly discouraged from using the 'Certified Financial Planner' designation to avoid confusion and misrepresentation to the public and contravening SC guidelines," Lee explains.

According to Lee, FPAM currently has about 700 Certified Members who are Licensed Financial Planners (LFPs).

"For World Financial Planning Day in October 2020, FPAM supported the SC's InvestSmart Fest by organising their members who are LFPs to give complimentary online counselling to members of the public in areas of personal finances, which took place between 19-25 October 2020.

"The purpose is to showcase the professionalism and competency of LFPs and attract more Certified

Members to take up the license," reveals Lee.

ON MFPC's end, there are over 4,000 RFP- and Shariah RFP-certified financial planners/advisers at the moment.

"To increase these numbers, we have offered internship and scholarship programmes via financial planning/advisory firms to attract students to attain their educational goals while meeting their professional objectives," reveals Malaysian Financial Planning Council (MFPC) president Vincent Kwo.

These programmes allow students to take advantage of opportunities for continuing professional development and motivate good quality entrants into the financial planning profession.

"From the industry's perspective, it is seen as an effective tool to improve recruitment and encourage retention in the financial planning industry as these programmes are good leverage to boost the number of qualified and licensed financial planners."

However, Kwo notes that MFPC's focus is not merely on fully-qualified individuals.

"The council has, in recent years, focused on modular certifications, among others. We also have 1,782 individuals whom we call 'affiliate members' – individuals who are qualified in a specific area of expertise."

MFPC also has 8,589 active and non-active student members. The council also collaborates with 24 universities in Malaysia whereby its syllabus is part of the course to attain professional qualifications.

"Our end goal is to ensure the market has sufficient financial planners and advisers to dispense advice to all Malaysians," Kwo concludes.

all walks of life who simply wanted to know how they could manage and invest their money, protect their savings and plan for the future.

"Due to the pandemic, we had to change the delivery mode of our programmes to a fully-online learning approach. However, we have since commenced a blended approach whereby we have 30% of our programmes conducted on a physical capacity while observing the government's social distancing standard operating procedures (SOPs)," Kwo explains.

As for the council's digital improvements, he reveals the pandemic has enabled them to fast-track plans to provide professional programmes for Malaysians from all parts of the country from the comfort of their own homes or offices.

"Our 'My Money and Me' literacy programme, particularly during the pandemic season, focuses on an online delivery method and we encourage individuals who want to know the basics to attend the session via <https://www.gokelas.com/course/mymoney/>.

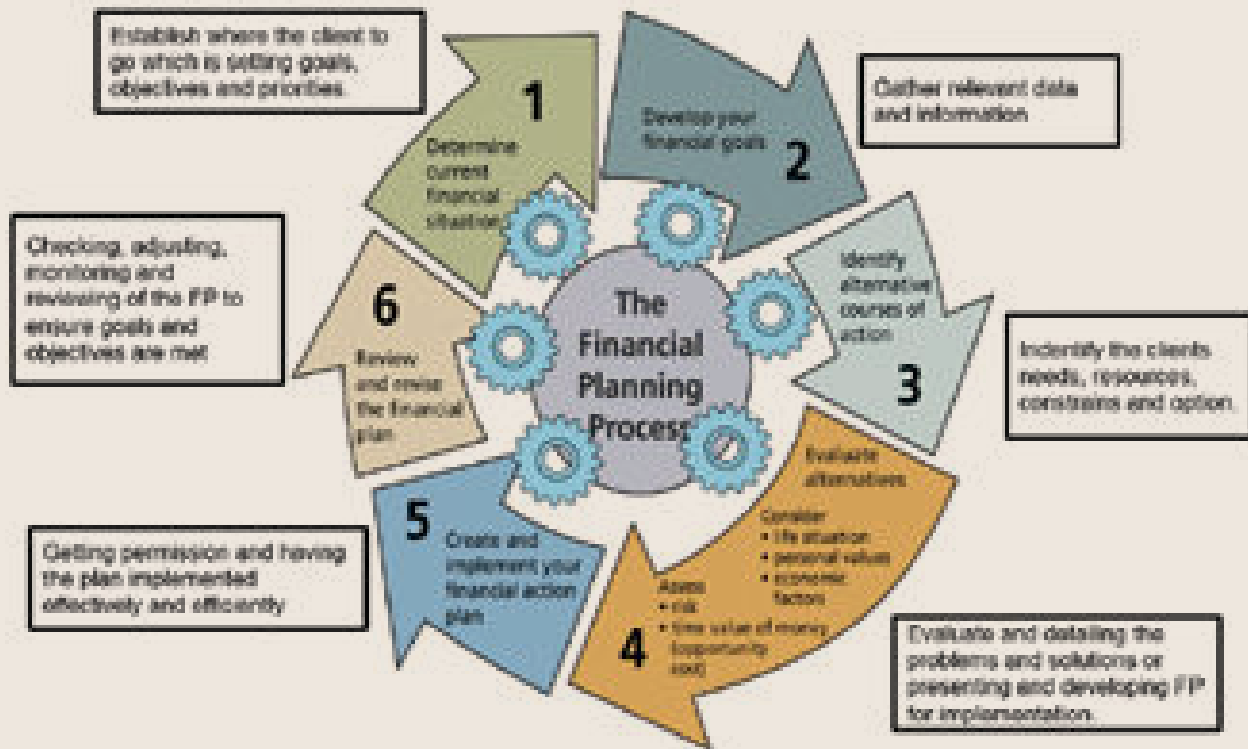
Setting the standard for professionalism

Registered in 2004 under the Societies Act 1996, MFC is set up with the objective of promoting nationwide development and enhancement of the financial planning profession. It currently runs the Registered Financial Planner (RFP) programme.

"At MFPC, we make sure that our members continuously acquire, maintain and use the standards of knowledge and due care relevant to their role as a financial planning professional and to meet guidelines and rules set by the authorities and relevant self-regulatory organisations," Kwo explains.

"This is important because we

THE SIX STEPS OF FINANCIAL PLANNING PROCESS



want them to develop themselves professionally and maintain relevancy and competence at a level required to serve their clients professionally.”

This is also echoed by FPAM's Lee.

According to Kwo, those who have followed MFPC's RFP and Shariah Registered Financial Planner (SRFP) programmes, followed the six-step financial planning process (see graphic), and adhered to the Code of Conduct would be in a steadfast position in providing recommendations and their professional advice can be dispensed according to client needs.

“The first step is establishing client's goals, followed by gathering the relevant information and data of the client, identifying needs, resources, constraints and options, followed by evaluation and detailing

We make sure that our members continuously acquire, maintain and use the standards of knowledge and due care relevant to their role as a financial planning professional and to meet guidelines and rules set by the authorities and relevant self-regulatory organisations

of the problems and solutions.

“Step 5 is obtaining permission to implement the plan and the final goal is to review, check and adjust the plan from time to time. Through such a method, the client's needs would always be protected,” he explains.

Members of the council are also required to have a degree of self-awareness to promote financial planning, as RFP/Shariah RFP is a

comprehensive qualification.

“It helps them master technical and financial skills that are required of a good financial planner,” Kwo points out, adding the RFP syllabus covers fields in financial planning, risk management and insurance planning, investment planning, zakat and tax planning, estate planning and retirement planning, among others. **SI**

YOUR INVESTMENTS HAVE INCREASED, HOW ABOUT YOUR NET WORTH?

If you've had a good run investing this year, has this translated to a meaningful growth in your net worth?

Looking back at 2020, we can all concur that this year has definitely thrown everyone a curveball when it comes to our finances. In fact, challenging would be quite an understatement and most of us would have experienced more downs than ups in light of the disarrayed state of the world economies.

Yet, even with the darkest clouds some silver linings did emerge and we have seen some sectors thrive amidst the gloom. So rather than despite the turmoil but because of it, some phoenixes managed to rise from the dust to favour the bold with good fortune.

If you had invested this year after the market correction, there's a good likelihood that your investments performed fairly well. This is

especially so for those who made the "right" calls, for example, investing in glove or technology companies' stocks or in the gold sector.

For those lucky investors, there is certainly cause to rejoice given the current economic outlook, but how sure are you that you can strike another impressive home run any time soon?

Some investors may be content to treat their winnings as a one-hit wonder, and now turn their attention to enjoying the fruit of their investments in tangible forms such as upgrading their property or vehicles or just putting it aside for rainy days.

Nevertheless, positive returns on investments should not be regarded as the end-all but rather as a springboard towards other financial goals. For this to be achieved,

some insight into your investment position is required and this can be ascertained with a few questions:

- Now that you've made some returns on your investments, what should the next step be? Should you simply take the profit or should you make changes to your investments? How can you repeat your investment performance in the coming year(s)?
- If you have made money on your investments, did your net worth grow significantly? Are you happy with the quantum or do you feel it can be further improved?
- Have you tracked your overall investment performance from Day 1? Do you know the annualised returns of your investments? Are you satisfied with the returns? Unlike playing the lottery where

you place your bets and keep your fingers crossed for your next windfall, investing is a process whereby consistent results can and should be obtained over the long term.

You probably will not get an exact repeat of your latest investment performance but having some control over your future returns sure beats leaving it to fate and chance. To this end, I would like to offer a different approach to have more consistent and repeatable results over time:

1) *Invest based on your risk tolerance and investment objective*

We've often heard this time and again but what does risk profile actually mean? Risk profile refers to how comfortable you are as an investor when the value of investments goes up and down over time. Do these movements cause you to lose sleep at night? If yes – then you need to dial it down and choose an investment with a slightly lower volatility. Having said this, your ability to take risk (i.e. risk capacity) is also a function of the investment objective.

If your investment objective is to save for retirement which is over 10 years away, then you are likely to have a higher capacity to take on more risk on this investment compared to other investments earmarked for shorter term goals. Similarly, if your aim is to grow your small investment capital significantly to meet your financial objective over a shorter period (e.g. between 5-10 years) – then you will need to consider a higher target return on investment. It is likely that a fixed deposit-only profile might not be realistic for you to meet your goals.

