

If I have

RM 10,000

to invest

**Discover How
Top Writers, Bloggers, & Authors
Invest if They are Given
RM 10,000 to Invest**

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**A Product of
Bursaking.com.my**

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Introduction:

So ... You have RM 10,000 to Invest

How would you start?

Do you start by choosing a product?

Which is better: Unit Trusts, Stocks, Bonds, Gold, or Silver?

If you prefer stocks, the next question is , 'What stocks should you choose? In Malaysia, you have a boutique of 922 stocks to choose from. In Singapore, you have another 724 stocks.

How then, would you choose?

Do you go for capital gains? Or, do you invest for dividend yields?

Do you trade regularly? Or, do you buy and hold over the long-term?

Which strategy is better: Fundamental analysis or technical analysis? Or, is it a combination of both?

And the list goes on.

If you are new to investing, most likely, you will find these questions overwhelming.

This Book is about ...

If you are overwhelmed, do not worry. It is perfectly normal. Many investors shared the same concerns when they started their journey to become savvy investors.

Often, this savviness comes along the way in bits and pieces. After all, Rome is not build in a single day.

You may find some answers in this book.

Some are in unison. Some contradicts. Why?

How It Is Written?

This book is a compilation of ideas from top authors, bloggers, writers, trainers and investors in Malaysia on how they would invest if they are given RM 10,000.

They have the freedom to express their beliefs and opinions. No restrictions. No limits. Yup. It's free-style writing.

Our answers differ as we differ as individuals. We are different in terms of education background, job, financial position, marital status, lifestyle, investing skills, and investing preferences. Yup. It's about individuality.

In the subject of investing, there is truly no answer that is 'one-size-fits-all'. More practically, it is about finding out what works and adapt it to suit our personal investment needs.

Instead of finding the 'holy grail' of investing, this book is about expanding horizons. It is created to extend our vision to the possibilities of investing.

The Power of 8

As the publisher, I'm fortunate to be introduced and befriended with talented individuals who are generous in sharing about what they know on the subject of investing and how they do it.

Instead of one guru, you would now be exposed to eight different perspectives on how one would invest if they are given RM 10,000.

Let's begin.

Regards

Ian Tai

Publisher of 'If I have RM 10,000 to Invest...'

Assumptions:

This eBook is produced with the following set of assumptions:

1. You do not have credit card debt.
2. You have set aside emergency funds.
3. You do not need to incur huge expenses such as wedding expenses.
4. The RM 10,000 is capital for the sole purpose of investing.
5. Investing in the Malaysian context.
6. You fully understand and agree that the materials published is solely for educational and illustration purposes.
7. You are able to decide whether the materials published fits or does not fit into your own personal investment needs, objectives, plans, strategies and styles.

How do I Invest in RM 10,000 Now?

Written by KG Lau

So, you want to:

- a. Beat Inflation?
- b. Increase Your Purchasing Power?
- c. And to meet your Future Financial Goals?

However, you get hit with a tsunami of 'What Ifs' such as:

- a. What if I invest in the wrong business?
- b. What if I invest too much?
- c. What if I invest too little?
- d. What if this is a bad idea?

Yes. Investing is about taking risk. But if, the risk is calculated, then, it will always do you more good than harm. How do you do this?

Well, the clever trick is to get above 10% in returns. However, the chances of this happening within 1 or 2 years is unrealistic. What I am more interested in is having a long-term perspective. Long-term refers to 5 years and beyond.

How to start investing with just RM 10,000?

Obviously, the RM 10,000 is not enough to invest in properties as prices have risen a lot since 2011. The price of a good property may, at least, be RM 200,000 to RM 500,000.

At minimum, the amount of capital needed is at least 15% of the property's value. Your 'Holding Power' is crucial in property investment. This is because you need to be committed to service your mortgage which usually is on a monthly basis.

Since property investment is out of the question, stocks are your best bet. So, which stocks will you choose?

There are so many different stocks in the market. Since we are on a budget, I will skip unit trust because of the high cost of entry (3% - 6% upfront charge) and yearly holding cost of 1.5% in management fees.

If you invest in unit trust, the fund manager must produce at least 11.5% in returns to bring you a net return of 10%. In the 1st year alone, the fund manager needs to make a minimum of 5% - 8% returns to help you break even in your unit trust investment.

Hence, it makes perfect sense to invest directly into the stock market. You will get shares of well-established businesses with good future prospects.

RM 10,000 in One Stock or Few Stocks?

Diversification is one of the greatest tactics to reduce the risk of any investment. You may want to diversify your investment into 2 - 5 stocks to spread your risk out thinly.

However, it does not necessarily mean that you will be investing RM 2,000 on each stock if you buy 5 stocks. You have to factor in the transaction costs when buying shares. If one single transaction is under RM 1,000, the percentage of transaction cost you pay is higher.

For instance, shares of Hua Yang Bhd is trading at RM 1.83 a share. Your actual cost per share would estimated to be:

a. If You Buy 500 shares

$$\begin{aligned} &\text{Cost per Share} \\ &= ((\text{RM } 1.83 \times 500) + \text{RM } 42) / 500 \text{ shares} \\ &= \text{RM } 1.91 \end{aligned}$$

b. If You Buy 2,000 shares

$$\begin{aligned} &\text{Cost per Share} \\ &= ((\text{RM } 1.83 \times 2,000) + \text{RM } 42) / 2,000 \text{ shares} \\ &= \text{RM } 1.85 \end{aligned}$$

Note:

The RM 42 is the estimated cost for facilitating the purchase of shares.

Personally, I already have hundreds of thousands invested in the stock market. Hence, having RM 10,000 means topping up one or two additional stocks into my existing portfolio.

What Stocks to Buy?

After you have found a good broker and decided to go ahead with the plan, now comes the most important step.

You have to determine which companies are worth investing in and which stocks will give you the desired 10% in returns. There are 2 rules to keep in mind:

Rule #1: Only Invest in Good Businesses

Research stocks like you are writing a thesis!

There is no excuse for not doing your homework. Even seasoned professionals do not make choices blindly.

A company that is doing well today may not do well tomorrow. You have to catch the golden goose which is a business that is profitable all of the time, even during economic downturns. My best guess would be looking at those that did well during the global recession in 2008.

Businesses that know how to deploy their capital to get good returns is also relatively safe to invest in. For instance, if a company is able to get 3% return from capital deployed, I would rather put my money in Fixed Deposits.

Why take the risk?

You can get higher fixed deposit rates from Alliance and Public Bank.

So, the key is to look at the financial ratio known as 'Return on Equity (ROE)'. I would simply ignore businesses that generate below 15% in ROE per annum.

$$\text{ROE} = (\text{Shareholders' Earnings} / \text{Shareholders' Equity}) \times 100\%$$

If you have done enough research, you would have a list of good stocks to monitor.

Rule #2: Pay the Right Price

Say 'I want a discount!'

You probably do not know that you can treat shopping for stocks as a bargain hunting stocks!

If you get to own great assets at bargain prices, then, why not?

Where to Find Good Value Stocks?

Some businesses are cyclical.

Their revenues are dependent on business cycles. The amount of returns will depend on the overall prosperity of the economy. Hence, what goes down will eventually come back up. Since economic downturns are not permanent, investors should not be quick to judge and dismiss these companies.

At present, stocks in the property development, oil & gas and other relevant sectors are depressed. This means, people are fearful of these stocks missing their profits. Overall, most stocks in these sectors are hammered down by excessive selling.

There are still gems in the rubble. In other words, there are stocks that are still profitable and growing, but yet, their stock prices are down.

Beyond Malaysia, looking at the Hong Kong Hang Seng Index, stocks are selling below its net asset value.

Of course, if you have done a great deal of research, finding the best stocks would not be too difficult. Some listed companies in Hong Kong are well-known brands.

Imagine.

Once you bought a stock, the market closed for the next 5 years. This means, you could not trade the stock for the next 5 years. How would you invest?

Naturally, you will look for companies with characteristics to perform many times better than today at the end of the 5-year period. For instance, Warren Buffett holds onto shares of Coca-Cola for many decades based on one simple logic.

**'If human population keeps increasing,
the first soft drink in their mind is
Coke!'**

To truly reap the benefits from the stock market, you'll have to be in the waiting game.

About the Author:

KCLau is a financial educator. He has published 6 books and co-created a dozen of online financial courses. You can download his popular Money Tips eBook which is packed with 44 money hacks for absolutely free at <http://KCLau.com/lp>

If I have RM 10,000 to invest ...

Written by Ian Tai

Here is what I would do.

#1: Set My Objectives

1. I intend to build a stock portfolio that **pays growing dividends** over the long-term.
2. I would split the capital into 2 categories of stocks, dividend and growth.
3. **Dividend stocks** are stocks that pay out consistent dividends, preferably on a quarterly basis. I am expecting, at least, 5% in dividend yields in my 1st year of investing in dividend stocks.
4. **Growth stocks** are stocks that have potential to grow in value over the mid-to-long term. Personally, I do not set a target on how much capital gains I would make from growth stocks. This is because I do not control the ups and downs in stock prices.
5. My priority for growth stocks is to achieve capital gains. However, I would still expect, at least, 4% in dividend yields in my 1st year of investing in growth stocks. This is because it is higher than the current Fixed Deposit rates of 3.3% per annum.
6. If I could not find myself a good investment deal, I would park RM 10,000 into a 3-month Fixed Deposit account. This is a temporary measure until I landed myself with a good investment deal.

