



# FINANCIAL LITERACY FOR YOUTHS



Five-Minute Finance

Mr. Ian Wong



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In this new mini-series, FLY: Malaysia talks to some of our previous interviewees for a quick mid-year financial review, and some helpful tips to keep your finances on track.



*Ian Wong is a licensed financial planner specialising in personal finance for Generation Y, and is a Partner at IPPFA Sdn Bhd. He can be contacted on [Facebook](#) or on his [website](#). Read up on our previous interview with him on financial planning for millennials [here](#).*

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With the increased volatility in equities markets and the threat of a trade war looming between the United States and China, investors are surely concerned about the health of their portfolios. In this short piece, we reach out to Mr. Ian Wong, licensed financial planner, for his thoughts on the matter.

**1) What are your thoughts on the recent volatility in the Malaysian stock market, and in the wider picture, the global markets as well?**

“After last year's ‘synchronised-growth’ globally, we were always going to be heading for some sort of turbulence,” opines Ian. Taking into account the recent change in government locally, the US-China trade war, and other geopolitical shifts, investors as a whole have become more fearful of putting their money into riskier assets. To Ian, however, it is precisely this sort of environment that investors should seek to thrive in.

“I frequently tell my clients that this is the best time to invest, to heed the sayings of Warren Buffett and ‘be greedy when people are fearful’. Fight the instinct to run just because a lot of people around you are scared. Think of it as (good) stocks and funds going at a discount.”

As always, however, he is adamant that investors do their due diligence and research the company they are considering investing in before actually doing so. For local investors, he suggests looking at companies that have strong fundamentals, but whose share prices have tumbled because of knee-jerk reactions such as the change in government, or the cancellation of various projects.

## **2) What are the warning signs that we should take note of when assessing our investment portfolios?**

In Ian’s experience, a major warning sign is when investors find themselves in a situation where they simply cannot lose the money that they have already invested. It is a scenario of putting all your eggs into one basket and marks a failure to fully consider the risks before investing. “If you cannot take the downside result, don't [invest]. Your investment portfolio should consist of a portion that will give you consistent returns (usually at a lower rate), as well as a portion that you are willing to lose.”

Ian cautions that being constantly worried about your investments will have a negative effect on your subsequent investment decisions and perpetuate a domino effect for you. He warns of the possibility of making poor decisions because of your anxiety and stresses the need to only invest when you are confident that your choice will do well.



### 3) For our Malay readers with some extra *duit Raya*, what can they consider investing in?

For bumiputeras seeking to put their money to work passively, Ian suggests making full use of the Amanah Saham Nasional Berhad (ASNB) scheme for bumiputeras (Amanah Saham Bumiputera), noting the good returns for the risk level entailed. This advice, however, comes attached with a warning: one should **not** take loans to fund their ASB investments.

“First, taking the ASB loan will make it harder for you to take a more important loan in the future, like a property or business loan. Next, and this is more of a layman's method of understanding - have you ever seen anyone get rich or become financially free from doing the ASB loan?” he explains.

“So, put any extra money you have into the [ASNB] account, but refrain from taking a loan - tempting as it might be.”