2) *Invest with your ideal strategic asset allocation in mind*

While stock investments might be suitable for you, it will not be a good idea to put all your investable assets



“It's time to start tracking your net worth on an annualised basis and more importantly look for ways to grow your overall net worth instead of just focusing on the performance of individual investments.”

in the stock market alone. Similarly, while you might be a die-hard property investor, placing a very high percentage (e.g. above 50%) of your investable assets in property assets might cause liquidity issues should you need to dispose these in a short period.

Ideally you should have a right combination of low, moderate and high-risk assets that match your risk profile to be able to generate the ideal target weighted average growth rate required to help you achieve your financial goals. As a simple guide, a moderate risk investor should target to have a 10-20% allocation into low risk assets, 70-80% in moderate risk assets and the remaining 10-20% in high risk assets. Based on this breakdown, the target

expected return on the portfolio is somewhere between 6-10% p.a. in the long run.

3) *Keep a keen eye on your investments*

Now that you have your overarching strategic asset allocation in place, it's time to determine the target portfolio allocation of the actual investment to help you to keep tabs on its performance more effectively. Let's take the example of a moderate risk profile investor who invests in a balanced portfolio comprising of 50% stocks and bonds. Should the stock market experience a bullish trend thereafter, the allocation in stocks would rise to say 80%, causing him to be deemed as an aggressive risk profile investor instead.



Keeping an eye on the investments would prompt him to rebalance to the ideal 50:50 target allocation, thereby triggering the investor to apply the “buy low, sell high” philosophy by selling down on the stocks and reinvesting back into bonds. Similarly, you need to ensure your investments remain fit for purpose – retain the good performers and switch out from the non-performers. Is there a profit taking opportunity? If yes – consider locking in the profit while retaining the underlying investment if the prospects remain good.

4) *Track the performance of your investments & net worth*

If your investments are in profit – good for you. However, knowing this is not enough. You need to determine the annualised returns of your investments so that you know if this is in line with the expected returns of this asset class

or otherwise. Similarly, if you have had a good run in investing this year and made a lot of profits – great. But has this translated to a meaningful growth in your net worth?

If you’re not sure, then it’s time to start tracking your net worth on an annualised basis and more importantly look for ways to grow your overall net worth instead of just focusing on the performance of individual investments. When you diligently track your investment performance and net worth, you will be in a much better position to take the necessary steps to enhance it over time.

5) *Rinse and repeat*

While the steps above are not rocket science, they do require a consistent application over a long period of time if your aim is to grow your net worth optimally to achieve your financial goals.

“ Similarly, you need to ensure your investments remain fit for purpose – retain the good performers and switch out from the non-performers. Is there a profit taking opportunity? If yes – consider locking in the profit while retaining the underlying investment if the prospects remain good. ”

As the saying goes, make hay while the sun still shines. Your recent investment returns may be the envy of your peers, but winning streaks are often flashes in the pan and not sustainable in the long run without adopting a systematic approach.

Nobody can predict how the economy is going to fare in the coming year given the volatility of the pandemic situation the world over. Rather than just sitting back and waiting to jump on the next hot investment idea with your fingers crossed, it’s time to reposition yourself to do well irrespective of the short-term market conditions.

View your recent returns as one step further to increasing your net worth in its entirety and apply the above five step process to enjoy the prospect of growing your net worth consistently for many years to come. **SI**

This is part of a series of articles in *Smart Investor* initiated by the Financial Planning Association Malaysia (FPAM) in conjunction with its 20th anniversary and its initiative, Malaysia Financial Literacy Year 2020 (MFLY 2020).



Felix Neoh CFP CERT TM is director of Financial Planning at Finwealth Management Sdn Bhd and is a Certified Member of FPAM. He can be contacted at enquiry@finwealth.com.my

10 COMMON FINANCIAL TRAPS

MILLENNIALS FALL INTO

Many millennials get trapped because they don't pay much attention to their finances

Money doesn't disappear overnight but often it's the case of losing one dollar at a time. It may not seem like a big deal when you order a Mocha Frappuccino, have a dessert in a nice cafe or watching a long awaited movie, but every little item adds up in the long run.

Being a millennial as well as a licensed financial planner, there are many financial traps I've also succumbed to, and now would like to remind myself (and you too) to stay away from.

#1 Instagrammable lifestyle

A cup of RM20 Coffee, a plate of RM30 Big Breakfast, a slice of RM20 cake — these are

perfect elements to form a likeable photo, but these are also killing our bank accounts. When we chase a materialistic lifestyle, we might lose control of our finances.

#2 Crazy shopping when there is a SALE

Looking for SALE is an easy job in this e-commerce era. You might wonder why buying things on sale is an issue? This is because no matter how great the bargain, if you purchase something you aren't going to use, you're just throwing away your money!

Ask yourself, "Do I really need this and will I be using this frequently?" or "Am I just buying it because it's on sale?"

#3 Subscription trap

The most common marketing strategy nowadays is to encourage consumers to sign up for a "free" trial. You only need to activate the trial by putting in your credit card details to enjoy the service.

The companies are hoping that people will forget to cancel, and then the monthly payments will just get charged to our account. And way too often, that's exactly what happens. This happened to me before, and probably has happened to you as well.

The effective way to avoid this is to ask ourselves: do we truly need things like movie subscriptions, music services or fancy gym memberships that keep us paying for months? Reconsider to see if there are cheaper

ways of doing the same thing and if the subscriptions are necessary for you.

#4 Full allocation of salary while planning to 'save later'

RM300 for the latest flagship handphone, RM100 for a mobile plan, RM200 for a gym membership, RM1,000 for the dream car... who says millennials don't plan for their finances? We have our monthly salary "100% well-allocated" into different expenses. However, we might just be forgetful about one thing: Savings.

The more we earn, the more we save? Unfortunately, it's usually not the case. The first time I received my salary, I told myself to save up at least 10% every month. One year passed, I was still saving the same amount even though my salary was up more than 10%. I thought it's due to the market inflation, so I couldn't save more. In the end, I realised it's due to my own "Lifestyle Inflation".

#5 Using credit cards for daily expenses

Don't you feel it's cool to just swipe a card/scan a code and get what you want? While we live in an era where cashless payments are unavoidable, but the credit card is not our only choice.

When you use your credit cards to cover the shortfalls in your spending, you can eventually run up a huge amount of debt. Besides, people tend to spend more when they are paying with credit cards. Don't forget, you still have your debit card!

#6 Making financial choices out of FOMO

Another common trap I face is to make a financial decision out of the fear of missing out (FOMO). When we are afraid, we might not consider all



“We are moving towards an alignment of client interest. Rather than just churning and switching funds to earn commissions, the objective now is to help the clients grow their asset value.”

of the options available, and might end up making a costly mistake. Besides, millennials tend to have peer pressure to take a big financial step, from buying a new car to purchasing a home to getting married or having a child.

Just stop! Take a deep breath and think whether you are ready for these moves. Rushing to accomplish these might not benefit you financially.

#7 Simply investing and chasing quick gains

We are lucky as we have easy access to investment information compared to our parents. However, simply investing without knowledge, time and discipline can be a financial killer of our hard-earned money. I have seen some of my friends chase after quick huge gains from investments without paying attention to the risks involved.

It would be folly for us to buy a stock or a property and just pray that it would "go up" without careful analysis. If you have no time to do this, it's advisable to engage experts to help you instead.

#8 Thinking we will be forever young

Many young Malaysians don't even think about retirement:

- In our 20s, we think retirement is far away, YOLO!
- In our 30s, we enter a different life stage, buying a house, getting married, etc, and often we lack funds to save for the future.
- In our 40s, we need to provide more for the family, e.g. children's education fund.

Commonly but sadly, people only recognise their retirement needs in their 50s, which is probably already

“ Another major misconception many of us have is that we choose not to buy insurance in order to save money. But this isn't a wise financial decision. What makes a millennial so confident to think we are risk-proof from medical conditions or personal accidents? ”



too late. A warm reminder: the youngest millennials are already 24 years old now, and the eldest are already 39 years old.

Another major misconception many of us have is that we choose not to buy insurance in order to save money. But this isn't a wise financial decision. What makes a millennial so confident to think we are risk-proof from medical conditions or personal accidents?

#9 Travel plans are done! How about your financial plan?

Planning for travel is always in our top bucket list, but how about our own financial plan? We spend countless

hours scrolling through social media feeds, spend thousands of ringgit on getting the latest gadgets, but setting aside two hours to engage the services of a professional to plan our finances is rarely in the plan.

We need this “financial Waze” to lead us towards our financial goals in life. Without a financial plan, our financial future is unsecured as we are uncertain what is going on right now and where we are heading to.

#10 We don't ask for help and choose to ignore

I don't mean you should borrow money from your friends or relatives. However, most of us will be facing financial problems that we can't


handle well, for example budgeting problems or major financial decisions to make. Don't try to adopt an “ostrich policy” and pray the problems would resolved by itself.

Many of us get trapped because we don't pay much attention to our finances. Every month we receive our pay cheque, pay the bills, and then spend what's left (if there's anything). I understand that money is a taboo subject and we feel ashamed when we're struggling. But there is so much help out there! Tell someone you trust or talk to a licensed financial planner to let them guide you.

It is important to have an informed financial plan that can help us millennials achieve financial success. Remember, managing your finance is managing your life.

Starting by monitoring all the seemingly small expenses. Think carefully before adding new debt, and keep in mind that being able to make a payment (swiping your credit card) isn't the same as being able to afford the purchase. Don't fulfil your current desire by sacrificing your future funds.

If you make saving a monthly priority and get the help from a licensed financial planner to work out your plan, you are more likely to enjoy life more abundantly.

If you've spent time to finish reading this, take charge of your life by taking charge of your finances now. Have your personalised financial plan today! 



Ocean Pon is a Licensed Financial Planner with Finwealth Management Sdn Bhd and would like to help millennials make wiser financial decisions to achieve a financially independent life. He can be contacted at oceanpon@finwealth.com.my



IDENTIFYING THE INVESTMENT PULSE OF MALAYSIANS

FIMM survey reveals investment and investors' landscapes changed significantly in the last decade

Malaysia's unit trust industry has been on a continuous growth trajectory since the 1990s. Over the past three decades, unit trust schemes (UTS) have emerged from obscurity to become one of the more popular products for Malaysians seeking an effective investment vehicle.

