

The Bigger Picture of Retirement

The Sunday Star – Star Special: Retirement Planning (19 July 2015)



Kenanga Investors Berhad Executive Director and Chief Executive Officer Ismitz Matthew De Alwis says that diversifying investment is key to growing a sustainable retirement fund.

‘Look at retirement holistically’ is advice that Kenanga Investors Berhad (KIB) emphasises when it comes to improving one’s financial status.

In the past, retirement was not a common topic to be discussed among friends or family.

Many people believe that the money contributed to their EPF will be sufficient to take care of their retirement, but is it really enough?

Financial literacy

KIB Executive Director and Chief Executive Officer Ismitz Matthew De Alwis says that it is important to know what you are doing.

KIB believes that having financial literacy is the most important ingredient. It also considers the importance of changing mindsets as cultural and behavioural factors often play a role in decision making.

Being financially literate provides the necessary knowledge, skills and tools that foster confidence needed when deciding how to secure your financial future.



Kenanga Investors

This leads to successfully accumulating, managing and preserving wealth and thus, strengthening your position for retirement.

The point to consider is not how much you will have at the moment of retirement but whether it will be sufficient to cover you over the various phases of your life over the 20 or more years after retirement.

Starting young

A study on financial education in Asia by the Asian Development Bank indicates that majority of nations in Asia do not possess a national strategy for financial education and literacy or that the existing programmes are lagging behind compared to other parts of the world.

Most financial education programmes in Asia tend to be small scale and targeted at individual groups rather than the wider population.

Financial education in school curricula is minimal and there are other issues that impede its effectiveness, including a lack of experienced teachers, student motivation and participation from senior members from the financial industry.

This is why KIB works with universities and colleges to nurture the younger generation to be finance-savvy.

Its philosophy is to provide cradle-to-grave financial solutions, including retirement, and to focus on tailoring offerings to the younger, less affluent and potentially less financially literate market.

“We want to make sure that young people do not feel intimidated by financial jargon and the complexity of products. They can opt for simpler products first as they have ample time to pursue more ambitious goals. Perhaps start in an equity-based unit trust fund,” says De Alwis.

Unlike investing directly in equities which require investors to have the know-how and time to successfully manage their money, unit trust funds offer investors exposure into the capital market by having their money managed by professional fund managers.

Young investors have a longer time to retirement, allowing them opportunities to invest in more aggressive equity funds to provide them with potentially higher returns to grow their retirement fund faster.

Retirement Products

KIB offers a range of retirement products that cater to various client needs and risk appetites, which is neatly pooled under the Retirement Investment Solution package.

This package is dedicated to retirement planning where various investment instruments are combined to form a holistic portfolio, both conventional and syariah-compliant.

It consists of the EPF Members Investment Scheme, Private Retirement Scheme (PRS) and Kenanga Actively Managed Portfolio (AMP) Plus.

The EPF Members Investment Scheme allows eligible EPF members to withdraw an allowable portion of their EPF savings to invest in EPF-approved unit trust funds.



Kenanga Investors

PRS is a voluntary retirement fund that cultivates disciplined saving to complement the mandatory EPF savings whereas AMP is a service for clients who want the convenience of having a full-time portfolio manager actively managing their retirement funds.

With Kenanga AMP Plus, you are investing in a basket of funds (a portfolio) carefully selected by a portfolio manager.

The Portfolio Manager will do all the necessary monitoring - selecting, switching and rebalancing of your funds - to enhance your investment returns.

Meanwhile, KIB will be redesigning its platforms to provide a flexible support to a diverse client base as well as a more satisfying and enjoyable client experience.

Retirement is a long-haul solution and a platform revamp will hopefully enable KIB advisors to deliver personalised and tailored customer experience that clients increasingly expect and establish long-term client-advisor relationships.

Eggs in many baskets

“Diversifying is the key in good investments as you don’t put everything into one particular asset class or product. It is also important to remember your protection coverage - insurance and medical coverage is also equally important and other financial instruments complement your investments,” says De Alwis.

Kenanga Group’s multi-product KenWealth platform, which houses a range of financial, investment and protection products, is the first-of-its-kind in Malaysia.

The platform is a digital wealth management tool that wraps (term the KenWrap) different financial portfolios of clients into a single portal.

KenWrap allows access to a person’s financial and risk profile while enabling clients to view financial products from multiple providers from a single access point.

