

# Be wary of headline risks, aspiring investors and asset managers told

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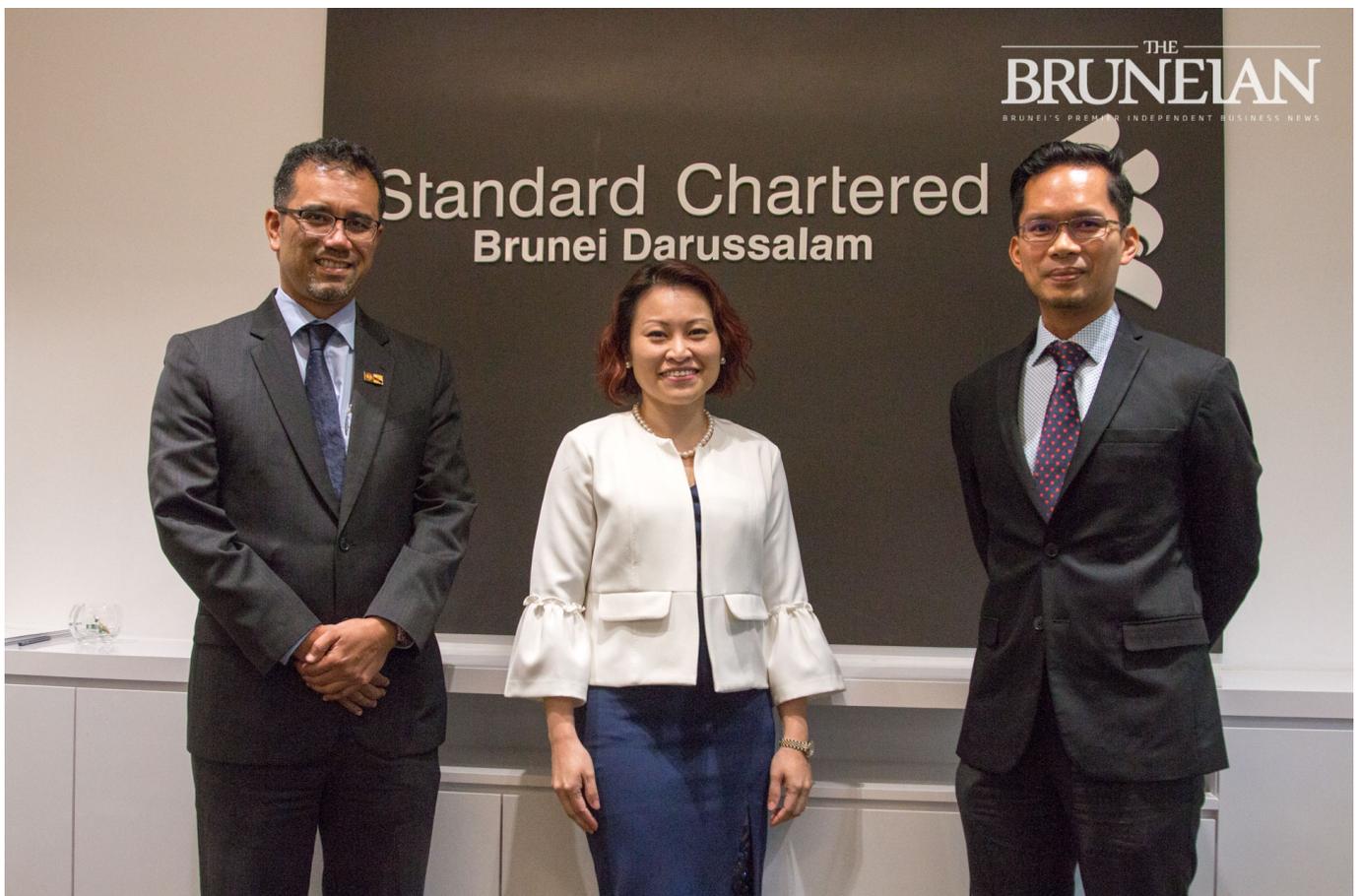
Aspiring investors and asset managers should keep track of latest global economic and political developments that may pose significant risks and affect the performance of their overall investment portfolio, local capital markets strategists said yesterday.

Understanding the developments in other countries' political and socio-economic climate can help stock traders formulate good strategies to ensure their stock allocations are performing well, said the experts, who are key members of the Brunei Capital Market Association (BCMA).

“A change in these climates could easily affect the performance of an asset; as we can see last week, a single tweet (by a high profile market mover) was enough to jack up the value of one asset,” UOB Asset Management General Manager Kamal Hj Muhammad said.

He said while there is “no right or wrong” in terms of formulating investment strategies, understanding how the market reacts to these headline risks would enable investors to adjust their plans accordingly.

“There are a number of strategies traders can find and follow on the internet, but investors also have to be aware of these (economic and political) factors to decide whether the strategies are suitable to their trading styles or not,” he added.



*BCMA Chairman Minorhadi Mirhussin, who is also Managing Director of BIBD Securities (L) in a picture with Standard Chartered Securities CEO Brenda Low (C) and UOB Asset Management General Manager Kamal Hj Muhammad (R).  
Image: Waquiuddin Rajak*

While there are traders who invested into a select few of stock classes, Kamal said it will still be practical to diversify investments across at least 10 assets at one time.

“Those focusing their investments into one class could be experts who are already specialised in the assets they are investing in,” he said.

“It is best for new stock traders to diversify their investments; so that if one or two have underperformed, they still have other assets to counter their losses.”

CEO at Standard Chartered Securities Brunei, Brenda Low, echoed a similar message and said that stock traders should also be aware of their own risk tolerance level, and to weigh them accordingly to their investment moves.

“There are stocks that give high returns, but they could also give high losses...and that you have to remember whenever you think you are ready to take the risks,” she said.

“The key here is to understand what affects their performances, and then to act accordingly to their market analyses; and there is no better way than keeping themselves updated with the latest happenings in the market,” she said.



The BCMA is organising its annual investment challenge next month, a competition for students from higher education institutions to take part in trading stocks and bonds with the objective of promoting investment awareness and knowledge about capital markets.

Apart from portfolio returns, participating students are also evaluated based on their investment strategies, which are to be submitted and presented to the panel of judges by the end of the challenge.

BCMA chairperson Minorhadi Mirhassan said the challenge is aimed at ensuring Brunei has enough “investment-minded” people to support related trading infrastructure and platforms once the sultanate is ready to implement them.

Introduced last year, the challenge pitches the students in a trading contest where they are grouped in a team of at least two people and given US\$100,000 to trade in a simulated platform for three-weeks.

Participants are to buy and sell equities in Malaysia, Singapore and Hong-Kong based on real-time market data and ensure their portfolios survive throughout the whole duration of the challenge.

Registration period will be opened beginning September 20 to 28, with BCMA currently doing a road show to invite more participants to the contest.

More details can be found at the association’s website at <https://www.bcma.org.bn>.

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