BRING ON THE BLUE CHIPS

There's money to be made in the stock market for those who are willing to take a long view ***By Nina Suebsukcharoen***

Now is probably the best time to invest in stocks since the Great Depression of the 1930s, because doing so could lead to huge profits, says Sebastien Leblond, president and senior wealth coach of Bangkok-based Leblond Associates.

It is, however, important to invest in good quality stocks, and be in it for the medium to long term, which is around three to five years, and possibly as much as seven if the market has not recovered by then.

"Because quality stocks are difficult to choose right now you could invest in mutual funds that will be buying and selling blue chips in Thailand, America, Europe and China," said Mr Leblond.

Although investors had been bullish about the BRIC countries — Brazil, Russia, India and China — until the financial crisis swept the globe this year, Mr Leblond favours only China from this group.

He warns investors not to put up a lump sum but instead invest a certain amount of money each month for three to five years, around 10-15% of their income. And while the equity markets could be poor for a while, eventually they should recover and deliver substantial profits to patient investors.

The advantage of investing through funds is that one can apply dollar cost averaging (see table), acquiring more units for the same price when a market is down and profiting

The quality stocks one should invest in include finance companies and banks even though these sectors have been hammered in the US in recent months. "Financials are usually the first type of companies to go down and they are also the first stocks to go up when the economy starts to recover. We say first in, first out — first into the recession and first out of the recession."

As it is possible that more banks could go out of business, Mr Leblond recommends investing through well-diversified and good quality mutual funds.

Focusing on the recent increased interest in investing in gold, he warned that doing so is probably good only for the short term — the next six months to one year. At the same time, those who want to invest for the short term yet want their money to be safe because they are going to need it in a year from now are advised to opt for low-risk assets, which do not include gold, which is in the medium-to high-risk category.

"What is going to happen is that the gold price can continue to go up and equity will continue to go down, but you want to be buying equity right now. You want to be investing in equity, you want to be buying good-quality blue chip international stocks, because they are so cheap.

"And if you want a good place to put your money for the short term, then the bank is the best place — just leave your money in a current or savings account."

SEBASTIEN LEBLOND: President and senior wealth coach of Bangkok-based Leblond Associates.

in Thailand right now, for personal use or as an investment, because prices are likely to keep dropping on the back of expectation that a few more crises will emerge from the current one.

"Property in Thailand? I would wait until the third quarter of next year," he said.

Also, although property prices in US and some European countries have plunged recently, it would be wise to wait a little more because this is just the beginning of the recession.

More daring investors looking to invest in hedge funds are advised to make sure they futures are usually derivative instruments such as futures contracts, options, forward contracts, swap contracts and leveraged contracts across a wide range of markets including stocks, index, fixed income, foreign exchange and commodities," Mr Leblond said.

"They invest in both the long and short side of the market and usually apply a process of technical analysis and managed investment."

While agreeing that hedge funds are the most risky of investment vehicles, Mr Leblond points out that their managers can make money coming and going — when the market rises and when it falls.

Those keen on investing in foreign currency are advised to go in for professionally managed forex funds. While these are high-risk vehicles, their operators have systems in place to protect the downside risk, such as giving a capital guarantee.

Although there are plenty of ways to invest one's money, Mr Leblond emphasises that in today's market conditions it is best to opt for equity.

"Right now people are afraid, they have a lot of fear, and you want to be buying when people fear. You want to be selling when people are greedy."

He sees an interesting turn to the continuing global financial crisis because people having difficulty investing their money are increasingly drawn to wealth coaching, which companies such as Leblond Associates offer.

"We are now having an increase in clients because it became harder for individuals to make money, and a lot of people have lost a lot of money in their portfolios, so they are looking for coaching that is given based on their best interests," said Mr Leblond, adding that his company offers two wealth coaching programmes.

"A lot of my clients are now very happy that they took the coaching programme in 2008 because they were able to make a profit out of the sub-prime market issue," he said. ■