In fact, the unit trust industry has been described as the barometer of Malaysia's Collective Investment Scheme industry. Some 20.04 million Malaysians owned UTS in 2019, a significant rise from just 5.28 million in 1993.

However, that stellar growth has slowed in recent years and is a concern for the industry. In its recent National Survey Report, the Federation of Investment Managers Malaysia (FIMM) revealed the industry's compound annual growth rate (CAGR) has been on "a diminishing trend".

Its CAGR rate has gradually fallen

from a 26-year high of 11.58% (from 1993 to 2019) to a lower 10-year CAGR rate of 9.74% and 5-year CAGR rate of 7.15%. FIMM says this denotes the industry has become relatively "more matured amidst fast evolving markets", especially with the availability of many more investment options and alternatives.

Nevertheless, the federation felt it was crucial to analyse and understand the reasons behind the diminution, to ensure future-proofing efforts are undertaken to restore the stature of the Unit Trust industry, which includes the Private Retirement Scheme (PRS) industry.

This prompted the FIMM to conduct a nationwide survey last year to identify the "investment pulse" of Malaysians. The last time it conducted such a survey was in 2008.

The latest survey was conducted with a total sample size of 3,317 Malaysians. The respondents were

divided into two groups – investors (i.e. existing UTS and/or PRS investors) and non-investors (i.e. non-UTS and PRS investors but who may have other investments).

Assessing financial status

The 2008 survey revealed investors then were only focusing on stable returns. Today, their expectations and concentration have expanded to include preferences such as socially responsible investments as well as digital investment experience, in tandem with socio-demographic changes.

Worryingly, the latest survey revealed rising cost of living coupled with increasing household debt have made both the act of saving and investing more difficult for Malaysians.

This issue becomes even more pertinent when it comes to retirement, where life expectancy has increased, but financial preparedness

“The 2008 survey revealed investors then were only focusing on stable returns. Today, their expectations and concentration have expanded to include preferences such as socially responsible investments as well as digital investment experience, in tandem with socio-demographic changes.”

to live out a long and comfortable retirement remains wanting.

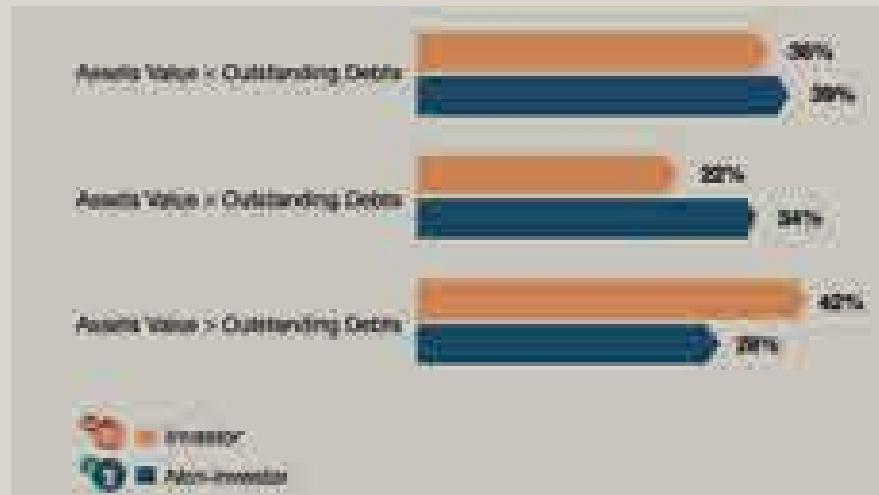
In terms of financial adequacy – a state where one’s expenses/liabilities do not exceed income and assets over time – the survey reveals less than one-fifth of respondents are financially adequate i.e. with surplus to save and possibly invest.

These respondents are primarily aged 50 and above, are entering into retirement and may have income surplus to save and invest.

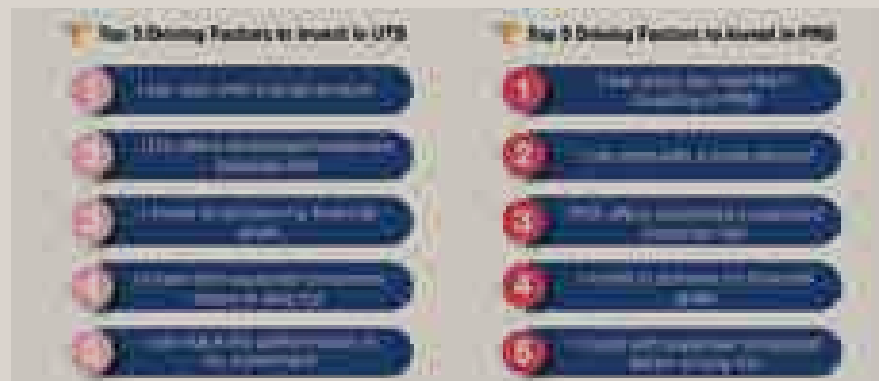
Further analysis conducted on the net worth (i.e. assets value-to-outstanding debts) of respondents showed:

- #1. Only 42% of investors and 28% of non-investors possess a positive net worth. One-third of the respondents are in their 50’s with most of their debts fully paid.
- #2. 22% of respondents who are investors and 34% of non-investors have balanced net worth. Two-fifths of the respondents are in their 30’s with the majority earning below

Investors' and Non-investors' Net Worth



Investors' Top 5 Driving Factors to Invest in UTS and/or PRS



- RM7,000 a month.
 - #3. Slightly above one-third of investors/non-investors possess assets valued below their outstanding debts. This finding is attributed to respondents below 30 years old with monthly income below RM3,000 a month.
- In terms of allocation of monthly income to savings, 43% of respondents who are investors allocate at least 10% of monthly income for savings while only 37% of non-investors allocate at least 10% for savings.

Investment behaviour

On investment behaviour of Malaysians, the survey revealed respondents generally have a low risk appetite when it comes to investing, a

situation which has not changed much since the 2008 survey.

The latest survey found 35% of investors and 53% of non-investors prefer investments/savings that offer capital preservation.

The primary contributors from these groups of respondents are those with high gearing and barely/just meeting basic needs. This implies that the limited disposable financial resources may significantly curtail the risk appetite among this group of respondents.

The low risk tolerance is also reflected in their preferred investment and savings vehicles (excluding UTS and PRS). Investors and non-investors ranked their top three choices as:

1. Savings/fixed deposit (FD);

MALAYSIANS UNSURE THEY CAN RETIRE COMFORTABLY

The reality of retirement in Malaysia is slowly shifting for many people. The previous approach of relying on dependents and on one's own EPF savings during retirement years is increasingly seen as inadequate.

The FIMM Nationwide Survey reveals that despite having set reasonable retirement goals, the majority of respondents are not very confident they are able to retire as planned.

There are various reasons for the unease when it comes to retirement. According to the Department of Statistics Malaysia (DOSM), the life expectancy of Malaysians continues to rise each year, where the average life span is now at 75 years, as compared to 72 years in 2000.

The increase in life span and the declining fertility rate have contributed to a demographic shift in the country, whereby Malaysia officially becomes an ageing country in 2020 with the percentage of its population aged 65 and above hitting 7.5%. By 2050, the population of those aged 60 and above will be more than every other age group.

This essentially means an enhanced need for retirement planning as retirees are expected to stretch further their finite savings for a longer period during retirement.

A majority of respondents cited their retirement savings goal to be below RM1 mil. There are also more non-investors (34%) than investors (13%) whose retirement savings goal is below the EPF's recommended minimum savings of RM240,000 by the age of 55.

Despite having set their respective retirement goals, a majority of respondents are not very confident they are able to retire as planned. This lack of confidence is echoed in the responses where most respondents are uncertain if they will need to work post-retirement.

Both investors (42%) and non-investors (76%) expect their expenses to increase during retirement, particularly on medical needs and are likely to depend on their EPF savings to manage their increasing expenses.



2. Property; and
3. Life insurance

All these investment options are generally characterised as stable and conservative options.

The FIMM survey also delves deeper into investment habits and experiences. With regards to investment concentration, the majority of investors invest in UTS only, followed by UTS & PRS and PRS only.

This is expected in tandem with the UTS' relatively early presence as an investment product as compared to PRS which was only introduced in 2012.

Current investment holding period

In general, UTS Investors tend to have a long-term investment horizon. From the UTS Investors surveyed, 59% have held their current investments for at least four years, 34% for one to three

Barriers to Invest among UTS or PRS Investors



years, with the remaining 7% at less than a year.

From a satisfaction-level perspective, 59% of UTS Investors have held their current investments for four years and above because they are satisfied with their investments.

Overall, both UTS and PRS investors displayed similar trend in their respective intended investment holding periods with 80% of UTS and

PRS Investors intending to hold their units for a period of four years and above.

In conclusion, the report highlighted there are still knowledge gaps amongst the investing public, where financial literacy appears to be lacking. To counter this, FIMM says more efforts in investor education and awareness need to be undertaken, specifically tailored for the UTS and PRS industry. **SI**

WILL YOUR MOTHER BE **KICKED OUT** FROM YOUR HOUSE?

It may not be safe to assume your parents can continue to stay in your house after you pass on



Question:
Hi, my name is Ed. I'm happily married to Pei Pei, my wife and together, we've been blessed with two daughters namely, Cindy and Mandy aged 5 and 3. As I write, we reside together with my mother in a bungalow located in Penang.

The property has been a family home since my childhood and its ownership was bequeathed to me by my late father who passed away three years ago. Presently, the bungalow has been fully paid off and

is valued at RM2 mil.

If I pass on prematurely, I wish to bequeath this property equally to my wife and two daughters via a will. But, I have the following questions and concerns:

- Will my mother be allowed to continue to live in the bungalow?
- What will happen if my wife and two children wish to sell off the bungalow?
- Is it possible to only bequeath the title deed when my daughters reach the age of 25?

Answer:

Let's say, you have a simple will written for the purpose stated above.

