

Smart Investing: Dos and Don'ts in Unit Trust



Please refer to Public Mutual website or contact your servicing Unit Trust Consultant for more information.

You don't need to be a rocket scientist.
Investing is not a game where the guy with
the 160 IQ beats the guy with 130 IQ.

– Warren Buffett





Some investors believe that luck plays a role in investing and several things need to happen for an investor to make money: correct stock picks, market movement, and timing.

But is it necessary to be lucky? That depends if you choose to be:

A Speculator

Focuses on making quick money
by timing the market

.....
Ignores the risks of the products
.....

Impatient

or

An Investor

Understands the features and risks
of the products before investing

.....
Commits to long-term investing
.....

Understands volatility

.....
Makes regular contributions
.....

Builds a portfolio

If you choose to be an investor, you need **STRATEGY** and **DISCIPLINE**

Here are the DOs and DON'Ts when strategising for your unit trust investments:

✓ DO'S

1. Asset allocation

Apportion the investment among various asset classes according to your goals, risk tolerance and investment horizon.



- Equity funds
- Bond/Money market funds

How much should you allocate towards equities?

General Rule of thumb

Asset allocation between equities and bonds/money market instruments by age:

$$100 - \text{AGE} = \text{Percentage of Exposure in EQUITIES}$$

Example:

If your age is 30, you can invest 70% of your investment in equities, with the rest in bonds and/or money market instruments.

2. Diversification

Spread the investment across various funds within each asset class to reduce the portfolio's overall volatility.

How do you diversify?

Invest in funds with different mandates:



Domestic/regional/global/country funds



Large-cap/medium-cap/small-cap funds



Sectorial/thematic funds

Example:

Investor X invests in the following funds for the equity portion of the portfolio, with the aim of diversification:

- Domestic Fund A
- Global Fund B
- Smallcap Fund C
- ESG Fund D

3. Investing Regularly

Investing a fixed amount of money consistently regardless of market conditions allows you to enjoy these benefits:



Inculcate consistent saving habits



Ride out the ups and downs of the stock market in the long run



Invest without having to time the market



Reduce the risk associated with a single large-sum investment

How to do regular investments effectively?

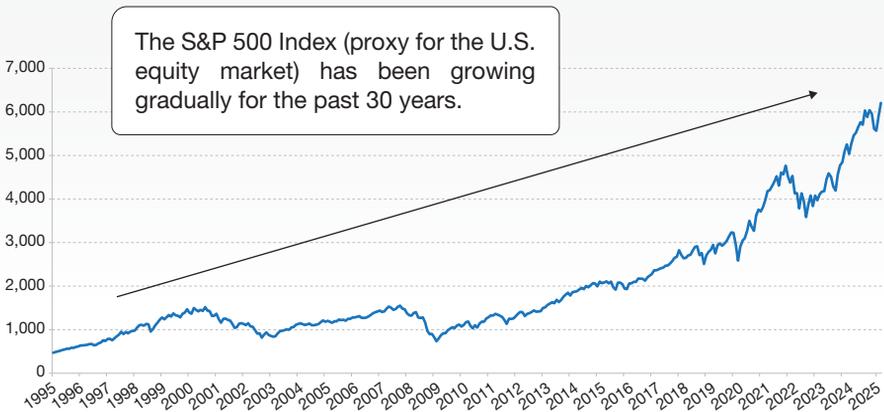
Sign up for Direct Debit Authorisation (DDA)

DDA allows you to transfer a fixed amount from your bank account to a unit trust fund of your choice on a monthly basis.

4. Invest for the long term

The stock market tends to reflect the overall growth of the economy in the long run. Though it may seem volatile in the short term, staying invested in the market over the long term has historically paid off.

S&P 500 (Jan 1995 – June 2025)



Source: Bloomberg

X DON'T

1. Don't put all your eggs in one basket

If an investor invests in only a fund or two, and they are from the same fund category (e.g. domestic equity fund), a potential decline in the performance of the fund(s) will have a substantial impact on the overall portfolio.



What can you do?

Diversify your investment by selecting various funds that are invested across different markets and sectors.

For beginners with limited resources, consider investing in mixed asset/balanced funds to achieve a similar objective.

2. Don't try to time the market

Timing the market is difficult, even for investment gurus. So, investors should not attempt to do so through the frequent buying and selling of funds.



What can you do?

Hold your unit trust funds for a longer horizon of 5 years or more to allow time for your investments to grow.

Focus on your long-term goals, stay invested despite short-term market volatility, and invest regularly.

3. Don't perform frequent switchings

Frequent and emotional switching may cause negative effects to the portfolio's returns, not only because there are costs involved, but also because timing the market is extremely difficult.



What can you do?

Practise asset allocation and diversification. A well-diversified portfolio is better able to weather market downturns.

4. Don't make emotional decisions

Fear and greed are often two major emotional drivers in making irrational decisions, where investors engage in frantic buying and selling during the ups and downs of the market cycle.



What can you do?

Invest regularly via our Direct Debit Authorisation (DDA) facility to ride out market fluctuations.

5. Don't limit yourself to funds that only pay distributions

A fund's performance should be evaluated based on its total return, which includes both capital gains and income distribution.

