

How do you fill ice cube trays?

HERE are the rules to invest in unit trust.

■ **Do your homework**

Make an effort to comprehend the fund fact sheets before finalising your selection. At the least, make time to understand the underlying asset type - whether it is equity, bond or hybrid - to match your financial goals. If you have a pool of cash meant for the downpayment of a car in 6 months' time, an equity fund may not be the best option.

■ **Never buy a fund just because it looks good**

Never pick a fund just because the chart in fund fact sheet reveals a strong positive growth for the past 10 years. This should NOT be the only determining factor in fund selection as it does not necessarily reflect future performance.

■ **Patience pays**

Don't expect quick profits as it's meant for medium- to long-term returns. Here is an analogy to illustrate. Have you ever tried to fill an ice cube tray with fast-flowing water? I'm sure you will observe water flowing out of the tray more than it fills the cubes. Just when you want to quickly fill the cubes, you are actually spilling water out of the tray. Instead, fill it with slower flowing water and you'll observe how water easily fills up from one cube to another.



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For the average investor, unit trust is one of the common investment options used to meet their financial goals. Just as driving on the road safely would need traffic rules, investing in unit trust successfully would too.

■ **Invest regularly**

Don't time the market. You should never analyse when is the right time to park your investment. Timing can habitually put you on a roller-coaster ride and very likely, you will end up chasing the market and missing out on opportunities. The best option is to stay invested at all times by investing regularly. Also, do not succumb to frequent switching in and out of your funds as you may not get it right all the time.

Strengthen the way you manage your funds today. If you aren't already practising the above, start now. The results will show in your unit trust portfolio performance.



Illustration by HAFIDZ MAHPAR