If you pass on, the title deed to your bungalow shall be transferred to your wife and two children by your appointed executor. If Pei Pei is the executor, she then shall hold onto your daughters' stake in the property until they turn 18, the age when they are legally entitled to inherit and hold onto assets.

This means, if your children are minors, Pei Pei shall have full autonomy to hold onto and manage

the bungalow as she sees fit upon your passing.

Your wife has the authority to decide who shall reside in the property, apply for loan facilities by offering the property as a collateral and to dispose of the bungalow to a new prospective buyer based on her agreeable price.

Sadly, this could also mean that Pei Pei:

1. Has the authority to ask your mother to vacate the bungalow.
2. Can sell the bungalow, let's say at RM3 mil, and pocket the full proceeds without needing to share her gains with your mother and... your two children.
3. Can obtain a loan facility from the bank via refinancing for the purpose of setting up a new business. The venture may fail which could cause Pei Pei to lose her ability to repay the mortgage and thus, leading to a possibility that the bungalow could be auctioned off by the bank.
4. Can remarry and enjoy her new life with her husband, your two daughters and maybe, her children with her new husband in the bungalow bequeathed to her. Your bungalow or a portion of it could be bequeathed to the new husband and their children via Pei Pei's written will.

But my wife is not that bad...

Of course, your wife is a noble and virtuous person. How could it be possible for your wife to do any of the above-mentioned?

I understand. Here, the purpose is to highlight the various possibilities open to your wife legally after having received the title deed to the



“ Thus, bequeathing the bungalow to your wife and two daughters does not offer an ironclad guarantee of your mother’s livelihood upon your passing. This could potentially lead to conflict, strife and bitterness to your loved ones namely your mother, wife, and two children. ”

property if you pass on prematurely and especially if your daughters are still minors.

Thus, bequeathing the bungalow to your wife and two daughters does not offer an ironclad guarantee of your mother’s livelihood upon your passing. This could potentially lead to conflict, strife and bitterness to your loved ones namely your mother, wife, and two children.

So, what can Ed do about it?

The answer is simple. Ed could include a testamentary trust in his written will in order to have a say in how the bungalow is to be managed upon his passing.

A testamentary trust is a trust that kicks in effectively only upon Ed’s passing for the trust is embedded



within Ed's written will. Here is how it works:

1. Ed could set up a testamentary trust where he would engage a licensed trustee firm to be his trustee and name Pei Pei, Cindy and Mandy as his beneficiaries of the testamentary trust.
2. Ed could decide when is best for Cindy and Mandy to inherit their stake in the bungalow. Here, let's say, Ed wishes for his two daughters to only receive their stake when Mandy, his younger daughter, reaches the age of 25.
3. Ed could name his mother to be the living tenant of the bungalow.

“ Ed could name his mother to be the living tenant of the bungalow. This means his mother is entitled to reside in the property for as long as she lives. The property could not be sold to a buyer as its title deed shall be held by the trustee. ”

This means his mother is entitled to reside in the property for as long as she lives. The property could not be sold to a buyer as its title deed shall be held by the trustee.

4. Upon Ed's passing, the bungalow's title deed will first be transferred to the testamentary trust. The trustee shall hold onto it for Pei Pei, Cindy, and Mandy.
5. The property's title deed shall only be bequeathed to Pei Pei, Cindy and Mandy after fulfilment of two conditions in the Testamentary Trust:
 - a. Ed's mother has passed on.
 - b. Mandy is 25 years old.

Conclusion:

Ed could protect the interest of his mother, wife and two daughters by having a testamentary trust included in his will and appointing a licensed trustee firm to administer his estate upon his passing.

His mother is guaranteed a place to stay and thus, securing her livelihood in her golden years. His wife and children shall be guaranteed of inheriting their stakes in Ed's bungalow for as long as they live past Ed's mother. This helps to maintain harmony among Ed's family members.

But, your current financial situation and concerns may differ and thus, you may need ideas and assistance from a professional estate planner. If that



is you, you could book yourself an appointment with our consultant via phone or Zoom. [SI](#)



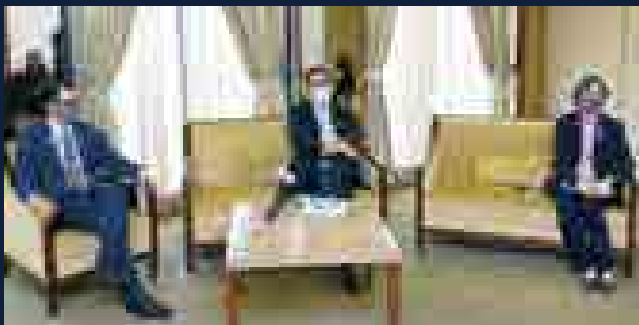
Jocelline Chee is the founder of WG Legacy, a leading professional estate planning firm. You can download a Strategy Report at wglegacy.com/report to find out how she preserved her family's financial future via a combination of insurance, will and trust and how you can do the same for your loved ones too.

SUPPORTING FINANCIAL LITERACY IN MALAYSIA

Financial Planning Association of Malaysia holds annual symposium in conjunction with World Financial Planning Day



FPAM president Ismitz Matthew De Alwis (4th from the left) with sponsors at the Symposium



At the press conference, from left: Nicholas Chu, organising chairperson of FPAMFLY 2020, Ismitz Matthew De Alwis, president of FPAM and Linnet Lee, CEO of FPAM

Financial Planning Association of Malaysia's (FPAM) recent annual symposium attracted almost 500 participants, with the majority of the participants attending the event through the Zoom virtual platform.

The symposium's theme – *Live Your Today • Plan Your Tomorrow* – aligned with the World Financial Planning Day, which also took place in October 2020, said FPAM president Ismitz Matthew De Alwis in his opening address.

The symposium is part of the FPAM Financial Literacy

Year 2020 (FPAMFLY 2020) and is in support of the Financial Education Network (FEN). "This symposium aims to make the best out of the current pandemic, on how we manage and plan finances for our clients and ourselves," stated De Alwis.

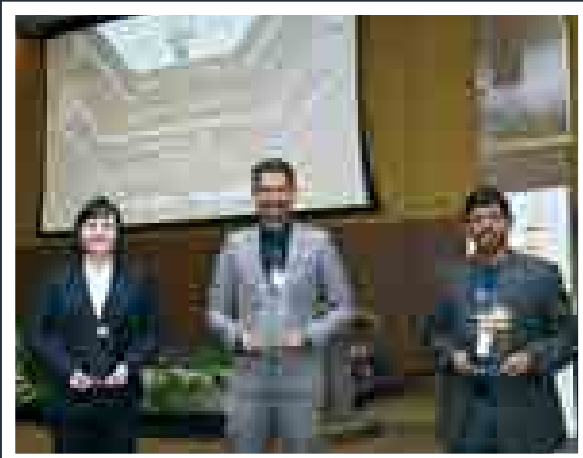
The speakers of the event included Charles Boon Souw Meng, senior investment consultant, Private Wealth, Kenanga Investors Bhd; Danny Wong Teck Meng, chief executive officer/executive director, Areca Capital Sdn Bhd; Paul Low Hong Ceong, chief executive officer, Etiqa Life Insurance Bhd; Alvin Tan Chin Cherng, chief executive officer, UOB Kay Hian Wealth Advisors Sdn Bhd and Nina Sharil Khan, founder/CEO of Popcon.

The speakers covered an array of topics including the economic outlook post-Covid-19, strategic asset allocation during the pandemic for long-term portfolios, risk management in uncertain times, as well as how to use social media to better improve their services.

FEN representatives – Datin Arlina Ariff, head of Development Finance and Inclusion Department at Bank Negara Malaysia and Jawahar Ali Ameer Ali from

MALAYSIA FINANCIAL PLANNER OF THE YEAR AWARDS 2020

On the awards, Securities Commission Malaysia executive chairman Datuk Syed Zaid Albar said that it is important that we recognise those practitioners for their outstanding achievements and high professional standards.



The winners of the Malaysia Financial Planner of the Year Awards (MFPYA) 2020 are Gunaseelan A/L Kannan, winner (centre); V Thanga A/L Venu, first runner-up (right); and Cheah Yee Nin, second runner-up (left). Both Gunaseelan and V Thanga are from Blueprint Planning International Sdn Bhd while Cheah is with FA Advisory Sdn Bhd.

the Securities Commission Malaysia's (SC) Consumer & Investor Office – discussed FEN's role in elevating financial literacy among Malaysians. The discussion, streamed live on Zoom, was moderated by FPAM CEO Linnet Lee.

In the keynote address delivered through Zoom, SC executive chairman Datuk Syed Zaid Albar emphasised the importance of financial education for the wellbeing of Malaysians as people are still victims of scams due to the lack of exposure and understanding when it comes to financial concepts.

"With a strong financial planning industry, Malaysians can rest assured that a major pillar of support for proper investment guidance is in place to achieve their financial goals. FPs can play a vital role in protecting investors against bad investment choices," he said.

The SC chairman noted financial planners can play a central role in encouraging informed participation in the stocks and bonds market, announcing that "the scope of advice by financial planners to include stocks and bonds

FPAM FINANCIAL LITERACY YEAR 2020



FPAMFLY 2020 organising chairperson Nicholas Chu

Financial Planning Association of Malaysia organised the year-long FPAM Financial Literacy Year 2020 (FPAMFLY 2020) to commemorate its 20th Anniversary. The objectives of FPAMFLY are to elevate financial literacy across Malaysia, cultivate good financial management behaviour and promote engagement with licensed financial intermediaries.

The FPAMFLY 2020 activities are curated to be in line with FEN strategic priorities. This includes public financial literacy talks carried out mainly online due to the pandemic, promoting financial planning awareness through various media, running an online short video competition on financial planning as well as its annual symposium.

"Little did we realise when the board mooted the idea to elevate public financial literacy, that we will be facing an almost year-long pandemic," said FPAMFLY 2020 organising chairperson Nicholas Chu.

are being reviewed".

