

HOW TO HEDGE AGAINST

**WEAKENING
RINGGIT**

RM



**PROTECT
YOUR
WEALTH**

DrWealth

RINGGIT HAS BEEN DEVALUING OVER THE YEARS

vs USD



vs SGD



so what?...

EVERYTHING WILL BECOME MORE EXPENSIVE, FASTER

Table 1: Malaysia's Food Import (Value) in 2021 Ranked Highest to the Lowest

Commodity Code (HS)	Commodity Description	Trade Value in (US\$ billions)	MYR billions ⁷
15	Animal or vegetable fats and oils and their cleavage products; prepared animal fats; animal or vegetable waxes	3.65	15.11
10	Cereals	2.15	8.90
18	Cocoa and cocoa preparations	1.51	6.25
21	Miscellaneous edible preparations	1.47	6.09
4	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	1.15	4.76
3	Fish and crustaceans, molluscs and other aquatic invertebrates	1.11	4.60
17	Sugars and sugar confectionery	1.09	4.51
2	Meat and edible meat offal	1.01	4.18
7	Vegetables and certain roots and tubers; edible	0.99	4.10
8	Fruit and nuts, edible; peel of citrus fruit or melons	0.94	3.89
19	Preparations of cereals, flour, starch or milk; pastrycooks' products	0.90	3.73
9	Coffee, tea, mate and spices	0.69	2.86
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit, industrial or medicinal plants; straw and fodder	0.69	2.86
22	Beverages, spirits and vinegar	0.51	2.11
11	Products of the milling industry; malt, starches, inulin, wheat gluten	0.50	2.07
20	Preparations of vegetables, fruit, nuts or other parts of plants	0.41	1.70
16	Meat, fish or crustaceans, molluscs or other aquatic invertebrates; preparations thereof	0.17	0.70
13	Lac; gums, resins and other vegetable saps and extracts	0.08	0.33
SUM TOTAL		19.03	78.78

Source: United Nations (n.d.)

Note: Refer to the Appendix for a list of the HS Codes included in the food import category.

Although we are a producer of some goods, we rely on foreign imports for

- Food
- Petrol
- Electronic products
- Vehicles
- and many more

With a weakening Ringgit, imports will become more expensive, at a rate that is higher than the average global inflation rate. It's as though we have to pay an extra premium because our currency is weakening against the rest.

YOU WILL NEED MORE TO RETIRE



EPF Sets New Target Of RM240,000 For Basic Savings

Although the EPF recommends having a minimum retirement savings of RM240,000 by age 55, that may not be sufficient at the rate our Ringgit is devaluing.

If you are worried about even hitting that amount now, it could get worse...

Good News: You Can Do Something Today! [!\[\]\(23d9fc146e83b5c3013cfa32c784f8d5_img.jpg\)](#)

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4 WAYS TO HEDGE AGAINST A WEAKENING RINGGIT

& protect your wealth



1

GOLD



Despite mixed sentiments, Gold remains a good store of value. Especially for a currency that is devaluing overtime.

This is not to be confused as a growth vehicle or an income generator. However, storing your wealth in gold over the past 10 years would have protected your wealth from the slide that Ringgit has undergone.

1

GOLD

Gold is an effective hedge from a fund manager, venture capital POV. You can start by buying as little as a few grams.

CONSIDER:

- **Gold bullion (coins/bar):** *Banks, Authorised Bullion Retailers*
- **Gold ETF:** *TradePlus Shariah Gold Tracker on Bursa Malaysia*
- **Gold Investment Accounts**

AVOID:

- **Gold jewelry**
- **Gold futures** (*not suitable for store of value*)

2

MULTI CURRENCY ACCOUNTS

BEST MULTI-CURRENCY ACCOUNTS?

	Min. Deposit	Account Opening Fee	Transaction Charges	Other Fees	Currencies
	NIL	NIL	NIL <i>+ currency conversion fee</i>	NIL	50+
	NIL	USD1000	USD4	NIL	16
	NIL <i>RM20 for debit card</i>	USD200	NIL	Annual fee: RM10	32
	NIL	USD1000	USD1	Annual fee: RM30	12
	NIL	USD1000	RM10	Annual fee: RM60	10
	NIL <i>RM20 for debit card</i>	USD1000	USD4	Fall below fee (<RM 20,000): RM10	12

You can open one of these with any Malaysia banks or even foreign banks. Use it as a savings account especially if you have vacation plans, and not worry about a weakening Ringgit.

3 INDEX INVESTING

As investors, we are biased towards stock investing.

But, stock investing takes time to master. Instead, you can start with index investing.

