

IT'S NOT JUST ABOUT STOCKS AND SHARES



WHEN INVESTING, PEOPLE SPEND A LARGE PROPORTION OF THEIR TIME THINKING ABOUT THEIR ATTITUDE TO RISK, HOW THEY WANT TO INVEST OR WHICH FUNDS AND STOCKS LOOK ATTRACTIVE. WE OFTEN FORGET TO THINK ABOUT THE CURRENCY OF OUR INVESTMENTS AND HOW THIS MIGHT AFFECT OUR POTENTIAL RETURN.

As an investor, you may have a global focus and will be exposed to a variety of different currencies throughout your investment portfolio. Currency volatility can be an unanticipated influence on your overall return of your investment and one that needs to be given equal consideration in terms of your attitude to risk. A way to remove this risk, is to look

towards more stable currencies when considering the next steps on your investment journey. It is not unusual for investors based in countries with developing economies to look towards one of the major currencies when considering investing. Major currencies are often perceived to be less volatile and less susceptible to outside forces than local

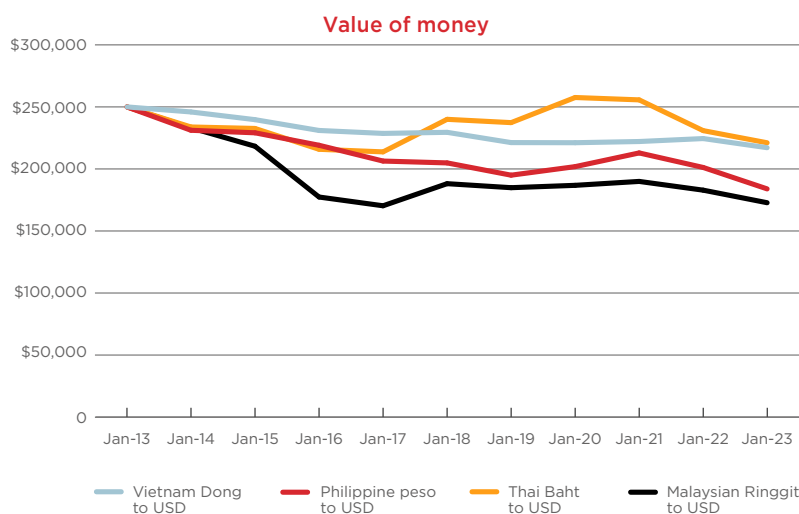
currencies, due to the stability of their governments and economies.

An investor's aim is for the currency they invest in to remain stable. This allows the emphasis to be on the performance of the underlying assets.

Currency volatility can have a dramatic effect on a portfolio over the course of an investment. To illustrate this better we have taken USD 250,000 and converted that into some South Asia currencies. We have then tracked the performance of that currency against the US Dollar over 10 years, converting back to US Dollar at the end of the term.

The chart shows how those local currencies have devalued against the US dollar and emphasises the effects of currency volatility alone, before factoring in investment performance.

For example, USD 250,000 converted into Malaysian Ringgit at a rate of 3.0544 (Jan 2013) equates to MYR 763,600.00. If we convert this back to USD at a rate of 4.42 (Jan 2023) this equates to USD 172,760.18, which represents a loss of USD 77,239.82 driven solely by currency volatility.



These losses are driven by the volatility of the local currency and emphasise the importance of reducing risk through holding major currencies.

Holding an investment portfolio in a more-stable major currency can reduce the impact of currency volatility.

The table below shows the equivalent value of USD 250,000 in local currency. This is held in US Dollars for the 10 year term then converted back into local currency at the end. As the local currencies have devalued against the stronger US Dollar, when the customer converts the US Dollar back into local currency they can take advantage of the exchange rate volatility and make a significant profit on the investment.

For example, if we convert an amount of Malaysian Ringgit (MYR RM 763,600.00) to raise USD 250,000 at a rate of 0.3274 (Jan 2013), then convert this back to Malaysian Ringgit at the end of the 10 year period at a rate of 4.42 (Jan 2023), this equates to MYR RM 1,105,000.00 which is a profit of MYR RM 341,400.00 driven solely by currency volatility.

Currency	Start	End	Change	Profit
Malaysian Ringgit	MYR RM 763,000.00	MYR RM 1,105,000.00	MYR RM 341,400.00	45%
Thai Bhat	THB B 7,645,000.00	THB B 8,645,000.00	THB B 1,000,000.50	13%
Philippine Peso	PHP 10,234,250.00	PHP 13,912,500.50	PHP 3,678,250.50	36%
Vietnam Dong	VND 5,124,000,000.00	VND 5,900,000,000.00	VND 776,000,000.00	15%

These returns are generated through to the devaluation of the local currency against USD and emphasises the strength and stability of investing in major currencies to help reduce risk.

When investing, the currency will have an effect on the potential portfolio returns more than you think. Choosing to invest in a strong currency a portfolio can reduce the risk of loss even before you choose the assets. A strong currency can provide a stable foundation for any portfolio and should be given the same consideration as the asset choice.

RL360 offers investors the opportunity to make lump sum investments into Oracle, our lump sum investment bond and PIMS, our portfolio bond.

Both products offer access to a wide range of funds with Oracle, or open architecture with PIMS offering access to a wide range of asset types from around the globe.

RL360 plans are available in US Dollar, Sterling and Euro.

Initial investments can be made from as little as USD28,000 with Oracle and USD70,000 with PIMS.

Speak to your Financial Adviser or Regional Sales Manager to explore how RL360's products can help reduce currency volatility.

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HOLDING AN INVESTMENT PORTFOLIO IN A MORE-STABLE MAJOR CURRENCY CAN REDUCE THE IMPACT OF CURRENCY VOLATILITY.