The extensive product range includes unit trust, share trading, private retirement scheme, treasury products, insurance as well as wills and trusts.

“It doesn’t do any good to just put all your money into one channel and expect it to sustain you to the end. There are a great number of ways to make the best out of your money.”

“However, we often feel that the products chosen by clients do not complement one another. Hence the wrap feature assists clients to consolidate both their asset and wealth management for a clearer assessment of their financial needs.” says De Alwis.

KIB also believes that financial planning and the delivery of sound and consistent top performance returns is important.

Its flagship fund Kenanga Growth Fund (KGF) has received the Best Performing Equity Malaysia Fund award for the 5-year and 10-year categories at the prestigious Lipper Fund Awards 2015 (Malaysia).



Kenanga Investors

KGF was also awarded the Recommended Unit Trusts Awards 2015/2016 (in recognition of consistent, top-of-the-class performers from fundsupermart.com's extensive list of unit trusts) by fundsupermart.com under the Core Equity Malaysia category.

"We are not the financial institution from around the block, but your revolutionary one-stop financial hub that caters to various financial needs." says De Alwis.

Keywords in Planning Your Retirement Fund

Amount – You do not need a significant amount that causes you to forego other important needs. However, it must be a meaningful amount that you are comfortable with. Some experts encourage setting aside 10% of your salary, but there is no hard and fast rule. As you achieve more financial stability, that amount can be increased and adjusted according to your lifecycle needs.

Regular - It is good to set aside the amount on a regular basis, be it monthly, quarterly or yearly, and make it a habit to stick to.

Invest – Some people choose to put their money aside and save (for example, in a fixed-deposit) or invest. While there is no harm in saving, investing provides an avenue to potentially grow your money faster than saving. Ensure that what you invest in is safe, professionally managed and well-regulated. Always consult a professional before investing.

Long-term – Retirement fund accumulation is a long-term process. The amount accumulated, ideally, should not be withdrawn and re-purposed. When you invest for the long-term, it allows your retirement fund to ride through the financial market and any economic turbulences.

For retirement only - If the purpose of building a retirement fund is to finance your retirement, then let it be dedicated only to your retirement. Temptations may compel you to utilise the fund for different purposes but it is important to refrain from doing so.



Kenanga

Kenanga Investors

Source: The Sunday Star - Star Special: Retirement Planning (19 July 2015)

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The bigger picture of retirement

"Look at retirement holistically" is a phrase that Kenanga Investors' Behnood (KB) emphasises when it comes to improving your financial status.

In the past, retirement was not a common topic to be discussed among friends or family. Many people believe that the money accumulated in their EPF fund will be sufficient to take care of their retirement, but is it really enough?

Financial literacy

KB executive director and chief executive officer Behnood Manohar says that it is important to know what you are doing. KB believes that having financial literacy is the most important ingredient. It also considers the importance of changing attitudes on retirement and behavioural factors often play a role in financial planning.

Being financially literate provides the necessary knowledge, skills and tools that foster the confidence needed when working how to secure your financial future.

This leads to successfully accumulating, managing and preserving wealth, and then, recognising your problem for retirement.

The point to consider is not how much you will have at the moment of retirement but whether it will be sufficient to cover you over the various phases of your life over the 20 or more years after retirement.

Starting young

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Most financial education programmes in Asia tend to be small scale and targeted at individual groups rather than the wider population.

Financial education is about curricula in financial and there are other issues that require effectiveness, including a lack of experienced teachers, teacher motivation and participation of employer members from the financial industry.

This is why KB works with universities and colleges to nurture the younger generation to be financially literate.

It is also important to provide credit-worthy financial education, including retirement, and to focus on tailoring offerings to the younger, less affluent and potentially less financially literate masses.

"We want to make sure that young people do not get intimidated by financial jargon and the complexity of products. They can opt for simple products first and then upgrade them to purchase more intricate plans. Perhaps start in an equity-based fund like

Kenanga Investors Behnood executive director and chief executive officer Behnood Manohar. De Ahas says that diversifying investments is key to growing a sustainable retirement fund.

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While investing directly in equities, which require investors to have the know-how and time to successfully manage their money, look for fund offers investors to engage into the capital market by having their money managed by professional fund managers.