He also congratulated the winners of the Malaysia Financial Planner of the Year Awards (MFPYA) 2020 which was announced during the event, and highlighted the importance of financial planners and the role they play. ^{SI}



INVEST INTELLIGENTLY WITH SMART BETA ETFs

Smart beta ETFs allow investors to minimise risk and reap higher returns at lower volatility

Smart beta exchange traded funds (ETF) have gained increasing prominence amongst investors by combining the best of both active and passive strategies.

Today, more investors are making use of these sophisticated investment tools as building blocks in their portfolio to reap better risk-adjusted returns.

After a long wait, Malaysian investors will finally be able to access these products following the listing of two smart beta ETFs (TradePlus MSCI Asia ex Japan REITs Tracker and TradePlus DWA Malaysia Momentum

Tracker) on the local bourse by Affin Hwang Asset Management.

But what's so 'smart' about smart beta ETFs? Are they really that intelligent?

In this article, we'll explore what smart beta ETFs are and how they fit in an investor's portfolio.

What are smart beta ETFs?

Smart beta ETFs are a type of ETF that uses a systematic approach towards picking stocks from an index based on certain pre-determined factors. These factors could include different characteristics of a stock like its

earnings growth, price momentum or dividend yield.

It differs from traditional ETFs which typically employ a market-cap approach towards picking stocks from an index. For instance, a stock with a larger market capitalisation would constitute a larger weight in the index.

As such, smart beta ETFs would disregard the stock's market-cap and only invest in companies that exhibit certain behaviour or metrics.

The types of factors include:
Value – The tendency of cheaply priced stocks to outperform pricier stocks in the long term;

Momentum – The tendency of winning stocks to continue to do well in the near term;

Quality – Captures companies with durable business models and sustainable competitive advantages;

High yield – Gains exposure to companies that appear undervalued and have demonstrated stable and increasing dividends; and

Minimum volatility – Involves buying stocks based on the estimate of their volatility and correlations with other stocks.

What are its advantages?

By doing away with the traditional market-cap approach towards index investing, smart beta ETFs allow investors to discover hidden opportunities in the marketplace and uncover value.

Smart beta ETFs apply a series of objective and rule-based strategies to screen each index component companies, which are then ranked and weighted according to these specific factors. These factors could be a range of financial metrics like earnings, price momentum or dividend yield.

This helps overcome the main disadvantage of plain-vanilla ETFs which are biased towards larger-cap stocks because they constitute a larger weight in an index.

Instead with smart beta, a more objective and systematic approach to investing is employed by considering specific objective factors to decide which companies to invest in.

These strategies are known to have beaten the market over the long term as it seeks to exploit market anomalies and mitigate the challenge of traditional market cap-weighted ETFs.

How do smart beta ETFs fit in a portfolio?

With its cost-effectiveness, smart beta ETFs are ideal building blocks

Combining active and passive strategy

PASSIVE	SMART BETA	ACTIVE
<ul style="list-style-type: none"> • TRADITIONAL MARKET- CAP WEIGHTED ETFS • PASSIVE INVESTING BY TRACKING BENCHMARK • LARGE-CAP BIAS PROVIDES BENCHMARK/ MARKET RETURNS 	<ul style="list-style-type: none"> • SMART BETA ETFS • COMBINES ACTIVE & PASSIVE STRATEGIES • INVEST USING FACTORS (E.G. EARNINGS, DIVIDEND, MOMENTUM) • CUSTOMISED INDEX 	<ul style="list-style-type: none"> • UNIT TRUST FUNDS • ACTIVE STOCK SELECTION AND RISK MANAGEMENT • USES HUMAN JUDGEMENT • AIMS TO OUTPERFORM THE INDEX

“ By employing a range of different factors such as price, earnings or yield – smart beta ETFs allow investors to build a strong foundation for their portfolio by providing greater diversification. This allows investors to complement a range of strategies in their investments to minimise risk and reap higher returns at lower volatility. ”

for investors to construct a diversified portfolio by piling on different strategies or styles.

By employing a range of different factors such as price, earnings or yield – smart beta ETFs allow investors to build a strong foundation for their portfolio by providing greater diversification.

This allows investors to complement a range of strategies in their investments to minimise risk and reap higher returns at lower


volatility. For example, you can consider complementing your portfolio needs through an array of smart beta strategies such as dividend factors to provide a measure of stability through consistent dividend pay-outs.

Alternatively if you are feeling more opportunistic, you can employ smart beta ETFs that use momentum factors to capture stocks with the highest price momentum.

Getting smart with smart beta

By capturing the best of both active and passive strategies, it is no wonder that smart beta ETFs have become increasingly popular tools for investors today.

Coupled with its low-cost attractiveness, smart beta ETFs can be efficient ways to fill gaps in your portfolio especially if you don't know whether an active or passive approach works best for you.

Leverage the power of smart beta and find out how you can build a resilient portfolio to ride out volatility in the new normal. 

Lee Sheung Un is the communications officer of Affin Hwang Asset Management.



A former business journalist, he is an ardent investor who is passionate about markets and is working towards building his dream portfolio.



THE VOLATILITY IS BACK AGAIN? OH, WHAT A SURPRISE

Volatility or uncertainty is something all investors have to learn to embrace and navigate

Investing is much like discussing money issues with your spouse – it can be difficult sometimes.

Volatility is back!

At the time of writing, Wall Street continues to be driven by the prospects for additional stimulus according to most media outlets. Good news on the stimulus talks produces rallies while disappointment leads to intraday selling.

As I have told people for years, if you are waiting for all the uncertainty to go away you are never going to invest in anything again. So volatility or uncertainty is just something we all have to learn to navigate.

The markets have always behaved

like a casino especially with so much liquidity sloshing around. Just look at the increasing retail participation in the local equity market. Even those who did not know how to trade anything before are now moving in and out of the hot glove stocks like expert traders.

Concern over outcome of US election

Last week, I held a Zoom call with some long-term clients who are exceedingly smart, polite and patient since we cannot get together for a retreat or anything fun like that. Most are concerned about what the US election will do to the markets.

They are betting on a huge contested election with a court case coming out on the other side.

Like Trump or hate Trump, the US markets have done very well over the last four years. Anyone who is out of the US equities because of their fear over the election would likely miss the potential massive gains ahead.

Am I still bullish on US equities? Yes. Wall Street will continue to lead the world in relative strength. After spending years in the “penalty box” to me, global equities will likely perform better than they have during the past 10 years. Selectivity is important. China is one of my favourite bets.

By YH Wong

There are opportunities to be found in emerging markets which have been rather resilient. There are compelling opportunities in emerging market high-yield debt, particularly in sovereign bonds.

Do I believe that the US dollar will crash as constantly regurgitated and parroted by media outlets 24/7?

Cruising around 30,000 feet, I took a look out the window and I saw some clouds but the US dollar will not crash. This is clearly a contrarian expectation. After the recent correction, the greenback will likely move sideways for now.

After the explosive move, gold has settled down and will continue to trade in a range for a while before moving higher. Silver is a more volatile beast than gold. Meanwhile, commodities will likely move higher in the coming months.

Fear can be beneficial

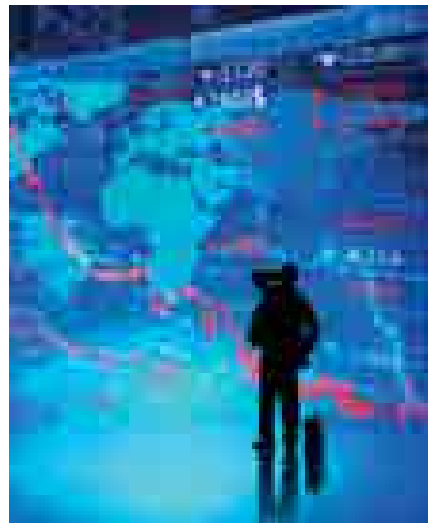
Yes, there are many things that could go wrong even in a bull market. Some people expect things to go up everyday. Fear is sometimes very helpful. If fear is not an emotion that people possess, people would be even more prone to doing silly things than they already are. However, irrational fear is not healthy at all.

2020 has taught us that anything can happen. If you want your money to sit and do nothing safely then there is always the bank or fixed deposit. People who fear change will lose out to optimistic explorers.

Some people are asking me how to respond in their portfolios after the recent mess. It is still not too late for the rational investors to review their current holdings and consider how excessive volatility will impact their financial portfolios in the future.

I have spent thousands of hours analysing alternatives that are "structurally non-correlated" to equity

“Fear is sometimes very helpful. If fear is not an emotion that people possess, people would be even more prone to doing silly things than they already are. However, irrational fear is not healthy at all.”



and bond markets to manage the portfolio volatility without sacrificing the upside. What do our alternatives look like? We focus on the income and capital growth with a fraction of the market volatility.

The spectre of Covid-19

Switching gears, it feels a bit "strange" to speak about the markets without touching on the renewed rise in Covid-19 cases around the world. It is back to "lockdown" or Conditional Movement Control Order (CMCO) to curb the spread of the cases in this country where I live and work.

There is no question this country is in the midst of an economic and political crisis, connected with the spread of the Coronavirus pandemic. For some, the situation is so dire.

At the time of writing, Malaysia's new Covid-19 cases dropped to 732, the first time the daily figure dipped below 800-mark after four consecutive days above that level. However, the number of confirmed active cases continued to climb, according to the Ministry of Health.

There is even a remote chance that some of us have already had the virus and did not even know it. From what I have read, the death rate from Covid-19 is rising as the virus slowly mutates into another version. It is more contagious and it is spreading faster. The virus does not care about our differences in regions, accents, culture, skin colour, religion, politics, education and wealth.

The year is ending soon and it is always easier to look back after the fact. You should not worry too much about 2021 as nobody can read the future accurately. I suggest you get a pair of earmuffs because next year will be filled with noise like in the prior years. I will have more to discuss about the outlook for 2021 in my next article.

Remember this piece is just an opinion. You can doubt and question what is presented here or anywhere else for that matter. Draw your own conclusions and understand your own emotional make-up. **SI**



YH Wong has over two decades of experience in the financial services industry. His clients include high net worth investors and boutique institutions such as family offices and investment partnerships in the region. He is currently a senior partner with Satori Consultancy Ltd, a financial services company regulated by the Mauritian Financial Services Commission. He can be reached at yhwong@satoriconsultancy.com.