My Investment Objectives

No.	Categories	Dividend Yields	Capital Growth
1	Dividend Stocks	5.0%	Low
2	Growth Stocks	4.0%	High
3	No Deal	3.3%	None

#2: My Investment Method

I choose **mid-term investing** as my preferred strategy to achieve the above objectives. This is because:

1. I am interested to own shares of fundamentally strong companies. It is only companies that grow profits consistently that is able to pay growing dividends consistently.
2. I am more familiar with financial reports as I am an ACCA graduate. Hence, it makes sense for me to enhance my skills as a **fundamental investor**.
3. I intend to run this portfolio on a semi-autopilot basis (at most, 30 minutes a day). This is because I am not a guy who enjoys monitoring charts on a day-to-day basis.
4. I've learnt how to use the SMA-Crossover Method to identify price trends. I find it handy enough to prevent myself from buying shares when they are overpriced and to sell shares when they are underpriced.

My Investment Method
= Value Investing (Fundamental) + SMA-Crossover Method (Technical)

#3: How I Select Growth Stocks

Case Study 1: Mah Sing Group Bhd

Fundamentals

Mah Sing is one of the largest property developers in Malaysia. It has a track record of achieving growth in revenues, profits, cash reserves, and dividend payouts over the past 5 years.

Figures in RM Million

Year	2011	2012	2013	2014	2015
Sales	1,571	1,775	2,006	2,905	3,109
Earnings	169	231	281	339	387
Cash	634	544	808	614	1,280
Dividends	47	69	104	118	157

Growth Prospects

Mah Sing has unbilled sales of RM 4.75 Billion as at December 31, 2015. It plans to launch several major projects in 2016 such as Southville @ KL South, Lakeville Residence in Taman Wahyu and Laman Ayu Township in Rawang. Further ahead, Mah Sing has a remaining land bank of 2,540 acres worth RM 28.1 Billion in Gross Development Value (GDV).

Note:

My definition of a growth stock is one that has revealed 'tangible plans' to expand for future growth. It is not about buying a stock, hoping it to

double in share price. Hence, before investing, I would be interested to know in great detail how a stock intends to derive income in future years.

Valuation

As I write, Mah Sing is trading at RM 1.47 a share. In 2015, it made RM 0.157 in earnings per share (EPS). Hence, P/E Ratio works out to be 9.36. It is slightly lower than its 5-Year P/E Ratio Average of 9.77.

Technical

3-Year Price Chart



Source: Bursamarketplace.com

Note:

Blue Line = Actual Share Price

Pink Line = SMA-40 Line (Tracks Short-Term Price Trend)

Purple Line = SMA-100 Line (Tracks Long-Term Price Trend)

Here is my observation:

1. At RM 1.47, it was 34% below its peak price of RM 2.23 achieved in May 2013.
2. Mah Sing has moved on a downtrend since May 2013 as the Purple Line was above the Pink Line.
3. All 3 lines: Blue, Purple and Pink are moving downwards.
4. In mid-April 2016, the Pink Line has crossed above the Purple Line. It usually is the 1st sign of a switch in price trend, from a downtrend to an uptrend. However, I would personally wait a little longer to confirm the change in price trend.
5. Now, based on the chart above, all 3 lines: Blue, Purple and Pink are moving upwards. I believe, this would confirm an uptrend in share price.

Dividend Yields

Mah Sing has declared an annual dividend payout of RM 0.065 a share for financial year 2015. The payment date is set at September 15, 2016. Thus, if I buy Mah Sing at RM 1.47, the dividend yield to be received is:

$$\begin{aligned}\text{Dividend Yield} \\ &= \text{RM } 0.065 / \text{RM } 1.47 \\ &= 4.42\%\end{aligned}$$

I Would Consider Selling If ...

1. The fundamentals of Mah Sing turn bad in future years.
2. If the Blue Line (Actual Share Price) starts to climb steeply, I would get ready to sell.

3. The Blue, Purple and Pink lines start to move downwards.
4. The Purple Line climbs above the Pink Line.

#4: How I Select Dividend Stocks?

Case Study 2: Axis REIT

Fundamentals

Axis REIT is the 1st Islamic business space & industrial REIT in Malaysia. It has been increasing its number of properties and tenancy base over the past 5 years. This has resulted in higher sales and income distribution from 2011 to 2015.

Figures in RM Million

Year	2011	2012	2013	2014	2015
Properties	27	31	31	34	34
Tenants	121	135	130	134	140
Sales (RM '000)	117,726	136,241	143,585	140,049	165,675
Distribution (RM '000)	72,480	65,466	88,789	92,684	92,114

Growth Prospects

In 2015, Axis REIT has RM 2 Billion in asset under management (AUM). The management targets to increase its AUM to RM 3 Billion by 2018. It has acquired Axis Shah Alam DC2 in 2015.

In addition, Axis REIT has completed 4 single-storey detached factories in Mukim Kulai, Johor for RM 61 Million on January 28, 2016. The

management has 3 more acquisitions in its pipeline. They include a warehouse facility in SiLC, Johor for RM 41 Million, a warehouse facility in Pasir Gudang for RM 33 Million and a warehouse facility in Sungai Choh, Selangor for RM 42 Million.

Technical

3-Year Price Chart



Source: Bursamarketplace.com

Note:

Actual Share Price

Green Line = SMA-40 Line (Tracks Short-Term Price Trend)

Orange Line = SMA-100 Line (Tracks Long-Term Price Trend)

As I write, Axis REIT is trading at RM 1.63 a share. Here is my observation:

1. It is 18.5% below prices of RM 2.00 at Peak 1 and 10% below prices of RM 1.81 at Peak 2.
2. Axis REIT has moved on a downtrend since June 2015. The Orange Line was above the Green Line. All 3 lines: Blue, Green

and Orange lines are moving downwards.

3. In May 2016, the Green Line has crossed above the Orange Line.
4. Since then, all 3 lines: Blue, Green and Orange Lines are beginning to move upwards.

Dividend Yield

The last 4 distribution per share (DPS) of Axis REIT was as follows:

Figures in sen

Period	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Gross DPS	2.15	2.20	2.00	2.05

It has paid out RM 0.084 in Gross DPS. If Axis REIT continues to maintain its DPS at RM 0.084 over the next 4 quarters, I would expect the dividend yield to be:

$$\begin{aligned}\text{Gross Dividend Yield} \\ &= \text{RM } 0.084 / \text{RM } 1.63 \\ &= 5.15\%\end{aligned}$$

I Would Consider Selling If ...

1. The fundamentals of Axis REIT turn bad in future years.
2. If the Blue Line (Actual Share Price) starts to climb steeply, I would get ready to sell.

3. The Blue, Green and Orange lines start to move downwards.
4. The Orange Line climbs above the Green Line.

#5: Build a Watchlist

As I write, the KLCI is trading at 1,637 points. Based on the SMA-200 indicator, it has been moving on a downtrend since mid-2014.



Source: Marketwatch

It is a welcoming sight for value investors like myself. This is because there are more opportunities for value investors to buy shares of fundamentally solid companies at much attractive prices. Thus, I would not limit myself to only Mah Sing Group Bhd and Axis REIT.

With Bursaking.com.my, I am building a watchlist of stocks that are fundamentally solid and monitor their share price closely. Therefore, I

would reserve some cash-in-hand which enables me to capitalise on other potential good deals in the near future.

Instead of allocating RM 5,000 into Mah Sing and the remaining into Axis REIT, I would limit my investment to a maximum RM 2,000 per share. Hence,

If I'm given RM 10,000 to invest today, I would:

No.	Stocks	Category	Capital	Gross Dividend
1	Mah Sing	Growth	RM 2,000	4.42%
2	Axis REIT	Dividend	RM 2,000	5.15%
3	3-Month FD	Stand-By	RM 6,000	3.15%

About the Author

Ian Tai is the Creator of www.Bursaking.com.my, a uniquely built website for value investors to sift out stocks that grow profits consistently from mediocre stocks that don't. He builds, maintains, and updates a database containing over 850+ stocks listed mainly in Bursa Malaysia.

He produces educational materials on stock investing in the form of newsletters, eBooks, and videos. They are either readily available on www.Bursaking.com.my or are circulated to over 800 Community Members nationwide.

To request a free copy of '5 Different Methods of Making a Profit in the Stock Market', you may drop an email at hello@Bursaking.com.my.

If I have RM 10,000 to invest

Written by Jonathan Lai

Since its peak in mid-2014, the Malaysian stock market has been experiencing a roller coaster ride. Do you feel:

- a. Frustrated when you see your investment going south?
- b. Excited when the market is moving north?

I used to be when I was a newbie in stock investing years ago. But, with correct investment methodology and mindset, I have learnt how to own risk-free stocks. Today, I feel happy regardless of the direction of the stock market.

How do I do it?

Buy Low, Sell High?

It is simple to be a winner in the stock market. Buy stocks at low prices and sell them at higher prices. Most of us know that.

However, most of the time, we forget the 'Golden Rule' as a result of general market sentiment. Without a clear mindset, we tend to buy when the market is hot. Then, we expect the market to go higher. If the market comes down, we tend to panic and sell shares.

These are acts of speculations. It is the reason why some of my friends got burnt when the stock market falls. However, I did not face the same consequences simply because I am investing. I know what I am doing. I

adopted an investment philosophy which shielded my investment from market fluctuation. It is as follows:

**Buy Quality Dividend Stocks at Low Prices and Keep Them Forever,
as long as their financials is fundamentally intact.**

I buy only when the market is recovering from a crisis. Please do take note that I am referring to a crisis and not a market adjustment.