Young investors have a longer time to retirement, allowing them opportunities to invest in more aggressive equity funds to provide them with potentially higher returns to grow their retirement fund faster.

Retirement products

KB offers a range of retirement products that cater to various client needs and risk appetites, which is usually problem under the Retirement Investment Solution package.

The package is designed to increase planning where various investment transactions are combined to form a holistic portfolio, both conventional and specialist-oriented.

In context of the EPF Members Investment Scheme, Diversified Retirement Scheme (DRS) and Kenanga actively managed Portfolio AMP Plus.

The EPF Members Investment Scheme allows eligible EPF members to withdraw an allowable portion of their EPF savings to invest in EPF-approved unit trust funds.

DRS is a voluntary retirement fund that caters to disciplined savers to complement their minimum EPF savings where AMP Plus is a service for clients who want the convenience of having a full-time portfolio manager actively managing their retirement funds. With Kenanga AMP Plus, you are

investing in a basket of funds (a portfolio) carefully selected by a portfolio manager.

The portfolio manager will do all the necessary monitoring, selecting, rebalancing and rebalancing of your funds - to enhance your investment returns.

Meanwhile, KB will be redefining its performance to provide flexible support to a diverse client base as well as a more satisfying and enjoyable client experience.

Retirement is a long haul solution and a platform offering will hopefully enable KB advisors to deliver personalised and tailored customer experience that clients increasingly expect and establish long-term client-advisor relationships.

Eggs in many baskets

"Diversifying is the key in good investments as you don't just invest in one particular asset class or product. It is also important to remember your protection coverage - insurance and medical coverage are also equally important and other financial instruments complement your retirement", says De Ahas.

Kenanga Group multi-product RoboWealth platform, which houses a range of financial, investment and specialty products, is the first-of-its-kind in Malaysia.

The platform is a digital wealth management tool that wraps (bundles the KenWealth) different financial portfolios of clients into a single portfolio.

KenWealth allows access to a proven financial and risk profile while enabling clients to view financial products from multiple providers from a single access point.

Keynote in planning your retirement fund

• **Amount** - You do not need a significant amount that causes you to change other important trends. However, it must be a meaningful amount that you are comfortable with, cause adequate earnings to cover 20% of your salary, but there is no hard and fast rule. As you achieve greater financial stability, that amount can be increased and adjusted according to your needs.

• **Regular** - It is good to set aside the amount on a regular basis, be it monthly, quarterly or bi-weekly, and make it a habit to stick to.

• **Invest** - Some people choose to put their money aside and save the amount in a fixed deposit or term. While there is no harm in saving, investing provides an avenue to potentially give your money faster than saving. Invest

what you invest in is safe, professionally managed and well-regulated. Always consult a professional before investing.

• **Long-term** - Retirement fund accumulation is a long-term process. The amount accumulated should not be withdrawn and re-purposed. When you invest for the long-term, it allows your retirement fund to ride through the financial market and any economic fluctuations.

• **For retirement only** - If the purpose of building a retirement fund is to finance your retirement, then it should be dedicated only to your retirement. Transactions may come up you utilise the fund for different purposes but it is important to refrain from doing so.

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Disclaimer: You must read and understand the Master Prospectus dated 30 June 2015 ("Master Prospectus") and the Supplemental Prospectus (SPS) Kenanga OnePRS Scheme Disclosure Document (DD) dated 01 October 2015, the Product Highlight Sheet (PHS) and Investment Disclosure Document (IDD) if any, issued by Kenanga Group (Kenanga) before investing. The Master Prospectus, Supplemental Prospectus (SPS), DD, IDD if any and PHS have been registered with the Securities Commission Malaysia, who shall be responsible for its contents. A copy of the Master Prospectus, Supplemental Prospectus (SPS), DD, IDD if any and PHS can be obtained at our office or any authorized distributor. Application for Unit Trust (UT) can be made on receipt of application form returned to us and completed by the investor. The Master Prospectus, Supplemental Prospectus (SPS), DD, IDD if any and PHS, in addition to the DD, shall be available at the office of the authorized distributor. Kenanga Group does not guarantee its future performance. Investors are advised to read and understand the contents of the unit trust trust offering document (investment letter) before investing. If you are in doubt when considering the investment or any of the information provided, you are advised to consult a professional adviser. Kenanga Finance Trust (2015)015. © 2015 Kenanga Group.