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SOUTH EAST ASIA

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A safe bet?

Banks are inherently safe and prosperous places for our hard earned funds" – Discuss.

Well this is one of the most basic fundamentals we have grown up assuming. We have correctly by now worked out that putting your savings in a shoe box under the bed isn't very smart – you might get burgled for starters, plus as time passes, money becomes less and less valuable so it is definitely not a future proof strategy. So instead we put our money in a bank and it will be safe, and we will have access to it anytime should we need it and the good people of the bank will also pay us interest so that our account balance steadily grows.

Now that most banks are paying a big fat zero rate of interest on our savings and with our faith in some of the world's mightiest banks still decidedly shaky, it's time to look at other investment options – such as stocks and shares. Anyone who owned shares in Lehman Bros would probably have said (up until it wiped out) that those who prefer to not play a game of risk with the family gold should sensibly place their funds with only the oldest, most established global financial institutions - those with a strong track record and an unshakeable base of assets that could insulate its customers and shareholders in the toughest, roughest of times. Whoops. Plus I have yet to meet anybody who hasn't lost money in recent months on the stock market, so these are not great financial times.

So we have ruled out the shoe box and the bank and we are not especially comfortable with stocks and shares as that should really be left to the professional gamblers who read pink coloured newspapers on the train – what else then? Well, there are always pension schemes. It's definitely a good idea to squirrel money away for later so we are virtually encouraged to start contributing to pension schemes just as soon as we have finished collecting our qualifications. Wrong again. Most pension schemes are linked to the stock market, which after the tumbling of the markets this month, means for many that its more likely to be Mevagissey than Monaco for the Autumn of their years (not that there's anything wrong with retiring to Cornwall except the bar staff don't seem to have the Kir Royal very well mastered which is odd considering it only has two vital ingredients). Indeed the 'safe' and 'bullet proof' banking institutions we were told would make our money "work harder for us" seem to have let us down badly yet again. Their supposed stability has been exposed as fragility and they are hanging on to billions of dollars without giving us a dime in return. It doesn't seem right to me. I have my own theory on smart investing, and let's be honest, you probably knew where this was heading. It is that for those of us who want to be in control of our money, and therefore our destiny, the answer to the "what should I do with my money now I am not getting even 1 per cent a year of growth with my very arrogant bank" quandary is a simple one – property. Admittedly, property values, like stocks and share occasionally do fall, but this isn't the rule in all markets and its certainly not a given.

> "A PROPERTY PORTFOLIO, IN MY HUMBLE OPINION, HAS TO BE THE PREFERRED INVESTMENT STRATEGY."

South East Asia has been enjoying steady growth for ten long years and there is nothing to indicate this trend won't continue for many years to come. More to the point, if your property portfolio dips in value, the only real concern should be making sure you aren't so highly geared that you can't afford to maintain the portfolio if interest rates rise and rentals drop. If you have a reasonable amount of equity you should be fairly well protected from being forced to sell in a falling market, and besides, that's a planning issue so we won't dwell on it.

The key issue here is that if your property portfolio disastrously plummets in value, and I am talking serious nose-diving here, the only thing you need to do is wait. That's really it. You simply w-a-i-t. What could be easier? If you own shares in an institution that has just gone pop you can of course never recover your funds. If you have money in a bank that has collapsed then your money would be insured up to a certain value. In the UK, I believe it's about £34k – which is great if you had savings of, well, erm, £34k, but not so fabulous if you had a quarter of a million pounds tucked away. Whereas a property portfolio that has bottomed out will simply recover itself over time. All by itself. Without you having to do a thing.

With the correct levels of research to hone in on seriously promising markets as well as more proven ones (a good portfolio will of course provide both growth and stability), exhaustive due diligence conducted on opportunities, and a long term, low risk strategy for building a diverse set of real estate assets across multiple locations and markets, a property portfolio in my humble opinion has to be the preferred investment strategy to ensure your freedom years are spent properly. And by properly I mean propped up at the Hotel de Paris at sunset, delicately sipping a perfectly poured Kir Royal and watching the beautiful people go by...

Claire Brown
formed Claire Brown Realty in 2004 having worked for various developers across South East Asia. Her roles included sales and marketing, project management, construction planning and consultancy. As well as running the business, Claire is also developing her own project in Bali, a luxury villa and spa retreat in the beautiful and somewhat undiscovered province of Tabanan. She enjoys travel, food and wine, interior design and shopping – in no particular order.
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