I do not know when the next crisis will come. But, when it comes, everyone will surely know. Can you recall when the last crisis was? To me, the last crisis was in 2008. It was known as the global financial crisis. The market started to recover in early 2009 and that was the time I took my positions.

7 years later, I continue to hold onto these stocks. Yes, the stock market continues to move up and down throughout the 7-year period. However, I do not clear my positions when the market is down. Why?

This is because the cost of my investment is low. It has yet to reach the previous crisis level in 2008.

Before the Next Crisis

You may wonder what I am going to do before the next crisis comes. Since I can't predict when it will come, therefore, I will not do anything. But, there is one thing for sure. If the next crisis hits, I will delightfully wait for its recovery and go on my 'shopping spree'.

Here is another popular question that I received.

'What should an investor do with his existing shares during the crisis?'

My objective is to hold onto quality dividend stocks forever. Thus, I will continue to hold onto them regardless of movements in the stock market. This is, of course, if they continue to be fundamentally intact.

'Won't Your Investment Shrink in Value?'

You are correct. But it is purely on paper. Personally, I am looking beyond this. The reason is because I have been holding onto these high dividend yielding stocks for years at low cost. Years of dividends received have effectively reduced my cost of holding onto these shares.

In fact, some of my shares held today have zero in investment cost. I have recovered my investment cost from years of dividends received. These stocks continue to pay me dividends. This is also why I am not worried about the ups and downs in the stock market.

Since I have no money on these stocks and continue to collect dividends from them, why would I want to sell them?

Asking the Experts

There is one more issue that I would like to address. Every now and then, there is always an interview with a 'stock market expert'. People often seek for his recommendations as they are regarded highly. Personally, I believe some of the opinions presented are good and helpful.

However, most listeners tend to accept these tips and recommendations unconditionally without further validation. This may lead to a disastrous ending to their quest of investing successfully in the stock market. This worries me the most.

Today, news and informations are obtained in no time which helps us to make timely decisions. The justification of these informations plays a very important role. Wouldn't you feel more confident if an investment decision is made based on your personal expertise and understanding of the stock market?

You are effectively eliminating unnecessary risk as a result of making wrong decisions by blindly accepting the opinions of various 'stock market experts'.

Personally, I treat opinions of these experts as references. I will filter them before adopting them into my process of making an investment decision. This requires learning and practise. Action and experiences will further enhance my ability to make effective decisions.

How to Fish?

I have a stock investment course where I teach my students to do their own fishing. I do not feed them fish. This means, I do not provide any stock recommendation despite knowing that some students may expect me to do so.

Any stocks used as case studies are for illustrative purposes. I emphasizes on students performing their own financial analysis. They have to do their own fact finding and not relying on recommendations by others. I would show my students where they can look for these information and how to assess them.

To make the learning process more interactive and effective, I would request my students to submit their analysis of their choice of stocks. They would explain on how they make their investment decision on these stocks.

After using my style of analysing stocks, some of my students have filtered out some well-known blue chip stocks. They started to have doubts and seek for my advice.

Their analytical works are sound and logical. However, they lack confidence over their work as they seem to negating the investment crowd. How could these big well-known blue-chip companies be filtered out?

Yes, they may be big and well-known. But, who says that these stocks are quality investments? What is the basis of good? Is it based on general impressions? Is it based on what the investment market is saying? Is it based on what the general public is saying? Can these be validated?

My message is:

1. **Don't just listen and believe in these general information and opinions.**
2. **Be yourself and do your own analysis.**
3. **Only your analysis could tell you what the truth is.**
4. **Have Strong Belief in Own Analysis is key to success in stock investing.**

Personally, I will kick these stocks out of my radar as long as they fail my evaluation process, even if they are big and well-known.

Back to the Topic

If I have RM 10,000, I will invest in **Quality Dividend Stocks** by doing the following:

1. I will use my **Analytical Processes** to identify a maximum of 5 quality dividend stocks due to limit of funds.
2. I will allocate a maximum of RM 2,000 for each stock.
3. I will buy these stocks when their share price is recovering. I could observe this by using **Technical Processes**. At this entry point, the chance of a market downturn is relatively low.
4. My investment cost will become lower due to subsequent years of dividend to be received and the usage of Point 3.
5. When the next crisis hits, I am not worried about whether the market is going up or coming down. This is because my cost for investing in shares would gradually drop to zero as they continue to generate returns to me.
6. After all, the stock market is cyclical. It will fall when it peaks and will climb when it hits the bottom. All I need to do is to react accordingly when a trend is formed. Another crisis can be viewed upon as a good time to buy shares.

Today, I believe that the probability of a market downturn is high. Hence, I would rather stay at the sidelines for the time being, patiently waiting for the opportunity to hunt emerges. If that is the case, then, what should I be doing with the RM 10,000?

If I put it in fixed deposits, inflation will erode the purchasing power of my money. Hence, I would choose to invest in Real Estate Investment Trusts (REITs).

Why REITs?

I treat investing REITs as an alternative to investing in properties. Here are the merits of investing in REITs:

1. It is backed by physical properties.
2. Property valuations are done expertly. There is nothing to hide.
3. I do not need to have huge amount of capital and do not need to borrow money in order to own these properties.
4. REITs are easier to be liquidated than physical properties. The trading rules are exactly the same as stock investments.
5. With REITs, I become a co-owner of properties. I am entrusting my funds to the fund manager which acts on my behalf to manage these properties. Yes, they will take care of the maintenance, seek tenants and collect rental income from them. It's hassle free.
6. Dividends will be declared from time-to-time by the fund manager after deducting all of the relevant costs from the rental income received. They will be distributed to unitholders of REITs.

To invest successfully in REITs, I will:

1. **Seek REITs with Net Asset Value at least 10% higher than their share prices.**
2. **Seek REITs that pay out at least 6% dividend yield after deducting the 10% in withholding tax.**

By doing so, I will indirectly own properties with at least 10% discount from market price while receiving at least 6% in annual dividends. Just imagine. There is a product that you desire which is worth RM 100. This product is now selling at RM 90 with cash rebates. Will you go for it?

In summary, I will invest in REITs as they are money-making machines which churn out regular cash returns and allow me to enjoy potential capital gain. This is done while I am waiting for buying opportunities for Quality Dividend Stocks.

About the Author

This is a post by Lai Seng Choy. He is the author of 2 investment books, 'Infinite Wealth' and 'Freedom'. Both books describe and share his personal experiences on stock investing and money management.

In addition, Lai updates his blog, Financial Planning DIY (<http://financial-planning-diy.blogspot.com/>) to share his latest developments and findings. He is also an investment coach for Inve\$tBursa (<http://investbursa.com/>) where he shares his investment philosophy, knowledge and provides personal guidances on stock investing to his students.

If I Have RM 10,000 to Invest

Written by Aunty YV. Translated by Ian Tai.

If I have RM 10,000 to invest, I would choose to invest in stocks. This is if I do not intend or do not know how to start a small trade or a home-based business. There are 3 primary reasons why I prefer to invest in stocks:

1. Low Barrier of Entry.

The minimum amount of shares to be purchased is set at 1 Lot (100 shares). If a stock is priced at RM 1 a share, the minimum capital to invest would be just a little more than RM 100 after including transaction cost.

2. Liquidity

If I made a mistake, I can sell off my shares at a click of a button. This allows me to cut further losses earlier, thus, preserving capital.

3. More Forgiving

I believe, investing in stocks is more forgiving than investing in properties. For stocks, the amount lost would be limited to my investment capital of RM 10,000.

Meanwhile, it is not the same for properties as they are illiquid. Just imagine. You purchased a property at a bad location and failed to rent it out. In a soft market, where there is an oversupply of properties, it will

take many months or years to dispose the property. At the meantime, who is servicing the mortgage payments?

How You Can Buy Billion-Ringgit Properties in the Stock Market?

Have you been to Pavilion, Midvalley Megamall, Sunway Pyramid or Suria KLCC?

Are you aware that these properties are trophy assets of various REITs listed on Bursa Malaysia?

If you invest in REITs, the REIT's property manager would manage these Billion-Ringgit properties on your behalf. This includes property maintenance, finding and retaining tenants and collecting rent from them. As a minority shareholder, you will receive regular dividend payouts from the rent proceeds of these properties. It's hassle free.

Start with the Basics

Firstly, investing in stocks is about buying and selling shares of public listed companies. When we buy shares, we become minority shareholders of a business enterprise.

Do you want to own shares of a profitable company or shares of an unprofitable enterprise?

The choice is obvious. Hence, the key is to find profitable companies which pay out dividends to its existing shareholders from a portion of their profits. As investors, we should familiarize ourselves with the

company's financial performances. This information can be obtained from the stock's annual reports.

In addition, we need to understand that the business world is ever-changing. Nothing remains constant. A well-received product today may not be well-received tomorrow.

For instance, iPhone has been the top selling smartphone brand in the world for the past few years. In 2016, Apple Inc has experienced a decline in iPhone sales.

Thus, the reading of financial reports does not end after we have bought our shares. We are responsible to keep ourselves abreast with the latest financial progress by reading and interpreting the stock's quarter and annual reports. These reports are easily accessible from the company's website or the official website of Bursa Malaysia.

