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INVESTING WITH CONFIDENCE: YOUR GUIDE TO A SMARTER FINANCIAL JOURNEY

World Investor Week is a global event dedicated to raising awareness of investor education, investor protection, and financial literacy. It aligns closely with Brunei Darussalam Central Bank's (BDCB) and Brunei Darussalam Capital Market Association's (BCMA) mission to strengthen investor literacy and build public confidence in the capital market.

In conjunction with this initiative, BDCB and BCMA would like to share a few tips to help you start your investing journey with confidence!

What does it mean to invest with confidence?

This means making informed investment decisions based on your knowledge and understanding, supported by clear strategies that reflect your goals and risk tolerance. It does not come from luck or guesswork – it comes from being well-informed and prepared.

Here are some practical ways to build that confidence:

1. Build a Strong Foundation First

Before exploring complex investments, ensure you have a solid financial foundation in place. Pay off high-interest debts and build an emergency fund first. Then start understanding the basics of investing, including markets, asset classes, and associated risks. Take advantage of educational opportunities such as seminars, online courses, and expert advice. The more you know, the better your financial decisions will be.

2. Understand Your Risk Tolerance

Every investment comes with risks. Knowing your risk tolerance – how much risk you are willing to take on – as well as whether you are comfortable with short-term volatility in exchange for the potential of long-term gains, is vital. Always consider investment options that align with your comfort level, and short- and long-term financial goals.

3. Diversify Your Investments

Diversification is another key principle of confident investing. By spreading your money across various asset classes (such as stocks, bonds, real estate, and other assets), strategies and investment funds, you reduce the impact of any single investment's poor performance. This approach helps stabilise returns over time and minimise the effects of market volatility on your overall portfolio.

4. Stay Informed

Follow market trends through reputable and formal channels, such as financial news outlets and reliable online platforms, and stay informed about various investment options. As financial scams become prevalent, be vigilant and always verify the legitimacy of any investment opportunity. Avoid high-risk ventures that promise quick returns, as these often indicate a fraudulent scheme.

5. Consider Professionally Managed Funds

If picking individual stocks feels overwhelming, consider professionally managed options like unit trusts, mutual funds, ETFs (exchange-traded funds), or REITs (real estate investment trusts). These funds offer instant diversification and expert management, helping you stay invested and focused on your long-term goals without constant market monitoring.

6. Review and Adjust Your Portfolio Periodically

Markets and personal circumstances change. Periodically reviewing your portfolio, such as annually or semi-annually, ensures it aligns with your financial goals and risk profile. Adjustments may be necessary as new opportunities arise or life situations evolve.

7. Stay Patient and Disciplined

Avoid making impulsive decisions based on short-term market fluctuations. Stick to your long-term strategy and trust the process even when the market is volatile. Patience and discipline will help you ride out the inevitable ups and downs.

8. Consult with Certified and Licensed Professionals Only

Seek advice from trusted professionals licensed by BDCB and affiliated with the BCMA. These certified experts can help you clarify your financial goals, assess your risk tolerance, and develop a tailored investment strategy that aligns with your long-term objectives.

For tailored advice to help you invest confidently and responsibly, reach out to BCMA at www.bcma.org.bn.