

# MY MONEY

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## Saving for the future



SOME people say they have no money to spare for savings while there are those who set aside a portion of their earnings to put in the bank.

Experts say you're not handling your money well if you save less than 4 percent of what you earn every month and spend at least 30 percent of your paycheck on non-essentials such as clothes, shoes and bags.

"Everyone has a bit of money to save," said Phillip Hagedorn, president and chief executive of Mutual Fund Management Company of the Philippines. "Filipinos should learn to save more. Your first expense should be the money you intend to set aside and save."

He said any wage earner has the means to set aside money which can be used to prepare for the future. This is possible whether the monthly amount being saved is P100 or P10,000, said Hagedorn.

"This can be achieved by utilizing available resources and investing in instruments designed to help small investors," he added.

Hagedorn said mutual funds are good investment because investors diversify their assets by spreading out money across different types of investments, creating more room for profits while significantly reducing risks.

"If you want to save money, the challenge is to find the instrument that will allow your money to grow faster than inflation," he said.

One such investment is the Kabuhayan Mutual Fund, a balanced fund that invests 50 percent in the stock market and 50 percent in fixed-income instruments.

Hagedorn said the fund focuses on

stability, growth and income and takes advantage of opportunities in the equities market while increasing value and reducing risk by investing a significant portion of the portfolio in fixed-income products.

The minimum investment needed to become a Kabuhayan Mutual Fund shareholder is P5,000. After the initial investments, the investor can put in more with increments of P1,000. The fund is designed for employees and small investors, said Hagedorn.

"What everyone should realize is that you don't need millions to get involved in investments and the stock market. If you can own a P5,000 cellphone, there's no reason why you cannot save that money," he said.

The fund was the best-performing mutual fund between 2003 and 2005 because of its good stock selection, well-devised investment strategy and active management style. Kabuhayan Mutual Fund averaged a 21.1-percent return per annum for investors during the two-year period.

The fund was among the best-performing funds in the first nine months of the year with net asset value of 21.04 percent, ending the period at P1.0391.

Among the fund's investors are migrant workers and small and medium entrepreneurs.

"It's never too early to start preparing for your children's education or saving for your retirement," said Hagedorn.

**Dinna Chan Vasquez**