A Small Partner of a Big Company

Before I continue, please allow me to emphasize that:

**Buying shares is about becoming
a small 'Equity Partner' of a business enterprise.**

A business enterprise needs time and effort to grow in value. Just imagine. How much effort is needed to run a successful shopping mall? The management needs to collect rent, repair and maintain the property, renovate the property (if necessary), decorate the property, and organize events to attract shoppers to do more shopping.

It is a day-to-day focus from the management to ensure the continual success of a shopping mall.

Unfortunately, the ups and downs in share price over the short-term remains as the main focus of most investors today. The financials of a company seems to be less significant.

Let's get this straight.

In stock investing, one must be prepared to hold onto a stock for at least 3-5 years. In other words, you are entrusting your capital to the management so that they can use the money to grow their business enterprises.

How to Allocate the RM 10,000?

Personally, I will invest the RM 10,000 into 2 stocks. They are:

1. Karex Bhd (RM 2.47 x 2,100 shares = RM 5,187)
2. Sunway REIT (RM 1.59 x 3,000 shares = RM 4,770)



Fri 06 May 2016 09:11:24AM 7 stock(s) found.

Code	Stock	▲	Prv Close	High	Low	B-Q	Buy	Sell	S-Q	Last	Chg	L-V	Vol	VWAP
5247	KAREX	*	2.460	2.470	2.470	127	2.460	2.470	48	2.470	+0.010	1	42	2.470



Fri 06 May 2016 09:11:55AM 1 stock(s) found.

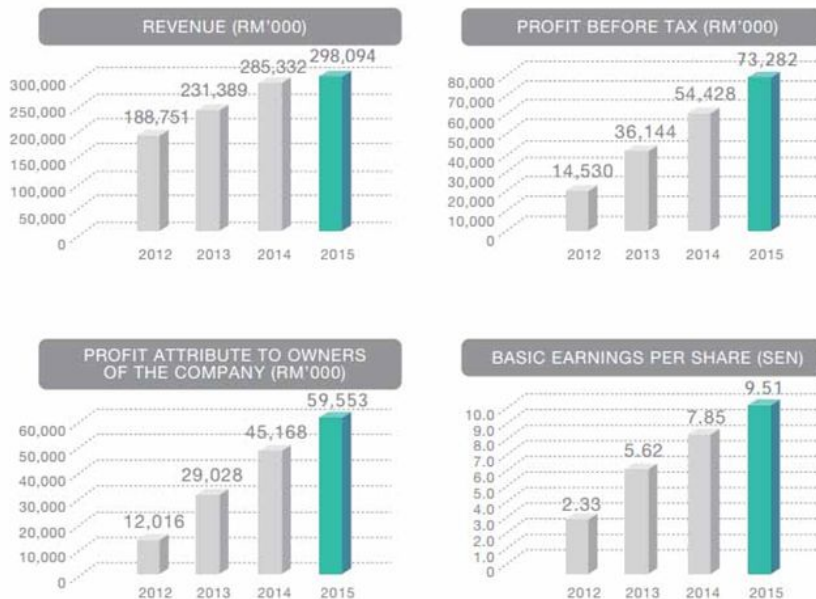
Code	Stock	▲	Prv Close	High	Low	B-Q	Buy	Sell	S-Q	Last	Chg	L-V	Vol	VWAP
5176	SUNREIT	*C	1.590	-	-	1673	1.590	1.600	1127	-	-	0	0	0.0000

Personally, the minimum holding period for both stocks are set to be 3 years.

Karex Bhd

Profile:

Karex Bhd is the largest condom manufacturer in the world. In addition to clients ranging from global brand owners, government and non-government agencies, Karex Bhd manufactures condoms under its own brands, namely 'Carex' and 'INNO'. They are mainly exported to countries in the Middle East.



Source: Annual Report 2015 of Karex Bhd

Basic EPS

Year	2013	2014	2015	6M 2016
EPS	5.62	7.85	9.51	6.72

5247 KAREX KAREX BERHAD				
Quarterly rpt on consolidated results for the financial period ended 31/12/2015				
Quarter:	2nd Quarter			
Financial Year End:	30/06/2016			
Report Status:	Unaudited			
Submitted By:				
	Current Year Quarter 31/12/2015 RM '000	Preceding Year Corresponding Quarter 31/12/2014 RM '000	Current Year to Date 31/12/2015 RM '000	Preceding Year Corresponding Period 31/12/2014 RM '000
1 Revenue	96,579	76,998	172,672	147,131
2 Profit/Loss Before Tax	26,974	19,408	53,600	35,778
3 Profit/(loss) attributable to ordinary equity holders of the parent	22,649	14,547	44,937	27,379
4 Net Profit/Loss For The Period	22,213	14,691	44,317	27,523
5 Basic Earnings/Loss Per Shares (sen)	3.39	2.39	6.72	4.51
6 Dividend Per Share (sen)	0.00	0.00	0.00	0.00

Karex Bhd is a growing enterprise. It was publicly listed in 2013. During the year, Karex Bhd has set a target to increase its condom production capacity up to 5 Billion pieces per annum by 2015.

According to the Chairman's Statement, Karex Bhd has indeed raised its production capacity to 5 Billion pieces of condom in 2015. Hence, the management was able to deliver on its promises made in 2013. This is positive. After all, if we buy shares of Karex Bhd, we are entrusting the management team to grow our investment capital.

Future Growth Plans:

Moving forward, Karex Bhd targets to increase its production capacity to 6 Billion condoms by 2016 and to 7 Billion condoms by 2017.

Also, on October 3, 2014, Karex Bhd has acquired 55% of Global Protection Corporation for US\$ 6.6 Million. It is a condom and lubricant distributor of the 'One' brand products and other trademarked brand name products. Starting in December, 'One Condom' is available on shelves of 7-Eleven, Guardian and AEON Wellness.



Screenshot of One Condom Facebook Fan Page

Why do I buy Karex Bhd?

1. By attending the AGM of Karex Bhd, I discovered that the profit margin is higher for condoms manufactured under its own brands.
2. At present, Karex Bhd's P/E Ratio is over 30. The stock is often deemed as being overvalued.
3. Personally, I am willing to buy 2,100 shares of Karex Bhd at a total price of RM 5,187. This is because Karex Bhd is a growing company. I have factored in the potential growth of Karex Bhd

when purchasing its shares.

4. I may consider selling off shares of Karex Bhd if the management fails to grow its earnings in the near future.
5. On the bright side, if Karex Bhd is able to sustain earnings growth in the future, I may handsomely reap my rewards through capital appreciation.

Just Imagine.

You have bought shares of Public Bank Bhd, Top Glove Corporation Bhd and LPI Capital Bhd when they were newly listed. You held these shares over the long-term. How much returns would you have received from these investments?

Investing in a Growing Market

Just a few years back, we were talking about scarcity in oil resources and how expensive oil prices would be in the future. Today, the Americans are able to extract shale oil and thus, substantially increase global oil production. This enables us to consume oil at cheaper prices.

If we look at the property market, we find that there is an oversupply of residential properties, shopping malls and office spaces.

Are there any products in the market that is growing in demand?

From the AGM, Karex Bhd mentioned that it is not worried about receiving more order book for its condoms. The management is focusing on expanding its production capacity to cater to higher demand of condoms in the future.

Instead of a 'Quick Rich Scheme', isn't it better to exchange your RM 5,000 with shares of a growing company? At the very least, these shares

are registered under your name and thus, giving you a sense of ownership of a tangible company.

SUNWAY REIT

Profile:

Sunway REIT pays out dividends amounting to a minimum of 90% of its realized earnings to its unitholders. The dividend payouts are regularly made on a quarterly basis.

This means, if you are a unitholder of Sunway REIT, you will receive dividends once every 3 months.

Wednesday, 27 Apr 2016	
6:17PM SUNREIT	Third Income Distribution 2.37 Sen
5:57PM SUNREIT	Nine-month net profit 200.799 million (increased 9.41%)
Wednesday, 27 Jan 2016	
5:54PM SUNREIT	2nd Income Distribution 2.57 Sen per unit
5:48PM SUNREIT	1H net profit 136.033 million (increased 7.35%)
Thursday, 29 Oct 2015	
6:13PM SUNREIT	First Income Distribution 2.12 Sen per unit
6:09PM SUNREIT	1Q net profit 64.513 million (increased 1.67%)
Tuesday, 11 Aug 2015	
7:25PM SUNREIT	Final Income Distribution 2.05 Sen (0.79 Taxable & 1.26 Sen T.E.) (Amended)
7:22PM SUNREIT	Financial year end net profit 541.444 million (increased 31.70%)

The map below shows the location of all investment properties owned by Sunway REIT.



I believe, you are familiar with Sunway Pyramid. It is the trophy asset of Sunway REIT which accounts for 60% of Sunway REIT's net profits.