An index measures the performance of a basket of securities intended to replicate a certain area of the market. Some popular indices:

- KLCI index (tracks top 30 companies on the Bursa Malaysia Exchange)
- STI index (tracks top 30 companies listed on the Singapore Exchange)
- S&P 500 index (tracks top 500 publicly traded companies in the U.S)
- NASDAQ 100 index (tracks 100 largest non-financial companies listed on the Nasdaq)

You can invest in these indices through index ETFs:

Index	ETF
KLCI	FTSE Bursa Malaysia KLCI ETF (0820EA.KL)
STI	SPDR Straits Times Index (STI) ETF (ES3)
S&P 500	Vanguard S&P500 ETF (VOO) SPDR S&P 500 Trust ETF (SPY) iShares Core S&P 500 ETF (IVV)
NASDAQ 100	Invesco QQQ Trust (QQQ)

So many, which one?? ->



INDEX INVESTING

Historical Performance since 2010:



If you don't mind owning the best listed companies in the US and are confident that the US will remain as a global leader, the S&P 500 ETFs are a good way to start.

Even Buffett thinks so having said in his CNBC interview in 2017:

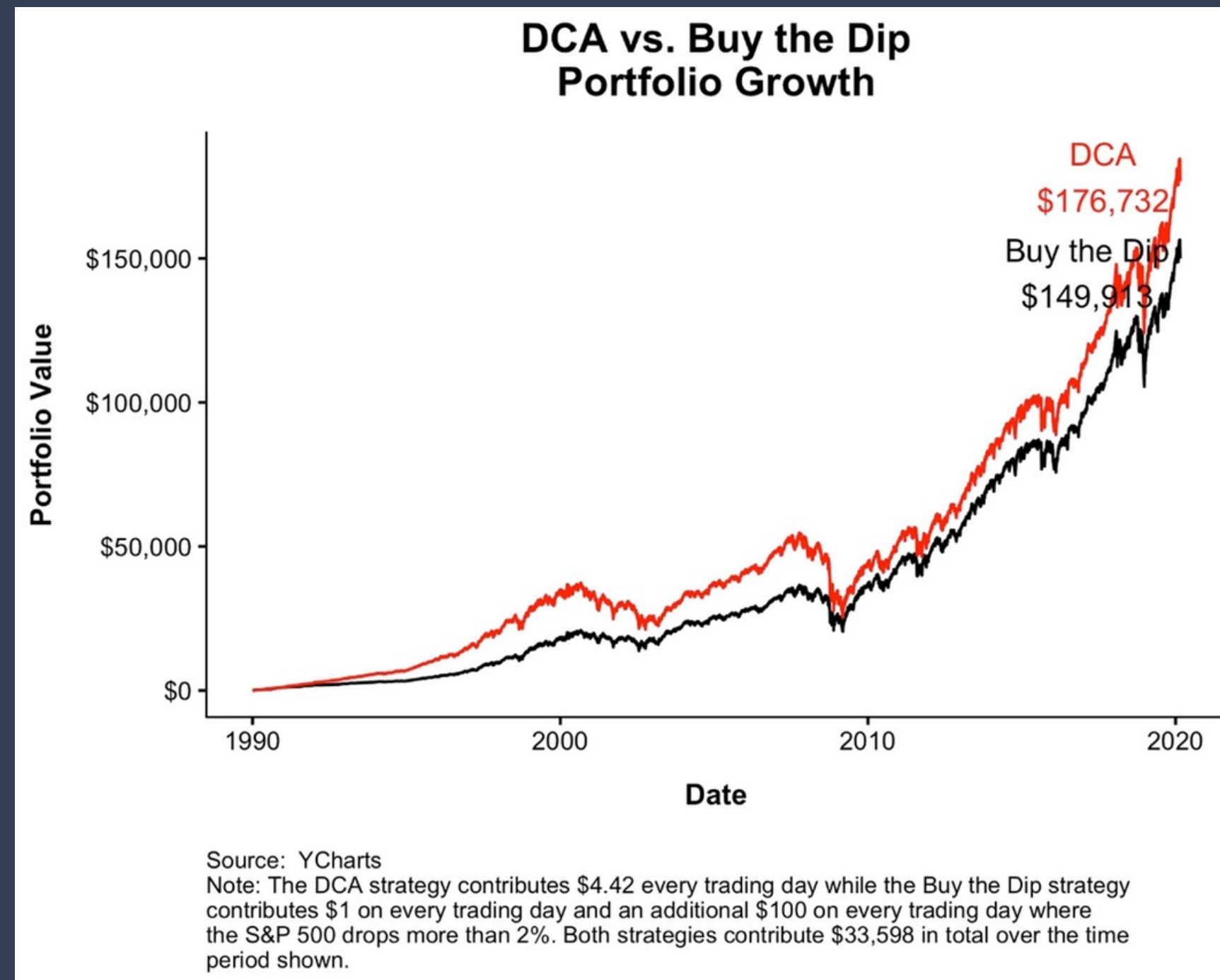
"Consistently buy an S&P 500 low-cost index fund"

how? ->

3 INDEX INVESTING

Dollar Cost Average: you buy a fixed amount on a regular frequency. For example, buying RM500 worth of S&P 500 every month, without needing to understand how the markets are doing.

