

# 6 COMPELLING REASONS TO INVEST IN STOCKS

Put your money where  
value is created, not  
stored



Easier to Own a Piece of  
Established Business  
than Building One  
Yourself

Flexibility and Liquidity



You Can Do It from Home



Enjoy Long Term  
Business Growth



Available to Everyone

© KCLau.com 2012 All rights reserved.

Many investors ask me questions about what to invest in. I always concluded that there are mainly two places you should park your money to let it work harder. These two investment vehicles are nothing special. You and I know them. We all know about them.



**Certified Financial Planner: C001598**

Call your CFP Financial Adviser, Mr. Alwin Yau, MBA (Finance) UK, CFP, CMSRL, Dip. Fin Mgmt (ACCA), MIBM (Banking)  
Contact No. 6019 3232163 / e-Mail: alwinyau@retireriche.com / www.retireriche.com / Copyright Reserved 2013

First is business – either your own business or other people’s business. Second is real estate in property, farms, lands and etc.

Now, let’s talk about why you should invest in stock, which is an ownership of an existing business that’s listed for daily trading.

### # 1. Put your money where value is created, not stored

As the paper money value depreciate more each day, I’ve got a lot of inquiries asking my opinion about gold and silver. I agree that you can invest in these precious metals and make handsome profits when its price soars above the roof. This has happened for the past recent years. You should probably convert a portion of your liquid cash into gold and silver, then use the gold coins and silver bars to decorate the interior of your safety box. But **would you put 100% of your net worth in gold or silver?** Probably not .

The reason is pretty straight forward. These metals do you no good. **It has value but it doesn’t produce value.** I believe that when you invest money, you want to invest in some assets that produce value or income. Essentially, great companies use investors’ money to create goods, to produce sought-after service. These products and services inject values into other people’s life. It makes customers healthier (nutritional products). It makes your communication easier (smart phones). It lets you move faster (vehicles). It gives knowledge to searchers with a single mouse-click (Google).

That’s why Warren Buffett preaches that stock investment is going to beat gold in the long term. The key point here is that when you are investing in stocks, you are actually buying an asset that is productive and creating value for its customers. **The ability to create value makes the assets valuable!**

### # 2. Easier to Own a Piece of Established Business than Building One Yourself

You see, it takes a lot of effort to build a successful business. Most entrepreneurs are workaholic, at least at the beginning they work their ass off. Undeniably, building a successful business can produce the kind of magnificent return you won’t find elsewhere. The message I want you to understand here is that building your own business take a lot of effort, time, energy, and sometimes sacrifice.

Compare the effort of building an enterprise on your own versus buying a piece of an existing established company. Relatively, it is many times easier to buy a share of a great company listed in Bursa Malaysia. Imagine that you don’t have to show up in the company you invest in, on every working day. You don’t need to deal with any issue of the business operation. You don’t even need to attend its annual general meeting! All you need to do is to cash in the dividend cheque you receive regularly. And even this is done for you if you trade using a pledged account.



**Certified Financial Planner: C001598**

Call your CFP Financial Adviser, Mr. Alwin Yau, MBA (Finance) UK, CFP, CMSRL, Dip. Fin Mgmt (ACCA), MIBM (Banking)  
Contact No. 6019 3232163 / e-Mail: [alwinyau@retireriche.com](mailto:alwinyau@retireriche.com) / [www.retireriche.com](http://www.retireriche.com) / Copyright Reserved 2013

### # 3. Flexibility and Liquidity

Stock investment provides the highest flexibility and liquidity. You can sell and buy anytime, anywhere as long as it is the market trading time and you have access to Internet. Even without Internet, you are just one phone call away from your remisier or stock broker.

I would like to compare this again to running your own business. If your business go bad, you might get stuck. It is harder to close down the business because of your sentimental attachment. The process might be lengthy and miserable if a business goes bad. I'm not saying that you shouldn't start your business. I created the course Founder Method to increase your chances to build a successful business. What I want you to understand is that comparing the hassle you will need to go through, investing in stocks provide you much more flexibility. You can always change your holding of stock portfolio anytime.

When company X you invested in goes bad, or simply that it is overvalued by the market, you can easily sell off the shares and buy another company share that is selling at a bargain price. This provides you the flexibility of shifting your money to different company, different industry or different country almost instantly. There are so many selection of great companies even if you are just referring to Bursa Malaysia alone. Nowadays, most securities firms also provide the flexibility for investor to invest in stock exchange at other countries and regions.

### # 4. You Can Do It from Home

As I explained in the article Why Should You Invest in Real Estate, property investment suits extroverts, who love going out to look at properties, meet people, and negotiate the deals. Meanwhile, stock investment suits introverts, who love to stay home to read , research and think!

In other words, you can do it all at the comfort from your home. You can DIY – Do-It-Yourself!

You can do buy and sell transaction at home. You can find reports on the Internet. You can read announcement and get frequent update on the news. All these information is already sufficient to let you conduct analysis and research to find the companies that is worth investing your money.

Compare it to running your own business and investing in properties, there is no employees and tenants to manage. In fact, investing in stocks had no other people to manage other than yourself (managing your own time and money). That's one of the best advantages of being a stock investor.



**Certified Financial Planner: C001598**

Call your CFP Financial Adviser, Mr. Alwin Yau, MBA (Finance) UK, CFP, CMSRL, Dip. Fin Mgmt (ACCA), MIBM (Banking)  
Contact No. 6019 3232163 / e-Mail: [alwinyau@retireriche.com](mailto:alwinyau@retireriche.com) / [www.retireriche.com](http://www.retireriche.com) / Copyright Reserved 2013

## # 5. Enjoy Long Term Business Growth

If you've invested \$1000 in Berkshire Hathaway in 1964, it will be worth \$8 million today. If you've bought 1000 share of Public Bank back in 1967 during the IPO, it will be worth more than RM1.5 million today. If you've bought 1000 share of Genting back in 1971, it will be worth more than RM2.2 million today.

This shows the other advantage of buying shares of a great company – it keeps growing!!!

## # 6. Available to Everyone

When a company is publicly listed, it is literally available to everyone to own a share of the business. In Malaysia, you can buy share at 100 units at a time. Although it is not viable to invest hundreds of ringgit at a time due to the minimum transaction cost involved, it is easy for anyone to own a share. You can buy RM2000 worth of share at a time, or RM10k, or RM20k or whatever amount. The transaction cost is negligible when you are buying a share at a relatively large amount.

Due to the regulation and strict requirement of listing, a public company has to be transparent in the sense that a lot of information is made publicly accessible. You can download their annual report. You can also read analyst reports. You can also make better sense by visiting the business outlet to see it yourself.

In stock investment, you can definitely accumulate “one share at a time” due to the low capital required and the easily accessible public information. So the big guys and the small guys are in fact playing at a level field.



**Certified Financial Planner: C001598**

Call your CFP Financial Adviser, Mr. Alwin Yau, MBA (Finance) UK, CFP, CMSRL, Dip. Fin Mgmt (ACCA), MIBM (Banking)  
Contact No. 6019 3232163 / e-Mail: [alwinyau@retireriche.com](mailto:alwinyau@retireriche.com) / [www.retireriche.com](http://www.retireriche.com) / Copyright Reserved 2013