A8. Segmental Reporting (Cont'd)
by property

Properties	Gross Revenue Third Quarter			Net Property Income Third Quarter			Gross Revenue Cumulative Quarter ended			Net Property Income Cumulative Quarter ended		
	31.03.2014	31.03.2015	Change	31.03.2014	31.03.2015	Change	31.03.2014	31.03.2015	Change	31.03.2014	31.03.2015	Change
	RM '000	RM '000	%	RM '000	RM '000	%	RM '000	RM '000	%	RM '000	RM '000	%
Retail												
Sunway Pyramid Shopping Mall	77,734	72,906	6.6%	59,038	\$6,451	4.6%	222,089	211,771	4.9%	165,571	158,380	4.5%
Sunway Carnival Shopping Mall	11,615	10,604	9.5%	7,593	6,654	14.1%	32,875	31,548	4.2%	21,192	19,997	6.0%
SunCity Ipoh Hypermarket	1,250	1,250	0.0%	1,165	1,168	-0.3%	3,750	3,751	0.0%	3,531	3,522	0.3%
Sunway Putra Mall	11,152	163	6741.7%	5,506	(2,149)	356.2%	27,569	366	7430.5%	11,328	(4,003)	383.0%
	101,751	84,923	19.8%	73,302	62,124	18.0%	286,283	247,436	15.7%	201,622	177,896	13.3%
Hotel												
Sunway Resort Hotel & Spa	9,230	6,348	45.4%	8,827	5,896	49.7%	32,177	24,958	28.9%	31,038	23,777	30.5%
Sunway Pyramid Hotel East (formerly known as Pyramid Tower East)	2,854	3,596	-20.6%	2,730	3,504	-22.1%	14,664	14,199	3.3%	14,307	13,923	2.8%
Sunway Hotel Seberang Jaya	811	902	-10.1%	758	852	-11.0%	2,627	3,564	-26.3%	2,470	3,406	-27.5%
Sunway Putra Hotel	1,882	693	171.6%	1,507	300	402.3%	5,682	3,228	76.0%	4,575	2,969	54.1%
Sunway Hotel Georgetown *	1,561	572	172.9%	1,508	534	182.4%	3,520	572	515.4%	3,365	534	530.1%
	16,338	12,111	34.9%	15,330	11,086	38.3%	58,670	46,521	26.1%	55,755	44,609	25.0%
Office												
Menara Sunway	3,618	4,454	-18.8%	2,028	3,179	-36.2%	12,301	13,400	-8.3%	8,138	9,534	-14.6%
Sunway Tower	675	2,874	-76.5%	(424)	1,615	-126.3%	2,682	9,725	-72.4%	(800)	5,940	-113.5%
Sunway Putra Tower	902	1,010	-10.7%	37	(111)	-133.3%	2,690	6,083	-55.8%	62	3,148	-98.0%
Wisma Sunway *	1,684	142	1085.9%	1,035	89	1062.9%	5,037	142	3447.2%	3,139	89	3427.0%
	6,879	8,480	-18.9%	2,676	4,772	-43.9%	22,710	29,370	-22.7%	10,539	18,711	-43.7%
Others												
Sunway Medical Centre	5,377	5,195	3.5%	5,377	5,195	3.5%	15,765	15,190	3.8%	15,765	15,190	3.8%
	5,377	5,195	3.5%	5,377	5,195	3.5%	15,765	15,190	3.8%	15,765	15,190	3.8%
TOTAL PORTFOLIO	130,345	110,709	17.7%	96,685	83,177	16.2%	383,428	338,517	13.3%	283,681	254,406	10.6%

* Sunway Hotel Georgetown and Wisma Sunway were acquired on 28 January 2015 and 23 March 2015 respectively.

For the latest quarter ended March 31, 2016, Sunway REIT has reported to make 2.23 sen in EPS (Earnings per Share) and declared 2.37 sen in DPS (Dividends per Share).

Let us assume that Sunway REIT continues to declare 2 sen of DPS for every quarter. Thus, I would expect Sunway REIT to declare 8 sen of dividends per annum.

This means, if you buy 1,000 units of Sunway REIT, you will stand to receive RM 80 in annual dividends. At present, the price of Sunway REIT is RM 1.59 per unit. Thus, your investment for 1,000 units of Sunway REIT would be RM 1,590.

As a result,

$$\begin{aligned} &\text{Dividend Yield} \\ &= (\text{RM } 80 / \text{RM } 1,590) \times 100\% \\ &= 5.03\% \end{aligned}$$

5176 SUNREIT SUNWAY REAL ESTATE INVT TRUST				
Quarterly rpt on consolidated results for the financial period ended 31/03/2016				
Quarter:	3rd Quarter			
Financial Year End:	30/06/2016			
Report Status:	Unaudited			
Submitted By:				
	Current Year Quarter 31/03/2016 RM '000	Preceding Year Corresponding Quarter 31/03/2015 RM '000	Current Year to Date 31/03/2016 RM '000	Preceding Year Corresponding Period 31/03/2015 RM '000
1 Revenue	130,345	110,709	383,428	338,517
2 Profit/Loss Before Tax	64,766	56,818	200,799	183,537
3 Profit/(loss) attributable to ordinary equity holders of the parent	64,766	56,818	200,799	183,537
4 Net Profit/Loss For The Period	64,766	56,818	200,799	183,537
5 Basic Earnings/Loss Per Shares (sen)	2.23	1.93	6.83	6.26
6 Dividend Per Share (sen)	2.37	2.13	7.06	6.68
			As At End of Current Quarter	As At Preceding Financial Year

It is higher than putting your money in a Fixed Deposit account. Moreover, Sunway REIT has potential to grow its earnings in the near future. This is because:

1. **Sunway Putra Mall** has reopened its doors in May 2015 after massive refurbishment. Since then, the shopping mall has experienced improved occupancy rate.
2. **Sunway Putra Tower** and **Sunway Putra Hotel** has reported higher income since the reopening of Sunway Putra Mall. They are connected with Sunway Putra Mall.
3. **Sunway Pyramid** is expanding its net lettable area with the development of Sunway Pyramid Phase 3. This development is expected to complete by mid-2016. Sunway Pyramid would receive higher rental income if the management is able to successfully let out the spaces at Sunway Pyramid Phase 3.
4. The management has mentioned that it would acquire new investment properties when the opportunity to invest arises.

Based on the management's track record and capability, I am willing to invest the remaining half of the RM 10,000 into Sunway REIT. This would be a long-term investment. I would consider disposing units of Sunway REIT if:

1. There is a change in the managerial structure of Sunway REIT.

2. Sunway REIT is unable to generate strong financial results in the future.

Caution!

Please be reminded that there are risks involved in stock investment.

To mitigate risk of investing, we should familiarize with the company and its financial positions first before investing. We should also continue to keep ourselves updated with its latest financial performances after acquiring shares of the company.

This article is intended to share my thought-process and journey as a stock investor. It is not intended to provide recommendation on stock investing. Hence, I hereby disclaimed any risk and reward from any gains and losses arising from the direct and indirect usage of the materials presented above.

Regards
Aunty YY

About the Author

Today, it is Aunty YY's passion to increase her ownership of dividend paying stocks and to share her latest shopping deals in her blog, [KLSE-Talk 歪歪理财记事本](#). Presently, Aunty YY's blog is among the most followed Mandarin-written stock investment blogs in Malaysia.

What Choice Investing is About

'Taken from Warren Buffett's Response on His Investment in Coke'

Written by CF Lieu



On April 30, 2016, Berkshire Hathaway has held its 51st annual meeting. It is the first time that the meeting is streamed live globally.

During the meeting, Warren Buffett, the CEO of Berkshire Hathaway and Charlie Munger, the conglomerate's Vice Chairman have held court for 6 hours, fielding questions from journalists, analysts and existing shareholders of Berkshire Hathaway.

What did they say?

Lots of things.

Or, in the eyes of some prominent commentators: 'Nothing as Usual'.

'Nothing' refers to:

**There is nothing you can take home
and apply directly to make money instantly.**

The Million-Dollar Question

Here's the highlight of the meeting.

Warren Buffett was asked:

**'Should shareholders of Berkshire Hathaway be proud to own shares of
Coca-Cola?'**

It was a classic 'Gotcha' question.

But you know what, Buffett simply eluded that very question.

Instead, Buffett talked about 'Choice'.

Choice is about:

- a. How much Coke he chooses to consume (4 - 5 cans a day)**
- b. How no one is forced to drink Coke**

Charlie Munger, who is a lawyer by trade, argued that the question ignores the product's advantage which basically is:

'Coke Tastes Good!'

It is just liquid candy. Buffett mentioned that he drinks Coke because he likes it. Jokingly, he added, 'If you do what you want, you will live longer!'.

After listening to Warren Buffett talking about 'whatever' he wants to talk about during the meeting, there is one lesson that we can bring home. That is:

'Make Your Own Choices'

More Questions to Buffett

Moving on, Buffett was asked specific questions regarding the morality of Coca-Cola and also on the process he uses to choose his stock investments.

Time and time again, he demurred.

It is not our business to judge on his choices made. Also, the results arising from his choice is his alone to live with it. It is clear that:

**Buffett is not influenced by
what his shareholders and other people think
about his investment choices.**

For instance, Bill Gates sat in the front row during the annual meeting. We know how chummy Gates is with Buffett. However, despite their friendship, Buffett does not have shares of Microsoft in his portfolio. As

we dig further, we will find that Buffett does not buy shares of Apple, Google or Facebook.

Here are the top 10 shares held by Berkshire Hathaway for the 4th Quarter of year 2015:

No.	Stocks	% of Portfolio	No. of Shares (Million)	Share Price (US\$)
1	Wells Fargo	19.78	479.7	54.36
2	Kraft Heinz Co.	17.97	325.6	72.76
3	Coca Cola Co.	13.03	400.0	42.96
4	IBM	8.46	81.0	137.62
5	AMEX	8.00	151.6	69.55
6	Phillips 66	3.81	61.5	81.80
7	Procter & Gamble	3.18	52.8	79.41
8	US Bancorp	2.75	85.1	42.67
9	Wal-Mart	2.61	56.2	61.30
10	DaVita Healthcare	2.04	38.6	69.71

These stocks accounted for 81.63% of Berkshire Hathaway's stock portfolio at the end of 2015.