You may think this is dangerous. But it has been historically proven to be a superior strategy (especially if you do not know how to pick stocks):



You can do this through Regular Savings Plan feature that certain brokers like Maybank, iFast, FSMOne , Standard Chartered, etc offer.

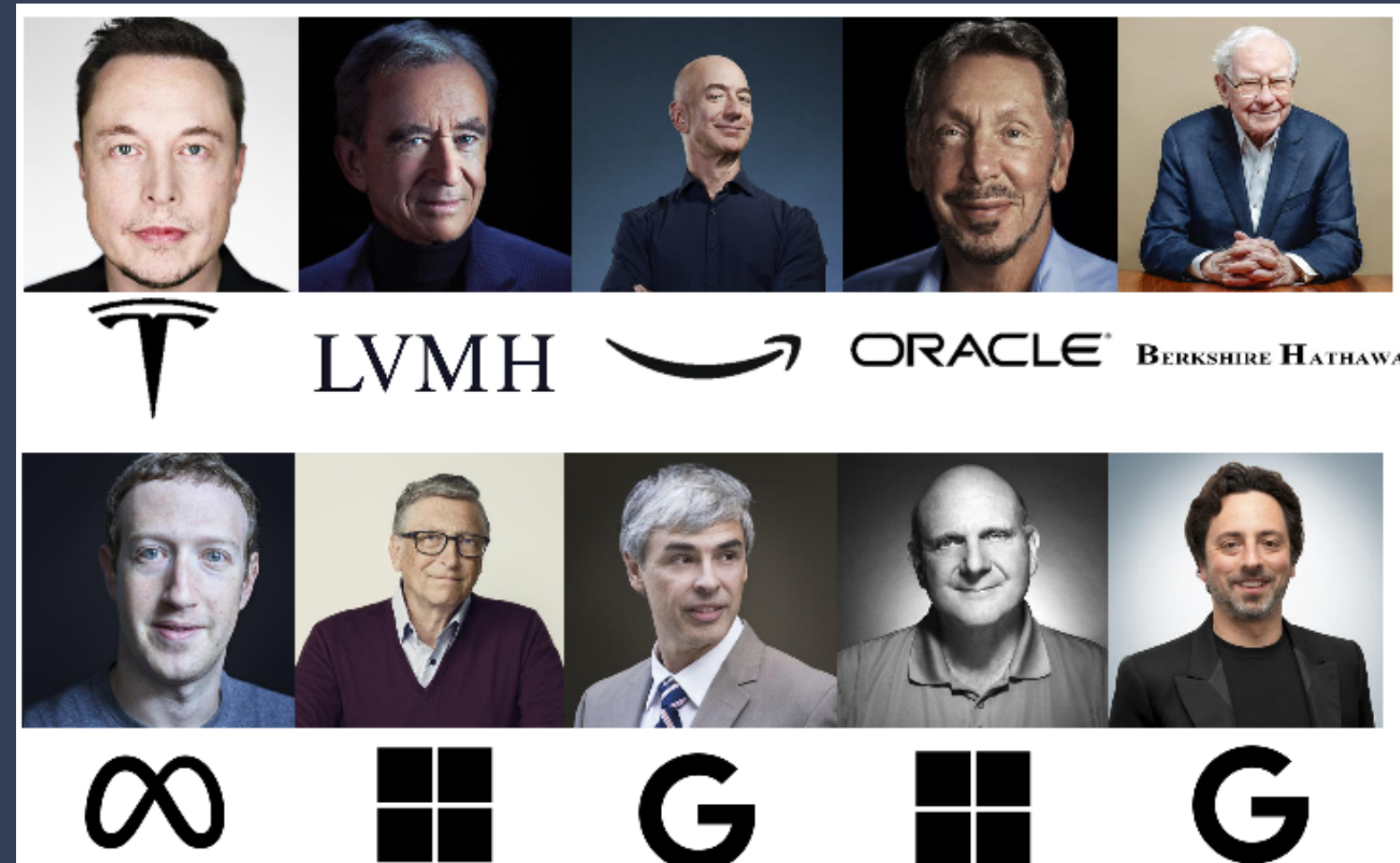
Just set it up and start investing.

4

STOCK PICKING

For those who have time and are willing to learn, you can beat the market by managing your own portfolio.