KEY TAX INCENTIVES FOR BUSINESSES UNDER PENJANA

Businesses, especially SMEs, should take advantage of key tax incentives rolled out by the government to alleviate the impact of Covid-19

1 8 March 2020: Malaysia's Movement Control Order. This is the day the lives of individuals, businesses and the Malaysian economy changed to adapt to the world's "new normal" as the Covid-19 pandemic raged on.

Our government has introduced various initiatives including tax incentives aimed to empower the people, propel businesses and stimulate the economy through this unprecedented time.

The following stimulus packages were introduced:

- Economic Stimulus Package (ESP)
- Prihatin Rakyat Economic Stimulus Package (Prihatin)
- Additional Prihatin SME ESP (Prihatin SME+)
- Subsequently, the government announced the National Recovery Plan or Pelan Jana Semula Ekonomi Negara (Penjana) on 5 June 2020

Here are some of the key tax incentives businesses should take advantage of:

1. Further tax deduction for Flexible Work Arrangement (FWA)

Double deduction can be claimed on the following qualifying expenditures incurred by employers which implement FWA or enhance the existing FWA:

- i. Consultation fees;
- ii. Expenditure for development of capacity for FWA including training cost of employees; and
- iii. Cost to purchase virtual working environment software.

The double deduction is subject to the following conditions:

- Qualifying expenditures should be verified by Talent Corporation Malaysia Bhd (TalentCorp);
- Amount incurred should not exceed RM500,000 in each year of

assessment (YA);

- Claim is given for a period of three consecutive YAs; and
- Subject to applications received by TalentCorp from 1 July 2020 to 31 December 2022.

However, no further clarification was provided on the types of qualifying development expenditure and whether expenses of a capital nature would qualify for the double deduction.

2. Deduction or capital allowance on personal protective equipment (PPE), thermal scanners and Covid-19 testing

In addition to a tax deduction allowed for disposable PPE (e.g. face masks) and capital allowance claim for non-disposable PPE (e.g. safety helmet, jacket, shoes, etc), the scope of expenses allowed as a tax deduction or a capital allowance claim had been expanded to include the following, respectively:

- i. Covid-19 testing; and
- ii. Purchase of thermal scanner

As such, expenses incurred from 1 March 2020 onwards would qualify for a tax deduction or capital allowance.

3. Special tax deduction for renovation and refurbishment of business premises

Under the ESP, special deduction was given for renovation and refurbishment of business premises of up to RM300,000 for capital expenditure incurred between 1 March 2020 to 31 December 2020.

Under Penjana, further extension is given for capital expenditure incurred between 1 January 2021 to 31 December 2021.

At the time of writing, the incentive has yet to be gazetted and no further details as to the qualifying conditions have been shared. In the absence of such clarification, it appears that renovation and refurbishment expenditure incurred for any purpose would qualify for the special deduction.

4. Accelerated capital allowance for machinery and equipment

Under the ESP, an accelerated capital allowance was allowed for machinery and equipment including ICT equipment for capital expenditure incurred from 1 March 2020 to 31 December 2020. This incentive has been further extended to 31 December 2021 under Penjana.

“The incentives announced by the Prime Minister under Penjana focused on the right priorities and areas impacted by the pandemic – promoting employee retention and enhancing employability, preserving business continuity especially for SMEs, digitalisation, encouraging high-value investments, etc.”

5. Income tax rebate for newly established SME

For new SMEs established and operating from 1 July 2020 to 31 December 2021, an income tax rebate which is equivalent to capital expenditure or operating expenses incurred in each year of assessment (YA) is given. The rebate is subject to a maximum of RM20,000 per YA for the first three YAs. The key conditions include:

- i. The SME is registered under the Companies Act 2016;
- ii. The SME has a paid-up capital of not more than RM2.5 mil and annual sale of not more than RM50 mil;
- iii. Any unutilised rebate cannot be carried forward to be set-off;
- iv. The new entity has to use separate plant, equipment and facilities which were not transferred from an existing company or related company; and
- v. Other specified conditions.

Subject to further clarification, it is unclear whether the rebate is to be set-off against the amount of tax payable or as a special deduction in arriving at the taxable income.

6. Stamp duty exemption for SMEs

Stamp duty exemptions are given on the following instruments executed in connection with mergers and acquisitions (M&A) by SMEs:

- i. Contracts or agreements for the sale or rental of property (land, buildings, machinery and equipment);
- ii. Instruments of transfer and memorandum of understanding;
- iii. Loan or financing agreements; and
- iv. First tenancy agreement.

The exemption is for instruments executed by 31 December 2021 in respect of M&As approved by the Ministry of Entrepreneur Development and Cooperatives from 1 July 2020 to 30 June 2021.

7. Special tax incentives to attract foreign companies to relocate their business into Malaysia

The special tax incentive targeted at new and existing companies which relocate their manufacturing operations to Malaysia is as follows:

Type of Assets	Before		After	
	Initial Allowance	Annual Allowance	Initial Allowance	Annual Allowance
Plant and machinery	20%	14%	20%	40%
ICT equipment	20%	20%	20%	40%
Equipment	20%	10%	20%	40%

Incentive	New Company	Existing Company
	<ul style="list-style-type: none"> • 0% tax rate for 10 years with capital investment between RM300 mil to RM500 mil • 0% tax rate for 15 years with capital investment above RM500 mil 	100% Investment Tax Allowance (ITA) for 5 years with capital investment above RM300 mil. The allowance is to be offset against 100% of statutory income for each YA.

‘New company’ means a company which does not have an existing manufacturing operation in Malaysia and relocates its manufacturing operation from any country outside Malaysia to Malaysia or establishes a new operation in Malaysia.

‘Existing company’ refers to a foreign or locally-owned company that has existing manufacturing operation in Malaysia and relocates its manufacturing operation from outside Malaysia to Malaysia for a new business segment (not an expansion of an existing product).

The conditions are:

- The first capital expenditure shall be incurred within one year from the approval date;
- Capital expenditure to incur within three years from the date the first capital expenditure is incurred;
- Existing company to keep separate accounts for products/activities under this incentive or to set up new entities to carry out the project.

Applications received by Malaysian Investment Development Authority (MIDA) from 1 July 2020 until 31 December 2021 are eligible for this incentive.

8. Special Reinvestment Allowance (RA) for manufacturing and selected agriculture activity

To encourage reinvestment by existing companies which have exhausted its existing RA period and special RA granted previously, a special RA

of 60% on qualifying expenditure incurred for manufacturing and selected agriculture activity is given for YA2020 to YA2022.

(Refer to Reinvestment Allowance under Schedule 7A of the Income Tax Act 1967 on the qualifying expenditure incurred)

Further deferment of tax instalment payments for tourism industry

Under the ESP, businesses under the tourism industry such as travel agencies, hotel operators and airlines were allowed to defer tax instalment payments for a period of six months from 1 April 2020 to 30 September

“ All in all, the tax incentives under Penjana most certainly provide benefits to individuals and businesses at large. Whether or not these measures are enough to preserve businesses and boost the economy whilst the country continues to battle Covid-19 remains to be seen. ”

2020. Further extension is given for another three months from 1 October 2020 to 31 December 2020 under the Penjana incentive.

9. Sales tax exemption on passenger motor vehicle

Sales tax exemption of 100% is given for locally assembled passenger motor vehicles and 50% exemption on imported passenger motor vehicles from 15 June 2020 to 31 December 2020.

The exemption is subject to the following conditions:

- The savings arising from the sales tax exemption must be channelled in full by reducing the passenger motor vehicles prices; and
- A list of models / variants together with the proposed sale price after sales tax exemption must be submitted for verification by the Ministry of Finance.

10. Further extension on service tax exemption

Under the ESP, accommodation operators were given exemption from charging service tax for the provision of accommodation premises and other related services provided within the premises with effect from 1 March 2020 to 31 August 2020. The exemption is further extended to 30 June 2021 under Penjana.

11. Remission of penalty for late payment of sales tax and service tax

50% remission of penalty for late payment of sales tax & service tax for taxable periods ending on 31 May 2020, 30 June 2020, 31 July 2020 and 31 August 2020. The remission is subject to the first 90 days after the due date of payment (refer to table in the next page for example).

Taxable period	Due date of payment	Payment of sales tax and service tax				
			1/10/20 – 30/10/20	31/10/20– 29/11/20	30/11/20 – 29/12/20	30/12/20 – 28/1/21
Jul-Aug 20	30/9/20	Original penalty rate	10%	25% (10%+ 15%)	(10%+ 15%+ 15%)	40%
		Penalty rate after remission	5%	12.5%	20%	No remission

12. Export duty exemption for palm oil related products

Currently, export duty of up to 10% are imposed on Crude Palm Oil, Crude Palm Kernel Oil and Refined Bleached Deodorised Palm Kernel Oil. Under Penjana, 100% export duty exemption is given on the products from 1 July 2020 to 31 December 2020.

Commentary

The incentives announced by the Prime Minister under Penjana focused on the right priorities and areas impacted by the pandemic – promoting employee retention and enhancing employability, preserving business continuity especially for SMEs, digitalisation, encouraging

high-value investments, etc.

Micro businesses and SMEs are considered to be the backbone of the Malaysian economy, as they represent around 98% of Malaysia's business population. Penjana rightfully introduced various incentives to enhance the sustainability and continuity of SMEs which were largely impacted by the pandemic.

As such, impacted SMEs may consider re-strategising or restructuring their businesses via mergers or acquisitions to remain competitive or to take advantage of the tax benefits made available.

For newly established SMEs, the income tax rebate of up to RM20,000 for three years should help to encourage new businesses to grow,

expand capabilities and consequently provide more job opportunities.

Apart from SMEs, larger corporations had also been affected and forced to restructure to be efficient and competitive. As such, it is hoped the stamp duty and Real Property Gains Tax (RPGT) exemptions be extended to all businesses as cost of restructuring or M&A may increase even within larger corporations.