Thus, if Buffett buys some things and chooses not to buy others, we, the Buffett-Watcher, can try to figure it out on our own.

The annual meeting is not just about listening to what Buffett has to say. More importantly, it is to absorb in what he stands for. Through his

preaching, the audience was given a window into his view of the world of stock investing.

We are free to agree or to disagree on his choices of stocks to invest.

Also, here is what I believe.

If you choose to not invest in sin stocks listed on Bursa Malaysia (Genting Bhd, British American Tobacco and Carlsberg), you should not judge and condemn other investors who invested their RM 10,000 into them as they reap good dividends from them.

This is because, if one condemns, it is akin to criticizing Buffett for his investment in Coca Cola.

I'm not sure whether Coca Cola is morally and ethically a sound company. Let us not forget. Together with Bill Gates, Warren Buffett is the founder of Giving Pledge. It is an organization that inspires wealthy people around the world to dedicate the majority of their wealth to philanthropy.

You will find a lot of wealthy individuals with a big heart on the website of givingpledge.org.

About the Author



CF Lieu, CFP^{CERT™} is a financial planning manager at Cheng & Co Wealth Management Sdn Bhd in Penang, Malaysia. It is a subsidiary of Cheng & Co Group of Companies and a practice office of Standard Financial Adviser Sdn Bhd (Standard FA). He is also the founder of <http://HowToFinanceMoney.com>, which is one of the top personal finance knowledge websites in Malaysia.

If I have RM 10,000 to Invest

Written by Alex Tan

RM 10,000 ...

Not considered substantial.

Not too little, either.

You can definitely create massive wealth if you are able to invest and reinvest it at high rate of returns for many years.

Hence, do not underestimate the power of RM 10,000.

If you manage to save RM 10,000 every year and invest them to get good long-term returns, chances are, you will achieve financial freedom in 20 years.

Let us start by assuming that you have graduated, worked for a year, and managed to save up RM 10,000. You decided to invest the RM 10,000 into the stock market.

However, you have no idea how to invest and are afraid of losing your hard-earned money. If this sounds familiar to you, don't worry. I've got your back!

Diversification Makes No Sense to Me

Personally, I will concentrate the RM 10,000 into one company.

Yes, you did not hear me wrong - ONE company.

**Warren Buffett mentioned,
“Diversification is protection against ignorance.
It makes little sense if you know what you are doing.”**

But that one company has to meet certain criterions. I will elaborate further on this very soon.

If you restrict yourself to buying only ONE company this year, most likely, you would spend more of your time studying about each company before investing. If you have doubts of an opinion which cannot be backed by solid facts, you will pass on the investment opportunity and continue to hunt for a better opportunity.

Academically, some may argued that investors would significantly reduce downside risk by having many stocks in their portfolio. The price appreciation in some stocks would offset the price depreciation in other stocks.

However, let us bear in mind that the potential upside gains will be taken away from you as a result of having a diversified portfolio. As a result, you stand to get low returns from taking low risks.

I bet low returns is not what you want. Personally, I do not want it either.

Here, I would provide some indications on how to achieve high returns with low investment risk.

How to Reduce Your Investment Risks

Focus on Analysing Each Company's Business Risks and Jot Them Down. Invest in the company with the lightest business risks.

In my perspective, there are generally 2 sensible ways to obtain higher returns:

a. Invest in an Extremely Undervalued Mediocre Company

b. Invest in a Slightly Undervalued Wonderful Company

I prefer to invest in companies with the lightest business risks. A slightly undervalued wonderful company will be prioritized due to its business qualities. These qualities will pave the way for undisrupted profit growths, which ultimately, leads to ever increasing share prices.

However, if you are not able to find such businesses, the former which is an extremely undervalued mediocre company with the lightest business risks should give you a better return than fixed deposits.

This is what I called, focused or concentrated value investing.

To give you a clearer picture, I will show you a case study of mine.

Case Study: Padini Holdings Bhd



Source: Bursamarketplace.com

2016 © Bursaking.com.my

The above is the share price chart of Padini Holdings Bhd from 2012 to 2015. In 2015, Padini caught my attention when its share price fell from RM 2.00 in July 2014 to RM 1.30 in July 2015, a 35% drop in 1 year.

However, the drop in share price was not the only reason why I looked into this company and I will show you why.

#1: I Checked the Business Model

Padini does not engage in manufacturing activities. It designs and outsources the manufacturing of fashionable apparels to overseas manufacturers. The company carries brands which include Padini, Padini Authentics, Seed, P&Co, PDI, Miki, Vincci, Vincci Accessories, Tizio, and Brands Outlet. I believe, at least, some of these brands are familiar to you.

#2: I Checked on the Major Shareholders

I always prefer to invest in companies which the Managing Director owns a substantial stake in the company. Mr. Yong Pang Chuan is the Managing Director of Padini Holdings Bhd. He holds more than 40% direct and indirect shareholdings of the company. With reasonable remunerations, this ensures that the directors' interest is in line with its shareholders.

#3: I Checked on the Profits

In 2015, the company is willing to absorb GST. Thus, it has affected profitability in 2015. I opined that customers would soon get used to the 6% GST imposition. After all, the impact of GST towards retail

consumption is short-term and not expected to be long-term. As such, the GST impact does not worry me much.

Figures in RM Million

Year	2011	2012	2013	2014	2015
Sales	568.5	726.1	789.8	866.3	977.9
Earnings	75.7	95.3	85.4	90.9	80.2

Source: Annual Reports of Padini Holdings Bhd

#4: I Checked on the Customer Flow

Like any other companies, Padini faces strong competition from other retailing brands such as H&M, Uniqlo, and Zara. Some investors do not feel comfortable investing in a fashion based company. It is just a matter of individual preference.

But, I must tell you this.

According to its website, Padini is the leader in the multibillion textile and garment industry in Malaysia. The management's focus on delivering stylish yet affordable clothes has impressed me.

Padini's ever increasing sales are contributed by gaining customer loyalty through offering valuable products. This also explains why we can always see very good customer flow in Padini's outlets. I have strong conviction that Malaysians will continue to patronize Padini for many years to come.

#5: I Checked on the Rental Cost

Rental is the major cost incurred by Padini as it opens its outlets in shopping malls. From its annual reports, we discovered that the management has been managing its rental costs well. It is done by having Padini Concept Store to house all brands under Padini Holdings Bhd under one roof.

This is a brilliant move as it reduces rental cost per unit and has produced higher efficiency and cost control. Thus, despite incurring higher rental expenses, its proportion to annual revenues remains at 9% over the past 5 years.

Figures in RM Million

Year	2011	2012	2013	2014	2015
Rental	51.2	62.5	71.5	80.9	87.7
Sales	568.5	726.1	789.8	866.3	977.9
% of Sales	9.0	8.6	9.1	9.3	9.0

Source: Annual Reports of Padini Holdings Bhd

#6: On Foreign Currency Risks

Padini is exposed to foreign currency risks as it purchased most of its finished goods from its manufacturers in China. The weakening of Ringgit Malaysia may adversely impact the company's profitability.

In my opinion, I believe the Ringgit would eventually recover as our country's economic fundamentals remain intact. If the Ringgit does not recover, the impact of higher import costs should be largely mitigated by the continual sales growth achieved by Padini.

#7: I Checked on the Future Growth

Here, I have extracted a news article from The Star Online on Padini Holdings Bhd. The title is 'Padini forges ahead'.

'The group is taking bold steps forward, having invested in an e-commerce platform and planning 16 more stores next year. Only 3 of them would be located in the Greater Kuala Lumpur area.'

Thus, I wish to participate in this growth.

#8: I Bought Padini at a Discount

As mentioned, Padini's shares went down from RM 2.00 a share in July 2014 to RM 1.30 a share in July 2015. Thus, it is like enjoying a discount of 35% if I purchase Padini's shares at RM 1.30 a share. In addition, we can use P/E Ratio to value shares of Padini Holdings Bhd.

If we look at its P/E Ratio, it is not only below its 5-Year Average of 12.32, but also, it is the lowest recorded since 2012.

Year	2011	2012	2013	2014	2015
P/E Ratio	9.21	12.70	14.56	14.25	10.90

#9: I Have My Investment Plan for Padini

My plan was to invest about 20% of my portfolio into Padini. I am a 'Dollar-Cost-Averager' and do not believe in timing the market. If price of Padini's shares go down, I would buy more to average down my investment cost in Padini.

Thus, I had been eagerly waiting for prices to drop to RM 1.20 a share. I prayed that its share price would not surge until I have completed my purchase in Padini. Unfortunately, share price of Padini has been increasing ever since and I did not have the opportunity to accumulate more shares of Padini.



Source: Bursamarketplace.com

As I write, shares of Padini are trading at RM 2.38 a share. You can calculate my unrealized returns for yourself.

In addition, during this period, I have been receiving dividends as Padini pays out dividends on a quarterly basis.

