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Guide to Building Your Wealth

1. What affects the value of money?

Money has a tendency to lose its value over time because the price of goods and services usually goes up. This is called inflation. Here are some factors that could lower the value of your money:

Inflation
Simply, inflation occurs when the prices of goods and services rise. When prices go up, people will ask for a rise in salary. That's why 10 years from now, the money you earn today will be worth less than its present value.

Interest rate fluctuations
A drop in interest rates means a smaller return on your deposits, and if the interest rate is lower than the rate of inflation, your savings will lose value. But for some investments, such as equities and bonds, the value of your investment may rise because of the drop in interest rates. This is because bond prices are inversely related to interest rates. When interest rates go down, bond prices go up and vice versa.

Economic trends
What happens in the economy you are in and in other economies can affect the value of your money. Political circumstances, GDP growth, and stock-market indices in other countries can all have an impact on the buying power of your currency.

2. When should I start planning for the future?

The sooner you start, the better. The example below shows the difference in accumulative savings between an Early Investor and a Late Investor, who start saving at different times.

At age 36, the Early Investor starts saving P100,000 every year at 7% per annum. If he stops saving the said amount at age 45, by the time he is 65, he would have P5,720,786 even if he only saved for 10 years.

At age 46, the Late Investor begins saving P100,000 ever year at 7% per annum. Even if he saves yearly until the age of 65, he would have only saved P4,386,518. That's P1,334,269 less than the Early Investor who only saved money for a total of ten years. The difference is, he started to save earlier.

In most cases, the sooner you invest your money, the longer it works for you and the faster it grows.

* Please see chart below

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Age	Early Investor's Annual Savings	Early Investor's Accumulated Savings	Late Investor's Annual Savings	Late Investor's Accumulated Savings
36	100,000	107,000	-	-
37	100,000	221,490	-	-
38	100,000	343,994	-	-
39	100,000	475,074	-	-
40	100,000	615,329	-	-
41	100,000	765,402	-	-
42	100,000	925,980	-	-
43	100,000	1,097,799	-	-
44	100,000	1,281,645	-	-
45	100,000	1,478,360	-	-
46	-	1,581,845	100,000	107,000
47	-	1,692,574	100,000	221,490
48	-	1,811,054	100,000	343,994
49	-	1,937,828	100,000	475,074
50	-	2,073,476	100,000	615,329
51	-	2,218,620	100,000	765,402
52	-	2,373,923	100,000	925,980
53	-	2,540,098	100,000	1,097,799
54	-	2,717,904	100,000	1,281,645
55	-	2,908,158	100,000	1,478,360
56	-	3,111,729	100,000	1,688,845
57	-	3,329,550	100,000	1,914,064
58	-	3,562,618	100,000	2,155,049
59	-	3,812,002	100,000	2,412,902
60	-	4,078,842	100,000	2,688,805
61	-	4,364,361	100,000	2,984,022
62	-	4,669,866	100,000	3,299,903
63	-	4,996,756	100,000	3,637,896
64	-	5,346,529	100,000	3,999,549
65	**-**	**5,720,786**	**100,000**	**4,386,518**

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3. I am new at investing. What are the basic rules to investing wisely?

Know your current financial situation. Before you begin to think about investing your money, you should know how much you could spare each month. How much do you need for expenses? How much can you save? Naturally, the more you can put aside now, the better it will be for your future. It's up to you to achieve a balance between your current lifestyle and your future expectations.

Calculate your income and expenses taking into account the following:

- Mortgage Payments
- Personal Tax
- Loans and Interest Payments
- Living Expenses
- Emergency Funds
- Car Expenses
- Entertainment
- Holidays
- School Fees
- Family Commitments

Generally speaking, whatever spare cash you have after allowing for all your expenses is what you can afford to invest. You can commit a certain amount each month and consider it a monthly expense. As your salary increases, you should also increase the amount you invest proportionately. By doing this, you'll be keeping up with inflation and your money will be working harder for you.

4. I know how much I have to invest, now what?

Once you know how much you can afford to invest, you can set your objectives - why you are investing and how you are planning to use your investments. Your objectives could incorporate any combination of the following:

- Retirement
- Protection for your family
- Education for your children
- Special needs or emergencies
- Specific occasions (e.g. a wedding, buying a house, emigrating)
- Wealth accrual

Now make a list of your objectives, in order of priority, because you may not be able to afford to achieve every single goal. Divide your objectives also into long-, medium- and short-term goals. This will help you choose the type of investment you want to make. For example: if you plan to save for your child's university education in 10 years time, it may be a good idea to invest your money now. Let your money work for you over the years in order to reach your goal . Remember in most cases, the sooner your money is invested, the longer it works for you and the faster it grows. Think about when you will need the return as it also helps to determine the time horizon of your investment.

5. How do I determine my risk level?

Keeping your objectives in mind, determine how much risk you're prepared to take. Do you want to adopt a conservative, moderate or aggressive investment strategy? Ask yourself the following questions before you make your decision:

- Are you prepared to make long-term investments, which will allow you to take greater risks for higher returns?

• If you're going for short-term, high-risk investments, can you afford to lose some of the money you invest?
• If you're married with children, what level of risk can you take and still be certain of their future?
• If you want your money to be safe, will you be content with a moderate rate of return?
• If you opt for safe investments, will the returns be enough to cover inflation?