The tax incentives to attract investors to relocate their manufacturing operations into Malaysia will help to raise the country's attractiveness as an investment destination, where tax costs can be a key consideration in selecting a location for investment.

Whilst the generous tax incentives to attract relocation focus on manufacturing sector, it is also hoped that service sectors would also be considered as they play an equally important role in contributing to the economy.

All in all, the tax incentives under Penjana most certainly provide benefits to individuals and businesses at large. Whether or not these measures are enough to preserve businesses and boost the economy whilst the country continues to battle Covid-19 remains to be seen. ^{SI}

Please note the above tax incentives are not exhaustive and the views are personal views of the writer. The information provided is as of 16 October 2020. For more information, please contact tax@my.tricorglobal.com



Subashini Ramachandran is a managing consultant of Tricor Taxand Sdn Bhd (f.k.a Axcelasia Taxand Sdn Bhd), a wholly-owned subsidiary of Tricor Axcel Ltd and member of the Taxand global organisation.





SHOULD YOU BUY COMMERCIAL OR RESIDENTIAL PROPERTY DURING A PANDEMIC?

How do you decide if commercial or residential property makes a better investment during times of economic uncertainty?

2020 is the Year of MCO, CMCO, EMCO, RMCO as a result of the Covid-19 pandemic.

Since the beginning of the economic recovery plan during the recovery movement control order (RMCO), many property buyers have decided to make purchase decisions in the property sector.

These buyers were spurred to this decision due to various factors such as deciding “it’s time to own a house”, moving from an old house to a new house, upgrading, an investment for future value, investment for side rental income and many other reasons.

Furthermore, the many government incentives, developer packages and all time low interest rate provide even greater reasons to buy property.

For buyers looking for a new place to stay, they often approach

agents with the type of product they are looking for. This includes a select location, the number of rooms, amenities within the vicinity such as LRT/MRT, or maybe easy accessibility to certain highways. The agent’s role is to find the right product to match their requirements.

Home buyers versus investors

And then we have the buyers who are investors. Now investors view purchasing a property very differently in comparison to a home buyer. They are usually concerned about the investment value of the product. They are also generally less urgent and only want to buy the best, cheapest, highest value locality, most value-for-money product in the market.

Investors will also have their own set of commonly asked questions.

They are oftentimes a lot more flexible in their product choices and place heavy emphasis on the products’ locality. The questions usually brought to the table are “should I buy landed or apartment, residential or commercial, where is a good place to invest, what are the returns on investment (ROI), when is a good time to invest?”

Today we will look at whether commercial or residential property makes a better investment. Let’s start with some of the known benefits of investing in a commercial property.

#1 Less upkeep cost/ renovation

When it comes to commercial property, you can rent out the property in its original state – completely bare with just electrical

points hanging from the ceiling. This is because the majority of commercial tenants have specific requirements and would renovate the place to meet their business needs. As such, an investor saves on the cost of painting, fixtures and fittings compared to a residential property.

And during the tenure of the tenancy, the tenant looks after the premises being the face of their business. Given the reduced renovation and maintenance cost, this will in turn significantly improve the rental return rates of a commercial property. If all things being equal and two properties – residential and commercial – both fetch an equal rental return, the commercial property will come out on top.

#2 Qualified tenants

Sometimes property investors may find it a challenge to rent out their residential units to qualified and decent tenants who would take good care of your property until the end of the lease. This is due to the unavailability of tenant information, usually on individuals, in Malaysia currently.

In countries like Australia, there are tenant databases for cross reference. Prospective tenants complete an application form detailing their employment details, previous rental records, etc, for the consideration of landlords.

When it comes to commercial property tenants, they are mainly organisations and hence a Companies Commission of Malaysia (SSM) search online would show you the detailed information on the shareholders, directors, date of incorporation including their submitted summary accounts. In addition, businesses are more likely to adhere to the rules and maintain a good reputation.

“ In conclusion, there are no right or wrong answers to buying a commercial or residential property. Both commercial and residential properties have their various benefits respectively. It is up to the investors to make their decision on which of these properties they prefer. ”

#3 Longer lease

When it comes to lease duration, a commercial lease is usually much longer compared to a residential lease which is typically 1+1 years while the former may be up to five years, and some even 10 years. This is due to the nature of running a business compared to individuals renting a house.

While a family may decide at any point to move to a new place, most businesses, especially reputable ones, will prefer to stick to one place for a long time.

On the flip side, here are also some benefits of investing in a residential property:

#4 Cost of entry

Commercial properties are generally more expensive than residential properties and as such create a higher barrier of entry whereas residential properties are generally priced lower and hence within the reach of more people.

#5 Larger pool of buyer/renters

It is a basic human need to have shelter. Everyone needs a roof over their heads. Residential properties will have the benefit of having a larger pool of people who will need a place to stay.

Commercial property have their tenants pool from businesses and as more and more businesses adopt an


online platform, investors may find it more difficult in finding a qualified tenant for larger space.

#6 Performs better during economic crisis

As we are currently amidst the Covid-19 pandemic, many feel we are slowly descending into another crisis if the situation is not handled properly.

Residential properties will have the upper hand in this instance as people will always need a place to stay. Businesses on the other hand may rise and fall and given the volatility of the pandemic situation. Many businesses are affected, forcing them to downsize or even close. As such residential properties will naturally perform better.

In conclusion, there are no right or wrong answers to buying a commercial or residential property. Both commercial and residential properties have their various benefits respectively.

It is up to the investors to make their decision on which of these properties they prefer. We hope that by listing out some of these benefits, it would perhaps create alternative buying opportunities for investors. 

Chan Ai Cheng is general manager of S. K. Brothers Realty (M) Sdn Bhd, a real estate firm established in 1979. She is also a board member of BOVAEP Malaysia (2019-2021) and president elect of MIEA (2019 – 2021).



CELEBRATING BUSINESS LEADERS & HALAL EXCELLENCE



Award winners of the Global Business Leadership Award 2020

Asia Pacific Business Council for Sustainability and The Leadership Post recently organised the Global Business Leadership Award (GBLA) 2020 and the inaugural Global Halal Excellence Awards (GHEA) 2020.

The criteria for the awards were aligned to the 17 Sustainable Development Goals and recognise companies achieving triple bottom line success, according to the organisers. The awards' objective is to recognise accomplishment of individuals and businesses for their sustainable and halal contributions to the nation's economy and progress.

"The award is also our commitment to the government's call recognising and supporting home-grown businesses in showcasing its capabilities, services and products sustainably to the world yet acknowledging the role played by the international community in making Malaysia competitive and sustainable in the business world," they added.

Excelling in pharmaceutical manufacturing

Pharmaniaga Manufacturing Bhd (PMB), one of Malaysia's leading drugs manufacturers, won the Excellence in Pharmaceutical award at the Global Halal Excellence Awards (GHEA) 2020.

A wholly-owned subsidiary of Bursa Malaysia-listed Pharmaniaga Bhd, PMB offers a wide range of products for the pharmaceutical industry.

The award is apt reward for PMB's commitment is to become a leading global Halal pharmaceutical provider. To



From left: GBLA and GHEA 2020 Organising Chairman Athi Pillai, Minister in the Prime Minister's Department (Special Functions) Datuk Seri Mohd Redzuan Md Yusof, Pharmaniaga Bhd Chairman Datuk (Dr) Hafsa Hashim, and Pharmaniaga Bhd MD Datuk Zulkarnain Md Eusope.

achieve this goal, PMB has received the Halal certification from Jabatan Kemajuan Islam Malaysia (JAKIM) for more than 70 products to-date and is set to attain the certification for a further 10 products in 2020.

A company spokesperson says PMB has collaborated with the Department of Standards Malaysia to enhance the Malaysia Halal standards. "PMB's focus will continue to be on Halal certifications of our pharmaceutical products, and also to be working together with the Halal Development Corporation to develop and enhance PMB's suppliers on Halal and Quality programmes.

"We will continue to strive for the growth of Halal,

Malaysian-made products in the global arena.”

The steady growth of demand for Halal pharmaceutical products is sparked by the assurance that they are clean and safe for consumption in line with Islamic requirements, and meet all the required manufacturing standards, the spokesperson explains.

“A likewise trend is seen in Malaysia as the demand for Halal pharmaceutical products continue to rise, in line with increasing awareness on the benefits and importance of consuming Halal products, especially amongst the local Muslim population,” he adds.

Maqo Technologies bags renewable energy award

A passion to reduce the carbon footprint was the catalyst for solar panel service provider Maqo Technologies (M) Sdn Bhd to make its mark in the local renewable energy sector.

Maqo Technologies was bestowed the Excellence in Renewable Energy award at the Global Business Leadership Award (GBLA) 2020 ceremony.

The company has served many residential customers, commercial and industrial owners, and large-scale solar farms. It was awarded a government contract in 2018 to maintain more than 120 solar sites. The company’s one mission is to reshape the energy landscape by making solar power accessible and affordable for everyone.

MaqoTechnologies was founded by KK Kong, a Japanese trained engineer who holds a Master's Degree in Engineering from the prestigious University of Tokyo.

“We understand our responsibility to protect and preserve our planet. We’re passionately dedicated to reducing our carbon footprint for Maqo and our clients and partners,” says a company spokesperson.

Excellence in healthcare services

Another GHEA award recipient was local healthcare group Siti Healthcare Sdn Bhd, which won the Excellence in Healthcare Services accolade.

The company was established by its founder and CEO Dr Muhammad Ali Yahya in 2016, and has since expanded to a network of 30 Klinik Siti branches nationwide. A unique aspect of the group is that it has female doctors at all its clinics.