Dividends Declared since July 2015:

No.	Item	Payment Date	Amount
1	First Interim Dividend	Sep 21, 2015	RM 0.025
2	Second Interim Dividend	Dec 31, 2015	RM 0.025
3	Third Interim Dividend	Mar 28, 2016	RM 0.025

4	Special Dividend	Jun 29, 2016	RM 0.015
5	Fourth Interim Dividend	Jun 29, 2016	RM 0.025

In my 1st year as a shareholder of Padini Holdings Bhd, I would receive RM 0.115 in dividends. This works out to be 8.85% in dividend yields, way higher than putting my money in Fixed Deposits.

$$\begin{aligned}
 &\text{Dividend Yield} \\
 &= (\text{RM } 0.025 + \text{RM } 0.025 + \text{RM } 0.025 + \text{RM } 0.015 + \text{RM } 0.025) \\
 &\quad / \text{RM } 1.30 \times 100\% \\
 &= 8.85\%
 \end{aligned}$$

To date, I am still a satisfied shareholder of Padini and I continue to have strong faith in its business.

What's My Message?

I am not here to show you how my investments have been doing.

Instead, I want to convey to all my readers this message:

**'It is the process of going through
the investment analysis that makes the difference'.**

If you are still new to stock investing, I would encourage you:

1. To keep learning

2. Practise with small amount of money.
3. Being patient is key as Mr. Market likes to fool impatient investors.
4. Do not get too confident.
5. Keep looking for loopholes in your analysis.
6. Keep Conservatism in mind.
7. Avoid Treating 'Diversification' as a means to reduce risk.
8. Spend more time to dig into each company's business risks and invest in one that has the lightest risk.

These, I can say, will be the best way to reduce your investment risk in the stock market.

Thanks,

Alex Tan

Managing Partner of VGrowth Capital PLT

www.valueinvestingstock.com

About VGrowth Capital PLT

VGrowth Capital PLT was formed with the primary aim to invest in the stock market. Alex Tan was approached by an investor with a six-figure start-up capital. The partnership practises concentrated value investing in undervalued yet wonderful businesses.

If I have RM 10,000 to Invest

Written by PC Wong

The current global economic outlook is extremely weak. We are on the verge of yet another global financial crisis, which could be worse than 2008. There are several indicators which support this view:

1. Debt

The world is flooded with debt as much as US\$ 230 Trillion. With global GDP of US\$ 70 Trillion, it is equivalent to a Debt-to-GDP ratio of 329%!

The 3 major economies, the United States, Japan and China, have Debt-to-GDP ratio of 356% in 2015, 517% in 2014 and 346% in 2015 respectively.

Asset prices have been inflated due to unchecked credit growth and now all of these are coming home to roost. No amount of Quantitative Easing (QE) and Negative Interest Rate Policy (NIRP) can pull the world back from the brink of the next potential financial calamity.

The next global financial crisis will be a debt crisis, covering both sovereign and corporate.

2. Derivatives

Global financial derivatives are estimated to be in the region of US\$ 700 Trillion to US\$ 1.5 Quadrillion. How much is US\$ 1.5 Quadrillion? It is

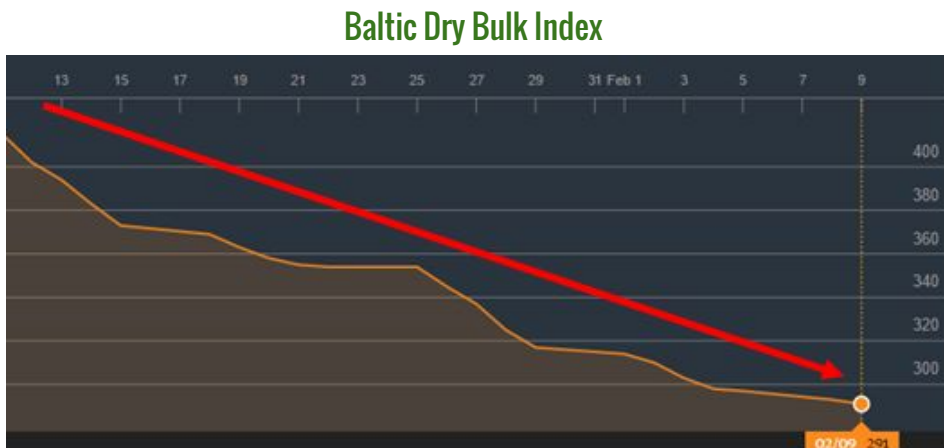
1,500,000,000,000,000! You can give each of the 7 Billion people on planet earth US\$ 215,000.

If a debt crisis occurs, the unravelling of the financial derivatives will be fast and furious (no pun intended). It could make the 2008 crisis looks like a child's play.

3. Baltic Index

The Baltic Index is the best indicator of global trade. It has plunged more than 97% from its peak in 2009. It is now below 300 points which is the lowest in its recorded history.

Recently, Maersk, one of the world's largest dry bulk and container shipping company, announced a whopping 84% drop in profits in 2015 from 2014. As it stands, global trade looks set to get worse.



Source: Bloomberg

The Baltic Index is a measurement of the shipping rates for raw materials. The fall in the Baltic Index indicates low demand for raw materials, hence, the low prices in commodities. This is the result of major contraction in manufacturing activities.

4. Purchasing Managers Index (PMI)

PMI measures the level of activities in the manufacturing sector. A reading above 50 indicates an expansion in manufacturing. Meanwhile, a reading below 50 signifies a contraction in manufacturing.

PMI Data of the United States



Source: tradingeconomics.com, ISM

PMI Data of China



Source: tradingeconomics.com, ISM

The United States and China are the two largest economies of the world. The contraction in manufacturing activities in both countries is worrisome as it can result in a global recession.

5. Gross Domestic Product (GDP)

US GDP Growth Rate



Source: tradingeconomics.com, BEA

US GDP Growth Rate has been lower than its average of 3% - 4% achieved during the bull cycle in the 1990s. This is despite a series of 3 quantitative easing (QE) unleashed by the US Federal Reserve. As shown above, US GDP Growth Rate seems to be stalling.

This will translate into lower jobs growth and disposable income, which in turn, affects consumer consumption. Consumer consumption drives 70% of the US economy.

Walmart, Macy's and other retailers have announced the shutting of several hundred stores nationwide. The United States is experiencing

unprecedented job losses due to weakening in the manufacturing, mining and oil & gas sectors.

China GDP Growth Rate



Source: tradingeconomics.com, BEA

China's GDP Growth Rate has fallen from the highs of 10% in the 2000s to 7% in 2015. Economists have expected the further softening in China's growth in GDP.

From the recent Fifth Plenum meeting, China has revised down its GDP Growth Rate to 6.5% annually over the next few years. China is shifting from being a manufacturing driven economy to a consumption based economy.

China has a tremendous debt problem especially among its state-owned enterprises. Many are ill-prepared to withstand the shock wave that is approaching. Several of these enterprises have failed to make interest payments on their bonds. Many more are expected to be bankrupt in months to come.

At the end of 2014, China's corporate debt stood at US\$ 16 Trillion. This could push banks into a crisis mode. It is not surprising that up to 10 major hedge funds are leveraging to bet against the Renminbi.

I have shared with you major indicators which point towards a major debt crisis. It is quite unlike the world has ever seen before. Global stock markets could collapse. Countries could go bankrupt.

How could you trade in a spiral of falling shares and commodity prices?

The answer is to short the US indices and purchase gold related ETFs (Exchange Traded Funds).

Gold is often mistaken as a commodity. It never was. Gold's history over the last 4,000 years can attest to that. It is rather a precious metal with value stored. Throughout history, gold soars in demand whenever a debt crisis happens. It is no different today. Therefore, I see gold as an ideal hedge against a potential debt crisis.

How do you invest in ETFs?

First, you need to open a foreign trading account.

Malaysia has several banks that offer foreign trading account services. They are as follow:

COUNTRIES	RHBINVEST	HLeBROKING	MAYBANK	CIMBiTRADE
Singapore	SGX	SGX	SGX	SGX
US	AMEX NASDAQ NYSE	AMEX NASDAQ NYSE	AMEX NASDAQ NYSE	AMEX NASDAQ NYSE
Hong Kong	HKEX	HKEX	HKEX	HKEX
Australia		ASX	ASX	
UK		LSE	LSE	
Japan			TSE	
Thailand		SET	SET	
Indonesia			JSX	
Canada			TSX	

Investing in a RM 10,000 Portfolio

RM 10,000 for a portfolio of foreign securities may seem insufficient. But, it is just the right amount to get started. Here, I would place them into 2 ETFs. They are:

iShares Gold Trust (IAU)

IAU offers investors an avenue to participate in the gold bullion market without taking physical delivery of gold. It allows us to buy and sell gold similar to trading securities.

If you are an 'intraday trader', you can profit from the day-to-day movement in gold prices.

Personally, I believe it is a hedge against the decline in major stock market indices and thus, protecting my portfolio. I prefer it because it is convenient and it is a cost-effective way to take part in gold without owning it physically.

IAU (10-Year Chart)



Source: Morningstar

During the previous financial crisis, the IAU reached a peak of US\$ 18.12. As I write, the current price is US\$ 12.03. It is 34% below its peak. Using the exchange rate of RM 4.10 per US\$ 1, it is equivalent to RM 49.32 a share.

