Thirty Years’ Experience in Stock Investment

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INTRODUCTION

This book on stock investment focuses on the subject of company stock analysis, investment analysis and stock price forecasting based on fundamental analysis.

This book broke the sales record with 10,000 copies sold in Malaysia after its launch and was a best seller in 2004. Leng Yan was a chief editor in a popular local newspaper, writing articles on investment.

Leng Yan’s book contains useful information on applicable investment strategies and eliminating time constraints, knowledge accumulated from his thirty years of experience in the share market.

SHARE AND SHARE MARKET

The first part of the book tells us that investors should apply the top down approach (economic analysis, industry analysis and company analysis) in investment. Understanding the company first before participating in the share market has always been considered a good strategy since fluctuations in the economy will directly affect industry performance and this is beyond the control of investors. Therefore, he places emphasis on company analysis as a strategy to help avoid losses through understanding the nature of the business, the future of the business, company management performance and the company’s financial position.

INVESTMENT KNOWLEDGE AND ISSUES

The second part of the book continues with basic investment knowledge. For example, you are encouraged to understand the selection of ordinary shares that comprise blue chip, growth stock, and cyclical stock. He also talks about bonus issue, right issue, warrant bond and so on. In addition, readers are advised to analyse different issues based on price per earnings ratio (PE ratio), net tangible asset (NTA), dividend yield and intrinsic value in order to make the right decision on share investment.
SHARE TRADING AND SHARE MANAGEMENT

The third part of the book is divided into a few sections. First, as some investors may have problems in applying investment knowledge, doing ‘homework’ frequently is a priority before any investment decision is made. Information collection such as obtaining the company’s annual report is the preliminary step. An analysis of this information helps to reduce the chance of losses. After analysing the price per earnings ratio (PE ratio), net tangible asset (NTA), and dividend yield and so on, investors should invest in shares that are below the intrinsic value. Third, we have to consider capital guaranteed. growth and dividend. Next, to diversify your investments, develop an investment portfolio by creating a list of stock with high potential buy. There is no perfect investment strategy in the world, but the author tries to help readers reduce the inherent risk.

AUTHOR’S STRATEGIES

In the fourth part of the book, he guides us on how to search for potential shares to buy. We must analyse the business culture of the company nature of the industry in different economic situations such as a normal market, a bull market and a bear market because different conditions will have different implications. After this application of strategies, make sure of the capital guaranteed for whatever share you invest in. Do not borrow to make an investment; the impact may be huge and unpredictable due to debt.

AUTHOR’S FORMULA

In the last part, based on his thirty years of experience, he has created a formula for investors to follow:

The formula helps investors beat the market to earn good returns. ‘Contrarian’ means buying low during a period of economic turmoil and selling high during a boom economy and this is subject to the potential company only. ‘Growth’ means investing only in a company with a good financial track record. ‘Timing’ means to realize gain, long term investment is better than short term investment.

CONCLUSION

I found this book very useful for beginners as it gives detailed but clear and simple guidance on fundamental analysis in share investment based on his experiences. Thirty years’ experience is vital for any investment. As I was reading the first chapter, I was interested to continue as the contents are useful.

However, I felt this book would have been better if the author had included technical analysis. For instance, it would be good to know how to use company analysis, industry analysis and economic analysis (fundamental analysis) to decide at what price to buy a share, and the best timing. Overall, I found this book enjoyable and informative and will recommend it.