How to grow your money?

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Opportunities not to be missed

Investors throng OCBC seminar to discover investment vehicles to grow their wealth

O C B C Bank’s wealth management seminar last Saturday was a hit with the investors who turned up to discover new and unique investment opportunities to grow their wealth.

Nearly 250 participants, eager to reap rich rewards from markets, attended the two-hour long seminar where experts touched on opportunities in global property securities, Asian equities and foreign exchange markets.

There is money in buildings

Real Estate Investment Trusts (Reits) have gone down well with Singapore investors, judging from the strong performance last year of the five Reits listed on the local bourse.

But after last year’s run-up, Mr Lindsay Mann, chief executive officer of First State Investments, said that the valuations of local Reits are looking stretched and better opportunities may be found elsewhere — in markets like the United States and Europe.

To access these markets, Mr Mann said that investors can consider a unit trust like First State Global Property Investments, which seeks to invest in Reits and global property stocks listed worldwide.

“Singapore is a small market and investors who are prepared to look overseas will find more exciting opportunities in real-estate markets elsewhere,” said Mr Mann.

But is this a good time to invest in the property sector when news headlines seem to suggest that markets have risen sharply?

Mr Mann said that this perception is misplaced and the generalisation is unfair.

He said: “Yes, residential property markets in some countries have risen sharply, but you can still find opportunities in other sectors and countries. Reits and property companies that invest in retail, commercial and industrial properties in selected countries and regions have not seen runaway prices and there are still attractive global opportunities in these areas.”

However Mr Mann cautioned that the double-digit annual returns seen in the past few years may not be repeated.

“Investors need to be realistic and can probably expect strong single-digit gains over the medium to longer term,” he said.

Investing in Asia with a safety net

Another speaker, Mr Jeremy W Hiley from Aberdeen Asset Management, said that while Asia offers exciting investment opportunities, it is also a risky region to invest in.

Nevertheless, Mr W Hiley said that investment risk can be reduced through careful due diligence and diversification.

Aberdeen Asset Management is well-regarded for its careful approach to investments in Asia — a trait which has helped the fund manager to outperform its peers when it comes to investing in Reits.

In fact, Aberdeen’s flagship Asian fund, the Aberdeen Pacific Equity Fund, has been ranked first in terms of performance over three- and five-year periods.

“We make more than 1,000 company visits in the Asia-Pacific region each year and will never buy into a company unless we trust the management and understand the business fully,” said Mr W Hiley.

“Having a well-diversified currency portfolio is becoming an increasingly important part of wealth management,” said Mr Tan.

“Even well-known investors such as Warren Buffett preach the virtues of having a diversified portfolio of currencies,” Mr Tan said that investors can participate in foreign exchange markets in a number of ways.

One attractive way is through Yield Enhanced Deposits (YEDs), which have the potential to offer higher returns on investments compared with regular deposits. YEDs also have short investment periods and unlike unit trusts there are no annual management fees.

Among foreign exchange products available, YEDs are one of the most easily recognisable and widely-accepted forms of participating in the foreign exchange markets,” said Mr Tan.

Creative shares fall to lowest in almost 8 months

SHARES of Creative Technology, whose products compete directly with Apple Computer’s iPod, fell to their lowest in almost eight months on concerns that rising competition and a shortage of parts will reduce first-quarter earnings.

Creative shares fell as much as 5.6 per cent yesterday to $16.90, their lowest level since July 28, 2004. They closed down 90 cents, or 5 per cent, at $17.00. The stock has fallen 30 per cent this year, compared with a 5.4 per cent rise in the ST Index.

“Creative Technology is facing more competition products and reduced prices in the marketplace,” said DBS Vickers Securities analyst Don See, who has a “sell” recommendation on the stock.

“It’s also having difficulty getting enough hard disk drives from suppliers because of rising demand for products like MP3s and from companies such as Apple and Samsung Electronics.”

Samsung Electronics said it planned to triple MP3 music-player sales this year and unseat Apple as the world’s top producer of the gadgets by 2007.

Apple last month cut by 20 per cent to US$319 ($324) the price of its 4-Gigabyte iPod mini, which holds about 1,000 songs.

Creative, which sells the 5-Gigabyte Zen music players from $449, is seeking to sell more of the gadgets to offset falling demand for its sound cards used in personal computers. It sold more than 2 million digital music players in the three months ended December, compared with Apple’s 4.58 million. — Bloomberg

AusGroup seeks SGX listing

AUSGROUP, an engineering services provider to the oil and gas and mining industries, lodged its preliminary prospectus with the Monetary Authority of Singapore yesterday for a listing on the Singapore Exchange.

AusGroup will offer 52 million shares — comprising 47 million new shares and 5 million vendor shares — underwritten by issue manager WestComb Capital.

Headquartered in Perth, the company’s customers includes BHP Billiton, Apache Energy Woodside Energy, Chevron Texaco, BP and others in the energy and mining industries.

For fiscal 2004, the company recorded a net profit of A$5.8 million ($7.5 million) on the back of A$115.5 million in revenue.

AusGroup intends to use proceeds from the initial public offering to increase its scale of operations in Australia and to set up an operational base in the Asian region.

— Valerie Law