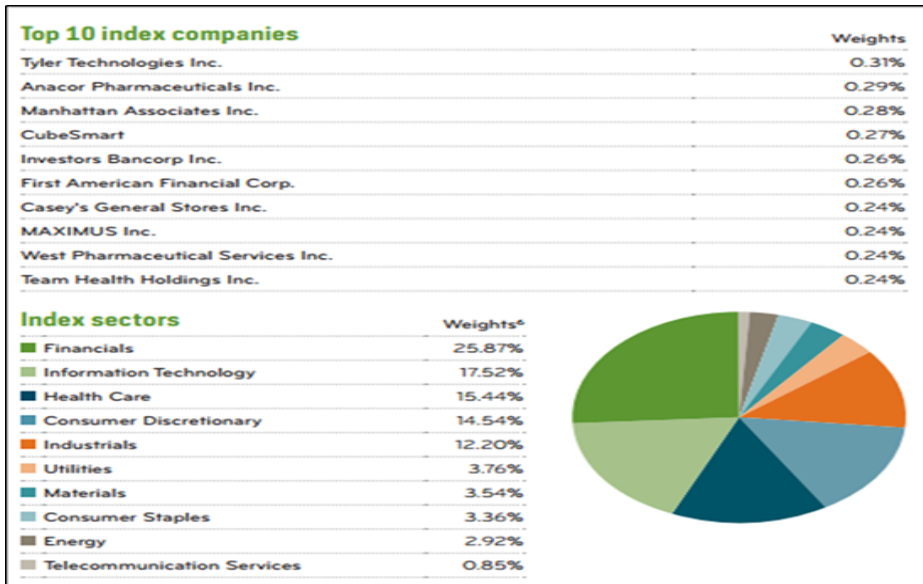
Of the RM 10,000, I would allocate 70% of it into IAU:

140 shares x RM 49.32 a share = RM 6,904.80

Proshares Short Russell 2000 (RWM)

RWM is an ETF that seeks a return of -1x the return of the Russell 2000 Index. Hence, it is an ETF that tracks inversely to the Russell 2000. The Russell 2000 Index consists of 2,000 component stocks which serves as a benchmark for small-cap stocks in the United States.

Russell 2000 Index



The top 5 sectors of the Russell 2000 are:

- a. Financials
- b. Information Technology
- c. Healthcare
- d. Industrials
- e. Consumer Discretionary

The total weightage of these 5 sectors is 85.57%. Poor sentiment towards the United States and the global economy would impact the performance of the Russell 2000. This would, in turn, benefit the RWM.

RWM 10-Year Chart

2016 © Bursaking.com.my



Source: Morningstar

During the previous financial crisis, the RWM has reached a peak of US\$ 458.86. The current price is US\$ 73.10. It is 84% down from its peak. Personally, I would choose the RWM as another hedge against the impending global debt crisis.

The IAU tracks the price of gold.

The RWM tracks inversely to the Russell 2000.

The RWM carries higher degree of risk. This is because, any development which causes the Russell 2000 to rise will impact the price of the RWM.

After understanding the risk involved, I would allocate the remaining RM 3,000 into buying the RWM. At US\$ 73.10, the price of RWM is RM 299.71 a share. Hence,

$$10 \text{ shares} \times \text{RM } 299.71 = \text{RM } 2,997.10$$

Hence, if I have RM 10,000 to invest, I would:

No.	Investments	Shares	Costs
1	IAU	140	6,904.80
2	RWM	10	2,997.10
		Total	9,901.90

About the Author

PC Wong earned his degree at the National University of Singapore and what followed next was a series of stints in several multi-national and public listed companies. PC Wong has been investing actively in foreign markets for the past 5 years.

Presently, he has authored 2 POPULAR Best-Selling Books, 'Invest in Foreign Shares' and 'Invest in REITs' and conducts his regular webinar training sessions with KCLau.com, the leading personal finance blog in Malaysia. For more information, please visit www.investforeignshare.com.

Lately, he has written a digital eBook, Your Personal Guide to Foreign Shares Investment. It is available at the Digital Bookstore of Bursaking.com.my.

YOUR PERSONAL GUIDE

To Foreign
Shares Investment



PC WONG

If I have RM 10,000 to Invest ...

Written by Michael Law

My Investing Rules

1. I do not trade on margin.
2. I buy fundamentally good companies that I am familiar with.
3. I buy stocks that demonstrated consistent earnings over the long-term (5 years).
4. My minimum return on investment (ROI) is 6% per annum. This can be achieved either by dividend yields, capital gains or a combination of the 2 gains.
5. Stocks are undervalued by a good margin.
6. Usually P/E Ratio < 15.

Simple enough?

Here, I would share how I made 280% in capital growth by applying the investing rules mentioned above.

Case Study: Boilermech Holdings Bhd

In 2012, I first got to know Boilermech Holdings Bhd (Boilermech) by reading 'the Edge'. It was newly listed in 2011. After spending some time on 'fact-finding', I discovered:

#1: About Boilermech

Boilermech designs, manufactures and repairs biomass boilers predominantly to customers who are in the palm oil milling industry. These biomass boilers are used to generate steam for the purpose of power generation, sterilisation, heating and drying.

#2: Who are the shareholders?

QL Green Resources Sdn Bhd is the single largest shareholder of Boilermech with 35.03%. Meanwhile, QL Green Resources Sdn Bhd is a wholly-owned subsidiary of QL Resources Bhd.

Therefore, Dr. Chia Song Kun emerges as the largest shareholder of Boilermech. Dr. Chia is appointed as the Chairman of Boilermech. His son, Chia Lik Khai is appointed as an Executive Director of Boilermech.

This caught my attention.

Dr. Chia is the Managing Director of QL Resources Bhd, a well-diversified leading agriculture-based company based in Malaysia. QL Resources Bhd has a great track record of building wealth for its existing shareholders.

Figures in RM Million

Year	2007	2008	2009	2010	2011
Profits	63.2	80.8	89.3	106.9	124.6
Market Cap	616	818	806	1,350	2,458

Source: Annual Reports of QL Resources Bhd

#3: The Financials of Boilermech

From its annual report 2011, I discovered:

Figures in RM Million

Year	2008	2009	2010	2011
Revenues	43.0	60.0	98.8	120.1
Profit After Tax	2.9	4.2	12.3	13.9

#4: Future Prospects of Boilermech

By digging further into both its annual report 2011 and its IPO document, I found:

1. As at April 30, 2011, the outstanding order book recognizable as revenues for Boilermech stood at RM 209 Million.
2. Boilermech has raised RM 11.5 Million from its IPO on May 5, 2011. From which, RM 4.0 Million is allocated for business expansion activities.
3. As at 2011, Boilermech has a total covered area of 4,756 square meters. It is able to deliver up to 5 boilers per month.
4. The expansion efforts would increase Boilermech's production floor area by 2,378 square meters. It is expected to enable the company to deliver an additional 3 boilers per month. This would allow Boilermech to expand its market presence to both Malaysian and Indonesian markets.

#5: The Price I Pay for Boilermech

In mid-2012, Boilermech's shares are trading at RM 0.71 a share. The company's Earnings per Share (EPS) in 2011 was RM 0.0621. Hence, Boilermech's P/E Ratio was:

$$\begin{aligned} &\text{P/E Ratio:} \\ &= \text{RM } 0.71 / \text{RM } 0.0621 \\ &= 11.43 \\ &= \text{Below } 15 \end{aligned}$$

Therefore, I decided to invest in Boilermech.

#6: What Happened Next?

I continued to monitor 2 things, profits and share prices.

Figures in RM

Year	2012	2013	2014
Profits (Million)	19.3	23.7	31.0
EPS	0.075	0.092	0.120
Share Price	0.76	1.00	2.95
P/E Ratio	9.87	10.87	24.58

I found that Boilermech has continued to grow its profits. This is positive. During the period, its share price has climbed rapidly.

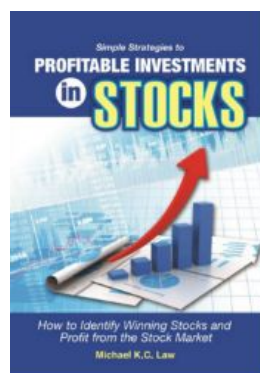
The growth in Boilermech's share price has outpaced the growth in Boilermech's earnings. As a result, P/E Ratio has increased from 11.43 (below 15) to 24.58 (above 15) in 2014.

Hence, I began to sell off shares of Boilermech at around RM 2.70 a share. As a result, in mid-2014, I have realised RM 2.00 in capital growth from every share purchased in mid-2012. This works out to be a whopping 280% in 2 years. This excludes dividend yields received in the 2-year period for owning shares of Boilermech.

About the Author

Michael Law was into business journalism and in the stock market industry. Through his career, he has interviewed many corporate personalities and advised many clients on stock investments over 15 years. He holds a Bachelor of Science Degree in civil engineering and is a MBA Graduate, majoring in Finance & Economics.

He is also the author of a POPULAR Finance Bestseller, 'Simple Strategies to Profitable Investments in Stocks'. You may click [here](#) to get a copy of his bestselling book at discounted prices.



Conclusion:

Your Investment Toolbox

To Jumpstart Your Investment Success

Congratulations!

You've made it to the end of this book.

However, we do not want to leave you hanging. This is why we would be leaving you with an arsenal of tools which are capable to jumpstart your success in stock investing. They include:

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KCLau.com

Valueinvestingstock.com

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(Author: Ian Tai)

[REIT - How Ordinary Investors Build Extraordinary Wealth in Multi-Billion Dollar Commercial Properties Worldwide](#)

(Author: Ian Tai)

[Your Personal Guide to Foreign Shares Investment](#)

(Author: PC Wong)

[2012: 歪歪积少成多理财投资路](#)

(Author: Aunty YY)

[2014: 歪歪积少成多理财投资路第二册：因为理财投资，我看到了magic](#)

(Author: Aunty YY)

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