The important thing to remember is that, in general, you can afford to choose higher-risk investment tools for longer-term investments because, even if they go down in the short term, they are likely to show an overall upward trend over a long period of time. But for short-term investments, you will find low-risk products are a more reliable and safer option.

6. What types of financial tools can I invest my money in?

You can choose from two main financial tools with varying degrees of risk:
• Deposits
• Investments

Traditionally, savings accounts are the safest place to put your money. They provide high liquidity - you can quickly and easily retrieve your money - but offer lower rates of interest. Investment tools offer potentially higher returns but with a greater risk.

7. What investment products are available in the market?

One thing to remember about investments is that the level of return is generally proportionate to the level of risk. Thus an investment offering potentially high returns will usually have a high-risk element.

• Securities
• Stocks
• Bonds
• Foreign Currency
• Funds

8. What are securities?

Securities is the generic name for shares and other investments traded in financial markets. Individuals may invest in securities, and check the progress of their investment every day in the newspapers or on the Internet.

It is possible to enjoy a higher rate of return from investing in securities than from savings accounts. Stock market securities in thriving economic climates will generally show an increase over time, and sometimes within a very short period. However, all stock markets are volatile and buying securities should not be seen as a short-term method of making money.

Buying securities also costs money. Stockbrokers make various charges for their services, such as commission.

Other than investing in securities by yourself, you can assign asset management professionals or companies to invest on your behalf.

Government securities (or Government bonds) are what the government gives you when you lend them money. In effect you are investing in the government. In return the government will pay you interest (known as a coupon payment) They will also pay back your principal at a specified time (the maturity date).

10. What are funds?

Funds are an attractive medium- to long-term investment tool. They give investors the opportunity to diversify even a small investment in securities, bonds, currencies and commodities in markets around the world. This is achieved by combining the resources of many investors into one large pool, which can be spread over a number of different investments and over a wide geographical area. This range of investments is called a portfolio.

Funds have a number of benefits:

- **Diversification, thus spreading the risk.**
  You spread your investment across a diverse portfolio. This is usually safer than investing in a single share. Of course, levels of risk and return also vary among different funds.
- **Professional management.**
  Fund managers spend their working lives researching and managing investments. It would be very difficult for an individual to have an in-depth knowledge of markets around the world. With a unit trust, their expertise is working for you.
- **Access to worldwide markets.**
  Your money can be invested in overseas markets, which may not be easily accessible by individuals. The minimum investment amounts are usually very affordable.
- **Economies of scale.**
  With a large number of investors contributing to a single fund, operating costs and commissions can be amortised. Individual investors thus pay lower fees.
- **Liquidity.**
  You can buy and sell trustsfunds on any dealing day (taking into account the required holding periods of some funds).
- **Potential to earn higher yields.**
  Although most funds do not guarantee specific rates, they do give investors the opportunity to earn potentially higher yields than time deposits since the proceeds are invested in the various bond, stock, currency or commodity markets.

10. How do I invest in foreign currency?

There are two ways to gain a return on your capital from foreign currency, either through interest-rate differences or exchange-rate fluctuations.

Many financial institutions offer margin trading on foreign currencies. This means you can speculate on a large amount while investing only a small amount. Of course, this is a more aggressive investment strategy and can be extremely risky. You may potentially earn a very high yield, but you may also lose part of your original investment.

11. What are bonds?

Bonds are issued by governments and companies in order to raise money, and are a relatively safe investment . Bonds are like loans to governments or corporations. They are usually seen as long-term investments and can have terms of up to 30 years, although five to 10 years is the normal investment period. Many fund managers use bonds as a stable element in their portfolios.

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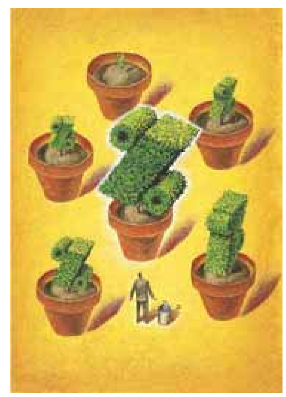
12. How do I choose the right investment partner?

Many people in the past have lost money through unwise investments or lack of relevant information and assistance. Some have even been victims of unscrupulous brokers. If you're thinking of making an investment, here are some questions to consider:

- Are you dealing with a reputable financial institution?
- Is the company registered with the appropriate government bodies?
- Is the company large, stable, and does it have a global presence?
- If you're at all unsure with whom you're dealing with, seek the advice of an accountant, a financial advisor or your bank manager.
- Compare the services offered and the fees charged with other companies.

13. How can I research and keep track of my investments?

The more you know about what you're investing in, the better. Stock and fund prices are quoted in the newspapers and on the Internet. If you're thinking of buying shares in a particular company, ask the company or your broker for their annual report. This will give you valuable information about the company's performance, its financial situation and future plans.



Many investment companies also hold seminars, especially when they're launching a new fund. Banks also host similar events for the benefit of their customers. Attending them can be informative and useful.

Constant review helps to keep your investments up to date. In order to maximise the money you invest, it is necessary to review your investment portfolio on a regular basis. Your financial situation and your investment goals could change, and markets are constantly moving.

New opportunities and investment tools also emerge from time to time, and it is possible that some investments you are holding are not performing to your expectations. If that is the case, you may consider revising your portfolio.

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