

# Blue-chip investing made simple, affordable

*POSB Invest-Saver proves to be an ideal introduction to the stock market for Ryan Ong*

Ryan Ong wanted to dip his toes into investment waters without having to start with a lot of money. He wanted a regular savings plan that could be easily managed and would introduce him to the diverse world of investments.

POSB Invest-Saver fits the bill, since it is a regular savings plan that allows customers like Ryan to start building their long-term savings from just S\$100 per month. Ryan started the plan early this year and invests S\$200 each month.

Ryan lives along Old Airport Road and is a gadget aficionado. He hopes to use some of the potential earnings from POSB Invest-Saver to buy a new tablet or gaming console.

Said the 30-year-old accountant: "I found that the portion of savings set aside from my monthly salary is insufficient. In order to save enough for my future, be it for my children or for retirement, I started investing through different means."

## INVESTING MADE EASY

Many people think that investing in funds that are traded on a stock exchange is complicated and expensive, as they need a securities trading account and a CDP (Central Depository) account.

However, POSB Invest-Saver lets customers invest easily in Exchange Traded Funds (ETFs) that are listed on the Singapore Exchange. Customers arrange for monthly GIRO deductions when they sign up, making it a convenient way to start investing in either the ABF Singapore Bond Index Fund or the Nikko AM Singapore STI ETF.

Said Ryan: "Subscribing to POSB Invest-Saver is relatively simple and subscriptions can be done easily via POSB Internet banking or any POSB ATMs islandwide. There were no brokers involved and no complicated forms to fill."

After searching online for information about investment options, he realised that POSB Invest-Saver best suited his requirements.

Ryan invested in the Nikko AM Singapore STI ETF, which tracks the performance of Singapore's top 30 blue-chip companies (based on SGX-ST's ranking by market capitalisation).

As an ETF that tracks the STI, this gives him exposure to several key securities or sectors and pays dividends. It also offers the benefit of spread-



Ryan signed up for POSB Invest-Saver as it was an affordable way to start investing. PHOTO: KOH MUI FONG

## RYAN'S JOURNEY

Ryan began investing in POSB Invest-Saver early this year after determining that it met his investment needs. He doesn't want to spend too much of his income on investments and wants a relatively straightforward product that's easy to manage. He presently sets aside:

- S\$200 each month in POSB Invest Saver
- S\$1,000 in cash savings

ing his investment over a variety of major companies across several sectors. This reduces the risk should one sector of the economy perform below market expectations.

Ryan has no immediate plans to pursue other investment options on the stock market as he feels those present potentially greater risk.

Said Ryan: "Unlike POSB Invest-Saver, the initial capital involved in other forms of investment like purchasing individual stocks, is usually higher and a lot of effort is required to analyse and monitor these individual stocks."

## A DISCIPLINED APPROACH

As Ryan wanted to get the most from his capital, potential returns were one of the key reasons behind his decision to sign up for POSB Invest-Saver. As with all stocks, there is a possible risk of not receiving the expected returns, but Ryan is optimistic and happy with his returns to date.

"The returns were my very first consideration followed by the amount of capital needed. As I have limited capital, I had to be very careful in how I used it," he said.

Investing fixed amounts in a disciplined manner every month means that customers do not need to time the market or be swayed by emotion or fear. This makes POSB Invest-Saver a potentially effective investment tool for the long-term.

Said Ryan: "I intend to continue with POSB Invest-Saver for a minimum of three years," adding that he may hold on to his investment longer if market sentiment was favourable after that. He's happy with the affordability and convenience of POSB Invest-Saver, and says he wouldn't hesitate to recommend to others.

This is the sixth story in a 10-part collaboration between TODAY and POSB. Visit [www.todayonline.com/voices/posb](http://www.todayonline.com/voices/posb) to read this story online.

## The difference POSB Invest-Saver makes



FROM  
**LEE CHOON KIAT**  
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Investors who believe in the "buy low, sell high" approach to investing will try to time the market so that they can buy an investment when it's low, then sell it when the price rises.

For most investors, however, this doesn't always work as it's impossible to consistently anticipate price movements.

### REGULAR INVESTMENTS

A regular savings plan (RSP) such as POSB Invest-Saver means that you invest a fixed amount of money every month to make predetermined investments. This is done no matter how good or bad the markets seem.

It's a disciplined, less stressful way to potentially grow your savings, since you don't try to speculate on the time to invest in the hope of making bigger profits.

### DOLLAR-COST AVERAGING

Making regular monthly investments can also help to even out price bumps. Since you invest a fixed amount each month, you will end up buying more units when prices are low and fewer units when prices are high. This is known as dollar-cost averaging.

This can help protect you from market volatility since you don't have to try to time the market.

Adopting such a disciplined approach can help you build up a diverse portfolio. Over a period of time, your average cost of investing in an ETF may even be lower than if you had spent the same amount of money in a one-time investment, as the table below shows.

### WANT TO KNOW MORE ABOUT POSB INVEST-SAVER?

- Visit [www.posb.com.sg/investsaver](http://www.posb.com.sg/investsaver). Product terms and conditions apply.

### ONE-OFF INVESTMENT\*

Month	Investment Amount	Unit Price	Units Bought
January	S\$500	S\$1.00	500

Total invested: S\$500  
Cost per unit: S\$500/500= S\$1

### REGULAR SAVINGS PLAN\*

Month	Investment Amount	Unit Price	Units Bought
January	S\$100	S\$1.00	100
February	S\$100	S\$1.25	80.0
March	S\$100	S\$0.90	111.1
April	S\$100	S\$0.80	125.0
May	S\$100	S\$1.05	95.2
<b>TOTAL</b>	<b>S\$500</b>		<b>511.3</b>

Total invested: S\$500  
Cost per unit: S\$500/511.3= S\$0.98  
You pay: S\$0.02 less per unit

\* These examples are meant for illustrative purposes only.