

# How to Start Investing with As Little As \$100

Have you ever wondered **HOW**:

The rich grow their wealth?

To retire early?

To start investing with a small amount of money?

Let's begin with the story of a young Singaporean. David is a 25-year-old fresh graduate earning \$3,000 per month. Assuming he retires at 65, David will work for approximately 40 years.

So, if David is willing to save \$100 every month, he would have saved \$48,000 after 40 years. Assuming an average interest rate of 2%<sup>2</sup> per year, his \$48,000 would have grown to more than \$73,000!

But wait a second! Did we miss out something important here? If the inflation rate (averaging 2.7%) is factored in, his buying power would have gone down to about \$41,000 at retirement! Thus, relying on bank savings alone is absolutely not enough to protect your wealth!

So, what can you do to beat inflation?

Let's consider David's scenario. To make his money grow faster, he could put his money into investments that have the potential to give higher returns, like the stock market. Assuming annual returns of 5%/ 7%/ 9%, his savings will grow to more than \$150k/\$256k/\$441k respectively. (Refer to Figure 1)

This is the power of compounding! Investments do not just help David protect his money, but also grow his wealth in the long run. The longer you stay invested or the earlier you start, the higher the returns.

But wait! Is it possible to start investing with just \$100 each month?

Most people think that to become rich through investing, you need to start with a huge capital. This might have been true in the past, but with Maybank Kim Eng's Monthly Investment Plan, everyone can start investing with as little as \$100.

Monthly Investment Plan allows investors to own blue chips stocks like Singtel, Capitaland or SIA - big brands that we are familiar with. The more conservative can go for exchange traded funds (ETFs) like SPDR STI ETF or Nikko Am STI ETF which are funds that invest in the 30 largest companies listed on Singapore Stock Exchange.

## Interesting Facts<sup>1</sup>

Warren Buffett made his first investment at the age of 11. In 2014, his net worth was about \$63 billion US dollars. 99% of his wealth (approximately \$62.7 billion US dollars) was made after his 50<sup>th</sup> birthday.

Does it mean that the first 39 years of his investing timeframe was just a waste of time? Or did he find any 'secret' method to make big bucks in the stock market after his 50<sup>th</sup> birthday? The answers are clearly 'NO'. It is how compounding interest works!

*“more stocks are bought when prices are low and fewer stocks are bought when prices are high”*

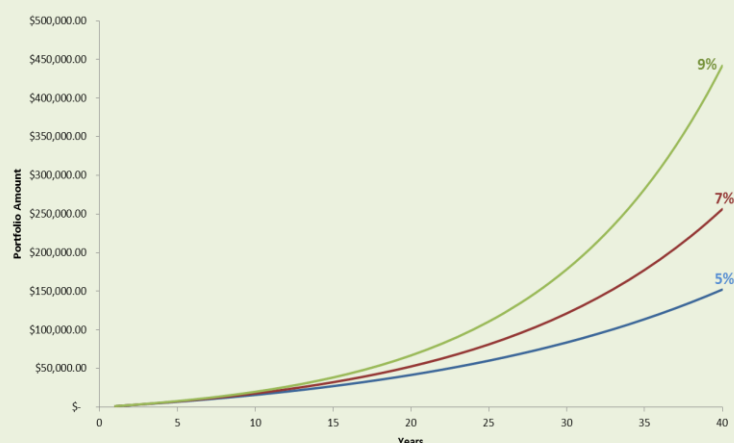


Figure 1

This means exposure to all 30 companies with just a single trade. Despite the recent market downturn, SPDR STI ETF has provided investors an annualized return of 6.79%<sup>3</sup> including dividends since its inception in 2002.

Investors could also diversify their portfolio with foreign stocks across 5 markets (Singapore, USA, Hong Kong, Malaysia and Thailand), including big names like Facebook, Apple, Google or Tencent. There are more than 230 stocks including ETFs and REITs, to choose from.

Last but not least, Monthly Investment Plan allows investors to take advantage of the Dollar Cost Averaging strategy, as the plan buys your preferred stocks on a monthly basis automatically; Dollar Cost Averaging helps to eliminate the need for market timing, as more stocks are bought when prices are low and fewer stocks are bought when prices are high.

## How do I Sign Up for Monthly Investment Plan

The screenshots illustrate the steps to sign up for the Monthly Investment Plan (MIP) on the Maybank Kim Eng website. The process involves navigating to the MIP Status page, clicking 'New MIP', and then specifying the investment amount and the security to be purchased. The screenshots show the 'Amount to Invest' field set to 100 and the 'Security to be purchased' dropdown set to 'STI ETF'. Annotations with arrows point to these fields and include instructions: '1. Specify your monthly investment amount' and '2. Pick the stock that you want.'

To find out more and to sign up for our Monthly Investment Plan, please visit

[www.maybank-ke.com.sg](http://www.maybank-ke.com.sg)

### References:

<sup>1</sup>Interesting Facts, <http://www.fool.com/investing/general/2014/07/18/i-prefer-to-keep-things-simple.aspx>. Retrieved on 6<sup>th</sup> January 2016.

<sup>2</sup>Averaged Bank Fixed Deposits (12 months) since 1990, <https://secure.mas.gov.sg/msb/InterestRatesOfBanksAndFinanceCompanies.aspx>. Retrieved on 14 January 2016.

<sup>3</sup>ETF Annualised Returns, Fact Sheet: SPDR Straits Times Index ETF ES3 - 30<sup>th</sup> November 2015, State Street Global Advisors, [http://www.spdrs.com.sg/etf/fund/ref\\_doc/Fact\\_Sheet\\_STIF.pdf](http://www.spdrs.com.sg/etf/fund/ref_doc/Fact_Sheet_STIF.pdf). Retrieved on 6<sup>th</sup> January 2016