



Dr. Doom Not Dejected

Dr. Marc Faber, the renowned Dr. Doom in the investment circle is not too pessimistic after all. He still sees growth in Asia despite all the uncertainties in the West. Being a long-term investor, he prefers to invest in Asia including Malaysia. He believes in diversification and he is also an advocate for gold investment. Dr. Faber is the author of "Gloom, Boom & Doom" report.

We attended the presentation by Dr. Marc Faber early this week on "Investment Strategy – Where's the Money?". Many people wanted to hear from this flamboyant, pony-tailed Swiss investor who always sees things with different perspective. Due to his regular bearish view, he has been coined as Dr. Doom but not for this time around.

Giving his view on long-term outlook, he shared his concerns on the ageing population, China credit bubble, excessive borrowings by governments as well as growing income inequality. He presented some charts that showed the long-term rise in credit in US and the piling federal debts accumulated by the US government.

On the other hand, he also highlighted the increasing intra-trades among the emerging economies and the reduced reliance on the US and Europe.

During his presentation, he indicated that he still invests in the Malaysian stock market and later he confessed to the press that he has invested in Public Bank and Maybank shares that enable him to sleep well at night. These are the two stocks that we have also invested heavily for our clients.

Dr. Faber believes in diversification including a portion of his investment in physical gold. His expected return is only 5% per year. We, however, are targeting a 10% return from our share investment over the long-term. We are also a strong believer in diversification, which is the best form of risk management.

He urged people to invest as the present negative real interest rate is detrimental to those who keep their money in the banks.

"Malaysian equities are not exciting. However, they are relatively stable, supported by a well-balanced economy coupled with no major downward risks."

Marc Faber, *StarBiz 11 Sept 2013*

"I recommend that investors take a balanced approach to invest in equity, corporate bond, real-estate and gold."

Marc Faber, *SunBiz 11 Sept 2013*

"We are in a bull market that is in the tail-end but that does not mean prices will collapse. I don't think that stocks are the greatest bargain anymore, but they're not that expensive either."

Marc Faber, *SunBiz 11 Sept 2013*

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For Phillip Capital Management Sdn Bhd

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