

## Tools for building wealth

WE had looked at building blocks towards building our wealth. The two factors that normally make people lose money in their investments are Greed and Fear. If and only if you can control your greed and have a grip on your emotions, can you safely venture into the world of investments.

### CASH AND FIXED INTEREST INVESTMENTS

These are considered the most secured ones as there is little chance that you could lose your capital. The basic principle in investment is the lower the risk, the lower would be the potential returns. This category of investment is suitable for the following reasons:

- Used as a transaction account
- To keep cash on hand for short-term expenses and emergencies
- For short-term savings where you cannot afford any risk to your capital

### SHARES

Shares represent ownership in a company and when you buy a share, you become a part-owner in that company. If that company makes money, you stand to gain from the increase in value of its share price (or in the form of dividend payouts). If that company suffers losses, your investment value will fall in tandem with its share price.

Some advice when purchasing shares:

- Do your homework before investing
- Set your target returns - know when to take profit and never be greedy
- Set your loss threshold - know when to cut loss and never get too emotional
- If you firmly believe in a particular company and its future growth prospect, you may want to adopt a "Buy & Hold" strategy for the long term.



**AKPK**

Agensi Kaunseling Dan Pengurusan Kredit  
Credit Counseling And Debt Management Agency

### UNIT TRUST FUNDS

The funds are invested in accordance to the investment objectives. Unit Trust investment may be an ideal option for people who:

- Are new to investing
- Don't want or know how to invest on their own and willing to outsource the selection of investments to professional fund managers.
- Have a small initial amount to invest (with the option to make regular additional contributions)
- Are seeking investment diversification to minimise risk

### PROPERTY

Like shares, property prices can go up or down and have periods of sustained high and low returns. Property investment is suitable as a long-term investment for those who:

- Do not need "emergency" access to money
- Have a long-term investment horizon
- Have the ability to meet mortgage repayments - even if interest rates escalate or the property is not being tenanted

### FOOD FOR THOUGHT

You may want to think through which type of investment best suits you.

### DAD'S ADVICE:

1. Never be Greedy and Don't get too emotional with your investments
2. Make your money work as hard, if not, harder than you do
3. Always do your homework first!

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