The group offers an extensive range of primary healthcare services that is comparable to that found in similar government facilities. A company spokesperson says the company is working toward becoming ISO and shariah-compliant, and to establish its own medical centre in about 4-5 years time. **SI**

GLOBAL BUSINESS LEADERSHIP AWARDS (GBLA) 2020

AWARD CATEGORY	COMPANY
EXCELLENCE IN CITY SECURITY SURVEILLANCE SERVICES	KIWITECH SDN BHD
EXCELLENCE IN ECP HEALTHCARE MANAGEMENT	ENSO S&A HEALTH HOUSE SDN BHD
EXCELLENCE IN ENVIRONMENTAL CONSULTATION SERVICES	CSK MURNI SERVICES SDN BHD
EXCELLENCE IN FACILITIES MANAGEMENT	ALAM FLORA ENVIRONMENTAL SOLUTIONS SDN BHD
EXCELLENCE IN FUND MANAGEMENT	ICS RESOURCES SDN BHD
EXCELLENCE IN INTERNATIONAL LAW FIRM	LEE & PARTNERS
EXCELLENCE IN MATERIAL HANDLING & SUPPLY CHAIN TRANSFORMATION	MCM ECOM GLOBAL VENTURE SDN BHD
EXCELLENCE IN MEDICAL WELLNESS	CRIGEN RESOURCES BHD
EXCELLENCE IN MONTESSORI EDUCATION	CHILDREN'S DISCOVERY HOUSE SDN BHD
EXCELLENCE IN PRIVATE CLINIC	SITI HEALTHCARE SDN BHD
EXCELLENCE IN RENEWABLE ENERGY	MAQO TECHNOLOGIES (M) SDN BHD
EXCELLENCE IN RETAIL FRANCHISE MART	LESONG MART SDN BHD

(Continued on page 70)

GLOBAL BUSINESS LEADERSHIP AWARDS (GBLA) 2020

(Continued)

EXCELLENCE IN SECURITY SERVICES	A5 SECURITY SERVICES SDN BHD
EXCELLENCE IN WASTE MANAGEMENT	ALAM FLORA SDN BHD
EXCELLENCE IN WEB HOSTING	SHINJIRU TECHNOLOGY SDN BHD
EXCELLENCE IN WELLNESS PRODUCT MANUFACTURING	EDM RESOURCES GROUP SDN BHD
EMERGING HEALTHCARE TECHNOLOGY SOLUTIONS PROVIDER	ORIGIN INTEGRATED STUDIOS SDN BHD
GREEN MANUFACTURING EXCELLENCE	MALEKI GMBH
INFORMATION TECHNOLOGY COMPANY OF THE YEAR	CYGNUS IT SOLUTIONS PLT
MASTERCLASS DIGITAL MARKETING COMPANY OF THE YEAR	CLEVERUS HOLDINGS (M) SDN BHD
LAW ICON OF THE YEAR	LEE & PARTNERS
ICONS IN BUSINESS TECHNOLOGY SERVICES	WILSTECH SDN BHD
CSR ENTREPRENEUR OF THE YEAR	SPECTRUCK SDN BHD
EMERGING ENTREPRENEUR OF THE YEAR	SWAG TECHNOLOGIES SDN BHD
LIFETIME ACHIEVEMENT AWARD IN PROJECT MANAGEMENT CONSULTANT	MAX CAPITAL MANAGEMENT HOLDING LTD

GLOBAL HALAL EXCELLENCE AWARDS (GHEA) 2020

AWARD CATEGORY	COMPANY
BEST NETWORK MARKETING OF THE YEAR	RF3 WORLD GROUP OF COMPANIES
BEST WHOLESOME GROCER MART	ST ROSYAM MART SDN BHD
EXCELLENCE IN BEAUTY & WELLNESS	NUFIYA EMPIRE SDN BHD
EXCELLENCE IN CAFE BEVERAGES MANUFACTURING	COFFEELAND SDN BHD
EXCELLENCE IN CATERING SERVICES	THE HOUSE OF TASTE SDN BHD
EXCELLENCE IN CONSUMER RETAIL	AEON CO (M) BHD
EXCELLENCE IN FINANCIAL CONSULTATION SERVICES	FINANCIAL GENIUS GROUP
EXCELLENCE IN HALAL CONSUMER PRODUCT	ADABI CONSUMER INDUSTRIES SDN BHD
EXCELLENCE IN HALAL FOOD & BEVERAGES (CAFE)	KOPITIAM ASIA PACIFIC SDN BHD (OLDTOWN WHITE COFFEE)
EXCELLENCE IN HALAL FOOD & BEVERAGES - (MANUFACTURING)	D' RASA
EXCELLENCE IN HEALTHCARE SERVICES	SITI HEALTHCARE SDN BHD
EXCELLENCE IN INSURANCE & TAKAFUL	HONG LEONG MSIG TAKAFUL BHD
EXCELLENCE IN PHARMACEUTICAL	PHARMANIAGA MANUFACTURING BHD
RESPONSIBLE ISLAMIC MEDIA	AL HIJRAH MEDIA CORPORATION
EMERGING ENTREPRENEUR IN FINANCIAL ADVISORY SERVICES	BENIH HIJAU CAPITAL SDN BHD
EMERGING WOMEN ENTREPRENEUR OF THE YEAR	ANDORRA WOMEN & CHILDREN HOSPITAL
MASTERCLASS HALAL CEO OF THE YEAR	RF3 WORLD GROUP OF COMPANIES

AFFIN HWANG AM LAUNCHES GLOBAL DISRUPTIVE INNOVATION FUND

Affin Hwang Asset Management Bhd has announced the launch of Affin Hwang World Series – Global Disruptive Innovation Fund. The Fund is a wholesale feeder growth fund that provides access to vast growth opportunities created by disruptive innovation.

The Fund will feed into a collective investment scheme, namely Nikko AM ARK Disruptive Innovation Fund which is managed by Nikko Asset Management. ARK Investment Management, a strategic partner of the Nikko AM Group, acts as the investment adviser for the strategy.

To achieve its investment objective, the Fund will invest a minimum of 80% of the its net asset value (NAV) into the Target Fund and a maximum of 20% of the Fund's NAV into money market instruments, deposits and/or cash.

The Fund is offered in four currency classes, namely USD Class, MYR-Hedged Class, SGD-Hedged Class and AUD Hedged-Class. The minimum investment amount is \$5,000 for all listed currency classes.

MANULIFE LAUNCHES NEW ONLINE INVESTMENT PLATFORM



Jason Chong

Manulife Investment Management (M) Bhd has launched Manulife iFUNDS, an online investment platform that enables investors in Malaysia to select, manage and track their Manulife unit trust funds anytime and anywhere.

By combining the firm's understanding of customer needs and utilisation of digital technology, Manulife Investment Management has created an easy-to-use, human-centred design funds platform for new and existing clients to better manage

their portfolios amid a constantly evolving investment environment.

"Manulife Investment Management globally has been investing heavily to better serve clients in the digital age. Manulife iFUNDS is the result of our team's year-long efforts in enhancing the customer experience through digital and providing our customers with easily accessible market and fund information for more educated investment decisions," said Manulife Investment Management (M) Berhad CEO Jason Chong.

The new online investment platform is optimised functionally and aesthetically to ensure a smooth and pleasant user journey.

The easy-to-read and navigate layout and simple steps in accessing information means users can maximise their time in choosing the most suitable investments that meet their long-term financial goals.



Kazumasa Mise

RAKUTEN TRADE APPOINTS NEW CEO

Rakuten Trade Sdn Bhd has announced the appointment of Kazumasa Mise as its CEO and a member of the board of directors, effective 16 October 2020, following approval from Securities Commission Malaysia.

Mise replaces Kaoru Arai, who was the managing director of Rakuten Trade since its launch in May 2017.

Prior to Rakuten Trade, he was with RSec for 13 years where he honed his expertise in Japanese equities' business, focusing on boosting margin trading and exchange-traded funds (ETF). He holds a Bachelor of Science (Finance and Economics) from the Syracuse University, New York, USA.

PRUDENTIAL MALAYSIA INTRODUCES STEP UP AGAINST CANCER CHALLENGE

Prudential Assurance Malaysia Bhd has introduced the Step Up Against Cancer (SUAC) Challenge on its AI-powered health app, Pulse by Prudential.

Registered users of Pulse are challenged to take at least 5,000 steps a day and invite friends and family members to join as new Pulse users to earn up to RM12,500 of free cancer coverage for one year, within the first 100 days from signing up for the challenge.

All they need to do is to enrol for the SUAC Challenge and make sure their fitness tracker is connected to Pulse so that their steps are synced with the app. The challenge is open to Pulse users who are not yet a Prudential customer.

Users who have signed up for the SUAC Challenge are also automatically eligible for Prudential's Special COVID-19 Coverage. The coverage provides a RM1,000 cash relief upon diagnosis and hospitalisation, as well as a RM10,000 death benefit due to COVID-19.

For existing customers, PAMB has introduced a campaign where policyholders will receive a premium cashback of up to three months when they sign up for PRUCancer X, a cancer protection plan which provides coverage of up to RM2 mil.

For more information on Step Against Cancer Challenge, visit www.prudential.com.my.



PIAM UNVEILS NEW CEO DESIGNATE



Persatuan Insurans Am Malaysia (PIAM) has announced the appointment of Julie Lean Gim Chong its chief executive officer designate, effective 15 October 2020.

With an international career spanning 25 years, Chong's work experience includes regional management responsibilities for the Asia Pacific region and a Group Head Office role covering more than 18 countries in Europe, Asia and the US.

MIA APPOINTS NEW PRESIDENT



Dr Veerinderjeet Singh has been elected as the president of the Malaysian Institute of Accountants (MIA) in September 2020. He brings with him over 30 years of diverse experience in the fields of accounting, taxation and commerce both locally and globally.

"I am honoured to lead the Institute and the profession as we navigate through the complex landscape of the unprecedented COVID-19 crisis and the emerging digital economy. Collaborating together with our stakeholders (the public practitioners, civil service, academia and commercial sectors), MIA will strive to future proof the profession in order to support sustainable business growth and protect the public interest," he said.

Dr Veerinderjeet Singh is also the President of The Malaysian Institute of Certified Public Accountants (MICPA) and is a Non-Executive Chairman of Tricor Services (Malaysia) Sdn Bhd. He was also Past President of the Chartered Tax Institute of Malaysia (CTIM) from 2007 to 2010.

He currently sits on the Boards of Malaysian Rating Corporation Berhad and several listed companies. He is also an Adjunct Professor at Monash University Malaysia and the current Chair of the Monash Business School Industry Advisory Board. He has also authored several influential and authoritative tax publications.



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