The richest people get there by owning businesses:



While we may not be the next Elon Musk, we can leverage on successful businesses to grow our wealth. But you need to learn how to value companies. We have collated guides that you can start with [here](#).

You can also [follow Dr Wealth](#) for ongoing analysis and insights on the stock market.

4

STOCK PICKING

Stock investing has become affordable.

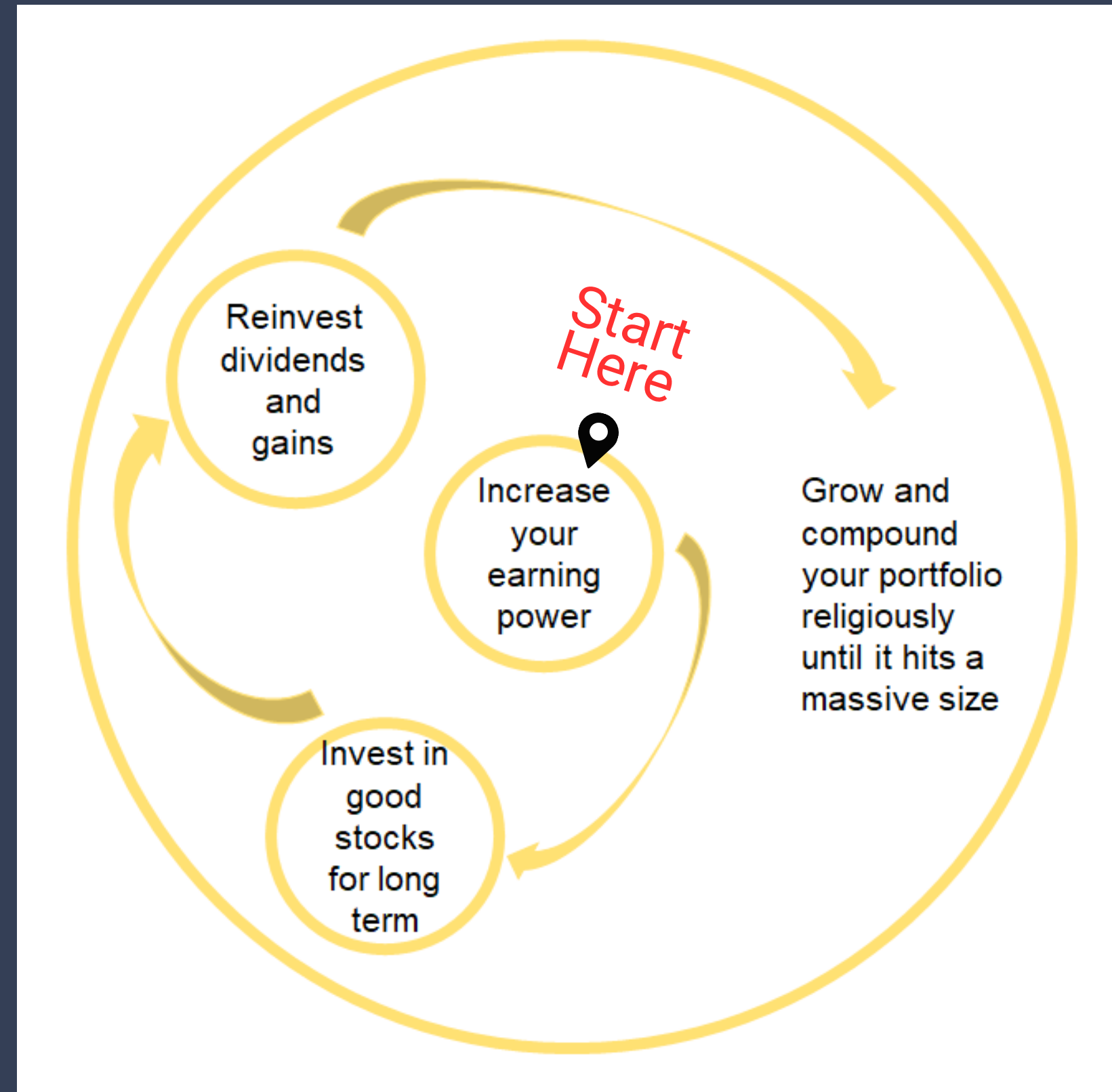
In the past, you had to invest in stocks through a broker and that made it an expensive activity.

Today, we have access to discount brokers (eg. moomoo, tiger broker, webull, etc) that allow us to buy stocks for as low as \$0!



And the best part is, you have access to global selection of stocks.

MY STRATEGY TO HEDGE AGAINST A WEAKENING RINGGIT



YOU'VE GOT THIS!

what's next?

Everyone approaches personal finance differently. Pick the option that is most comfortable for you, and start protecting your own wealth!

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