Equity funds with an incidental distribution policy may not declare income as:

- They can capitalise on the retained capital to generate potentially higher compounded returns over the long term;
- They do not need to liquidate their investments prematurely to raise cash to meet distribution deadlines; and
- They can minimise any additional costs that may be incurred in the process of liquidating the investment.



What can you do?

Identify your investment objective before investing. If your goal is to receive regular income, you may consider investing in funds with a distribution policy that pays on an annual, semi-annual or monthly basis[^]. Examples include fixed income, bond and dividend funds.

[^] On a best-effort basis. Distributions (if any) will be reinvested unless unitholders opt for distributions to be paid out.

Get In Touch with Us



Unit Trust Consultant



Public Mutual Branch/Customer Service Centre



03-2022 5000



www.publicmutual.com.my

This material is prepared solely for educational and awareness purposes and should not be construed as an offer or a solicitation of an offer to purchase or subscribe to products offered by Public Mutual. No representation or warranty is made by Public Mutual, nor is there acceptance of any responsibility or liability as to the accuracy, completeness or correctness of the information contained herein.

Note: All copyright to this material belongs to Public Mutual and the material cannot be reproduced, distributed, transmitted, displayed, published or broadcast without the prior permission of Public Mutual.

Branches/Customer Service Centres

WEST MALAYSIA

Customer Service Centre

Tel: 03-2022 5000

Privilege Circle Centre

Tel: 03-2022 5000

1 Utama Shopping Centre

Tel: 03-2022 5000

Alor Setar

Tel: 04-7366 500 Fax: 04-7364 655

E-mail: aor@publicmutual.com.my

Bangsar

Tel: 03-2022 5000 Fax: 03-2283 5739

E-mail: klsi@publicmutual.com.my

Batu Pahat

Tel: 07-4363 500 Fax: 07-4326 588

E-mail: bpt@publicmutual.com.my

Cheras

Tel: 03-2022 5000 Fax: 03-9132 1022

E-mail: chr@publicmutual.com.my

Damansara Perdana

Tel: 03-2022 5000 Fax: 03-7722 2475

E-mail: dsp@publicmutual.com.my

Iph

Tel: 05-2462 500 Fax: 05-2559 859

E-mail: iph@publicmutual.com.my

Johor Bahru

Tel: 07-3607 500 Fax: 07-3548 600

E-mail: jhb@publicmutual.com.my

Klang

Tel: 03-2022 5000 Fax: 03-3323 5632

E-mail: kel@publicmutual.com.my

Kluang

Tel: 07-7391 500 Fax: 07-7736 195

E-mail: klg@publicmutual.com.my

Kota Bharu

Tel: 09-7263 500 Fax: 09-7476 026

E-mail: kbr@publicmutual.com.my

Kuala Terengganu

Tel: 09-6321 500 Fax: 09-6317 030

E-mail: ktg@publicmutual.com.my

Kuantan

Tel: 09-5118 500 Fax: 09-5161 223

E-mail: ktn@publicmutual.com.my

Melaka

Tel: 06-2855 500 Fax: 06-2837 354

E-mail: mlk@publicmutual.com.my

Muar

Tel: 06-9562 500 Fax: 06-9536 830

E-mail: mua@publicmutual.com.my

Penang

Tel: 04-2196 500 Fax: 04-2295 171

E-mail: pen@publicmutual.com.my

Puchong

Tel: 03-2022 5000 Fax: 03-8065 3010

E-mail: pch@publicmutual.com.my

Seberang Perai

Tel: 04-5407 500 Fax: 04-5050 005

E-mail: sbp@publicmutual.com.my

Seremban

Tel: 06-6372 500 Fax: 06-7644 237

E-mail: sbm@publicmutual.com.my

Shah Alam

Tel: 03-2022 5000 Fax: 03-5513 9288

E-mail: sal@publicmutual.com.my

Sungai Petani

Tel: 04-4558 500 Fax: 04-4230 663

E-mail: sgp@publicmutual.com.my

Temerloh

Tel: 09-2955 500 Fax: 09-2968 060

E-mail: tml@publicmutual.com.my

EAST MALAYSIA

Bintulu

Tel: 086-859 500 Fax: 086-330 221

E-mail: btu@publicmutual.com.my

Kota Kinabalu

Tel: 088-327 500 Fax: 088-238 389

E-mail: bki@publicmutual.com.my

Kuching

Tel: 082-226 500 Fax: 082-239 825

E-mail: kch@publicmutual.com.my

Miri

Tel: 085-323 500 Fax: 085-416 195

E-mail: mri@publicmutual.com.my

Sandakan

Tel: 089-231 500 Fax: 089-222 889

E-mail: sdk@publicmutual.com.my

Sibu

Tel: 084-363 500 Fax: 084-330 269

E-mail: sbw@publicmutual.com.my

Tawau

Tel: 089-982 500 Fax: 089-765 326

E-mail: twu@publicmutual.com.my

HEAD OFFICE

Menara Public Bank 2,
No. 78, Jalan Raja Chulan,
50200 Kuala Lumpur.

CUSTOMER SERVICE HOTLINE

03-2022 5000

TELEPHONE

03-2022 6800

FACSIMILE

03-2022 6900

WEBSITE

www.publicmutual.com.my

FOLLOW US

