Build a fountain of *WEALTH*

Curious about investing but never knew how? Whether you are a risk-taker or a safe player, this guide will help get you on the road to growing your finances

By ***AUDRINA GAN***

Next to diamonds, bags are probably a woman's most prized possessions. Many women will boldly invest in a designer bag, but when it comes to financial planning, there is a little less excitement involved.

According to Oh Chun Wei, manager at First Principal Financial, women investors are usually not as keen on micro-managing their investments, preferring to leave the technical aspects to the professionals or their husbands.

"Women usually look at the overall and bigger picture of the investments when making their decisions," says Chun Wei. For example, "if a product achieves a five per cent projected return, which is what they are looking for, they may usually not want to delve into the details of what the underlying investments are, as long as the overall concepts sounds good to them".

A study by Ledbury Research suggests that women take fewer risks and are likely to choose conservative investments. While this can be a good thing, women need to be careful that this naturally conservative outlook does not close them off to certain higher-risk investments like equities.

In the long run, investing in equities as part of a diversified portfolio can pay handsome dividends, advises Eleanor Seet, president and director of Nikko Asset Management.

Assessing Risk

Before making an investment, you need to assess the investment horizon and your risk profile. Usually, women in their 20s are new to the market and will be more wary and conservative. They are likely more concerned with expenditure over investment needs due to the lower-starting income.

"As they enter the late 20s, their risk appetite and willingness to invest may increase if they have experienced positive results and have expectations of a better lifestyle," says Chun Wei.

Into their 30s, many may have progressed in their careers, or perhaps become a mother. They would also be earning a comfortable salary and have some savings to make a deposit on their first property purchase or investment.

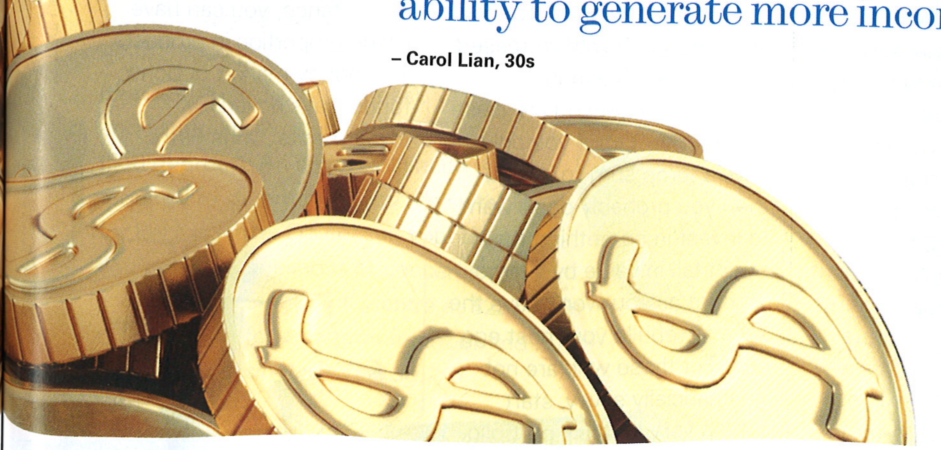
At this juncture, they are savvier and become more selective of the type of investments that they take on. They would be more inclined to go into an in-depth understanding of the planning process or strategy, and not the specific products alone, but they may not want to micro-manage their investment as much due to their lack of time.

Addressing Concerns

Being in a senior position for a period of time, those in their 40s focus on quality of life and many would have amassed substantial savings. Those who are married would continue to set aside

"I put my money into investment-linked plans as I do believe in saving periodically and protecting my ability to generate more income"

– **Carol Lian, 30s**



Tips On Investing

If you are planning to invest, start building a diversified portfolio that includes equities, bonds, property or REITs, commodities and absolute return strategies.

If you are in your 20s, you can choose a riskier mix of assets, says Nikko Asset Management's Eleanor Seet, gradually tilting towards less risky assets as you get older.

According to Chris Firth from dollarDEX Investments, younger women can take more risk since they have longer time horizons, so a portion of the portfolio could go into equities or shares.

"However, products like money market funds, which are safer and more stable, could also be useful for short-term needs or as alternatives to bank deposits."

When purchasing products such as unit trusts, you must still monitor the funds even though it is managed by a professional fund manager.

Another thing to consider when investing is insurance. "The best investment plans can be disrupted by unanticipated events such as a serious illness. So it is good to have adequate insurance cover," Chris advises.

"Investment in property has gained popularity over the last few years due to the boom in the market but entry to such investments are significantly higher. But we have to draw experience from the property crisis in the 90s' and make our property investment decisions with a level mind," says Chun Wei money for their kids and education, while others may be caring for ageing parents. They may have a higher risk appetite as they have a greater capacity to bear potential losses or they are aware that retirement is soon approaching.

During their 40s, the main concern is to grow existing funds as quickly as possible, but the risk appetite may taper towards the late 40s as they witness retrenchment among peers, or find it harder to get jobs at their previous salary.

There are many investment products available such as equities, unit trust, insurance and property. According to Eleanor, when analysing whether an investment is suitable for you, consider how much of your total nest egg will go into this investment. Secondly, what is your time horizon, and thirdly, what is your loss capacity or risk appetite?

Chris Firth, director of dollarDEX Investments, says, "There are no prizes for holding the riskiest portfolio but potentially lots of heartache for the over-risky ones. No investor should have the majority of her assets in shares or equity funds if she is the type of person who gets nervous every time the index turns red."

For investments like equities, there may be a need to put more time into research and continual monitoring due to the stock market's high fluctuations.

"Knowing what to buy is not only important, but recognising when to exit will make the equation complete," says Chun Wei. W

"When I first started working, I made the mistake of investing my bonus in a single stock (a small Asian technology company) with my friends without finding out more first. I lost almost all my bonus – it felt like I had worked for free that year. It was a painful way to learn that I need to know what I am investing in before I do so"

– Eleanor Seet, late 30s

TOP 5 INVESTMENT NO-NOS

Don't follow the trend blindly. If you have not done all your homework, avoid chasing "hot tips" or hot performance products.

Don't buy complex products. If you do not fully understand the product, it is best to avoid it. This is a golden rule for famous investors such as Warren Buffett. So make sure you do your due diligence. That includes reading the prospectus of a fund.

Don't put all your eggs into one basket.

Don't chop and change investments too frequently.

Don't get lazy. It is your responsibility to monitor your investments regularly.

"I invested in stocks two years ago for some 'excitement' but made a loss due to one of the stock's high volatility. Through it, I learnt that I was more suitable to purchase dividend-yielding or blue-chip stocks"

– Sharon Ng, 29

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$$$pread Your Investments

To avoid risking all your hard-earned money, set aside a proportion of your wealth into a "monopoly money" account.

Eleanor Seet from Nikko Asset Management says, "On top of the regular investment contributions, this is an account where you can make highly speculative bets which can either turn into huge returns or can be written off in losses."

If you have 30 years or more until retirement and are saving regularly every month, experts say you have a larger capacity for loss. Short-term market falls should be seen as a good thing – as long as you have done your homework and chosen a good investment.

"When the market falls, it means you can buy more units of the same investment at a lower price. Also, if you are saving for the long-term, there is still the ability to make up for shortfall with increased saving," says Eleanor.

However, if you are close to retirement, or if you only have a lump sum to invest, then you probably don't want to invest in something that might fall in value by a large amount as you won't have the time to rebuild your nest egg.

For those who are not so financially savvy, start with a very low-risk portfolio. For instance, you can have a high proportion in products like money market or bond funds, says dollarDEX Investments' Chris Firth.