



# Coffeebreak

03/2020

Assets That Cannot Be Distributed Via A Will

Financial Lessons From The Garden

A Journey To Personal Well-Being

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## Dear Valued Client,

### *"When life gives you lemons..."*

Lemonade? – Many might relate this age old proverbial phrase to Dale Carnegie's 1948 book "How to Stop Worrying and Start Living", where he phrased it aptly -"if you have a lemon, make a lemonade". This drove home the gist of staying optimistic with a can-do attitude in the face of adversity.

In just three short months, COVID-19 rippled across the globe with stark memories of SARS gradually taking over the mental control of many. Several criticism were formed on the speed of responses in certain countries, the

under-reporting, the under-declarations, the unknown impact on the closures of borders, the assumed and presumed snags of global supply chains that impacted "everyone". These uncertainties compounded into whether the economical hit is short-lived or clearly far deeper and longer-lasting. At the forefront, governments and central banks begun unprecedented and immediate policy supports from fiscal stimulus to financial levers. Nevertheless, we have to be mindful that there are limitations of the central banks as global interest rates were already at record



lows in the beginning of the year. All these resonated from concerns to fear with the past weeks of market activities, speaking for itself.

The eye-catching phenomenon of reactions by ordinary people wiping out the shelves needs no introduction, where primal fears and understandable concerns took over. Hong Kong residents queuing overnight for controlled purchases of face masks and sanitizers, Japanese shops and malls bounded the toilet paper dispensers with bicycle locks and closer to home, the weekend long queues and disorderliness of perishables strewn on the cashier lanes in Singapore supermarkets. These behaviors raised my personal curiosity – are they trying to get a sense of control? Herd mentality? Or exaggeration of foreseeable threats? Aren't these countries made up of well-educated societies where other countries had trusted and envied in their historically proven rational decisions, whom have developed and thrived well over the years? Or was it a simple lack of trust? Relentless assurances from each individual government that there was no shortage of supplies, even for a small country like Singapore who imports almost everything from food to toilet papers were

still not spared from hoarders and mistrust among the public, albeit a short episode of the supermarket-dash.

Governmental pledges aside, I looked back at histories to learn, not to predict and forecast what's ahead, but to look distinctively into the positives of determination, clear facts and remarkable commands by leaders to come out of those dark periods with better outcomes. Provident's story was one that I learnt the most from how we survived the Global Financial Crisis in 2008 to where we are today, with each and everyone in this family on our toes for our rational clients.

I'll leave you with my favorite, amusing yet relatable anonymous quote...

***"When life gives you lemons,  
make orange juice and leave the  
world wondering how you did it"***

– and together, we shall overcome.

Warmest regards,  
Chief Operating Officer

***Moon Shary***



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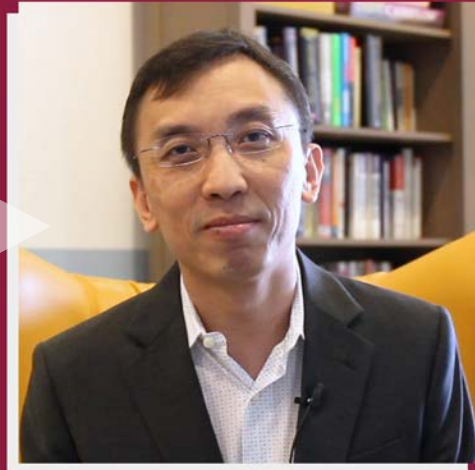


# 01

## *Assets That Cannot Be Distributed Via A Will*

Wealth Management Series  
With Christopher Tan

Assets That  
Cannot Be  
Distributed  
Via A Will



PROVIDEND 



# 02

## Financial Lessons From The Garden

Christopher Tan, CEO of Providend

In 2008, the year of the Great Financial Crisis, I wrote an article in July that year, that was published on The Business Times and it went like this:

It was Monday (yes, just 2 days ago) and I was really stressed. I am due for an article submission for this column, but I have absolutely no idea what I was going to write. I mean, I have been writing for years now, what have I not written that you don't already know? And as you know, there hasn't been much good news about the world economy and financial markets lately. Sub-prime blow-up, rising oil prices, inflation fueled by rising commodity prices, writing down of losses by the banks and the latest, the collapse of IndyMac and the trouble fumes fanning at Fannie Mae and Freddie Mac, the ailing mortgage giants in US. How can I encourage you in this time of great difficulty? Financial markets have been tumbling and many experts have been telling you the same story: This is a good time to invest or stay invested. The problem is: It is easy to say so when you are not investing your own money. Try telling that to someone who has invested his lifelong savings and seeing it disappear slowly everyday. And in my moment of desperation to meet the article deadline, I remembered this story.



Chance is a man who has grown to middle age living in a solitary room in a rich man's mansion, bereft of contact with other human beings. He has two all-consuming interests: Watching television and tending the garden outside his room. When the mansion's owner dies, Chance wanders out on his first foray into the world. He is hit by the limousine of a powerful industrialist who is an adviser to the president. When he is rushed to the industrialist's estate for medical care, he identifies himself only as "Chance the gardener." In the confusion, his name quickly becomes "Chauncey Gardiner." When the President visits the industrialist, the recuperating Chance sits in on the meeting. The economy is slumping; America's blue-chip corporations are under stress; the stock market is crashing. Unexpectedly, Chance is asked for his advice:

*Chance shrank. He felt the roots of his thoughts had been suddenly yanked out of their wet earth and thrust, tangled, into the unfriendly air. He stared at the carpet. Finally, he spoke: "In a garden, "he said, "growth has its season. There are spring and summer, but there are also fall and winter. And then spring and summer again. As long as the roots are not severed, all is well and all will be well."*

He slowly raises his eyes and sees that the President seems quietly pleased-indeed, delighted –by his response.

*"I must admit, Mr. Gardiner, that is one of the most refreshing and optimistic statements I have heard in a very, very long time. Many of us forget that nature and society are one. Like nature, our economic system remains, in the long run, stable and rational, and that's why we must not fear to be at its mercy.... we welcome the inevitable seasons of nature, yet we are upset by the seasons of our economy! How foolish of us.*

This is a brief summary of the early chapters of Jerzy Kosinski's novel *Being There*, retold by the late John Bogle, the founder of Vanguard. A simple truth about nature and yet so much we can learn from it: *"growth has its season. There are spring and summer, but there are also fall and winter. And then spring and summer again. As long as the roots are not severed, all is well and all will be well."*

Do you believe in the resilience of the human race? We are after all the most powerful living thing created by God. Do you believe in the sustenance of trade and the enterprise? I am sure you will agree that we all have needs that can only be fully satisfied through products and services created and sold by corporations. If you believe, then our economic roots are not severed, and all is well, and all will be well. We have hope in the investment we made in these companies. Yes, sometimes, it will be a more barren autumn, a colder winter. And other times, it may be a verdant spring or a hotter summer, but our economies will continue to grow, just like how it has grown in the past decades (see chart 1). We only need to believe that growth has its season and we must be prepared to ride through the seasons of life and stay invested long term. In investing, know that time is your friend, plant the seed of growth in the garden and in due season, you will reap what you sow. Impulse is your enemy, react to your fears and dig out the seeds before the season is over and you may never see the fruit. Most importantly, stay the course. Let the uncertain years roll by and face the future with faith. Do not let short-term fluctuations; fear, greed and news that have no meaning at all to your long-term investing affect your judgment. The world markets too have its season but in the longer term will always grow, because its roots have remained strong and intact (see chart 2).



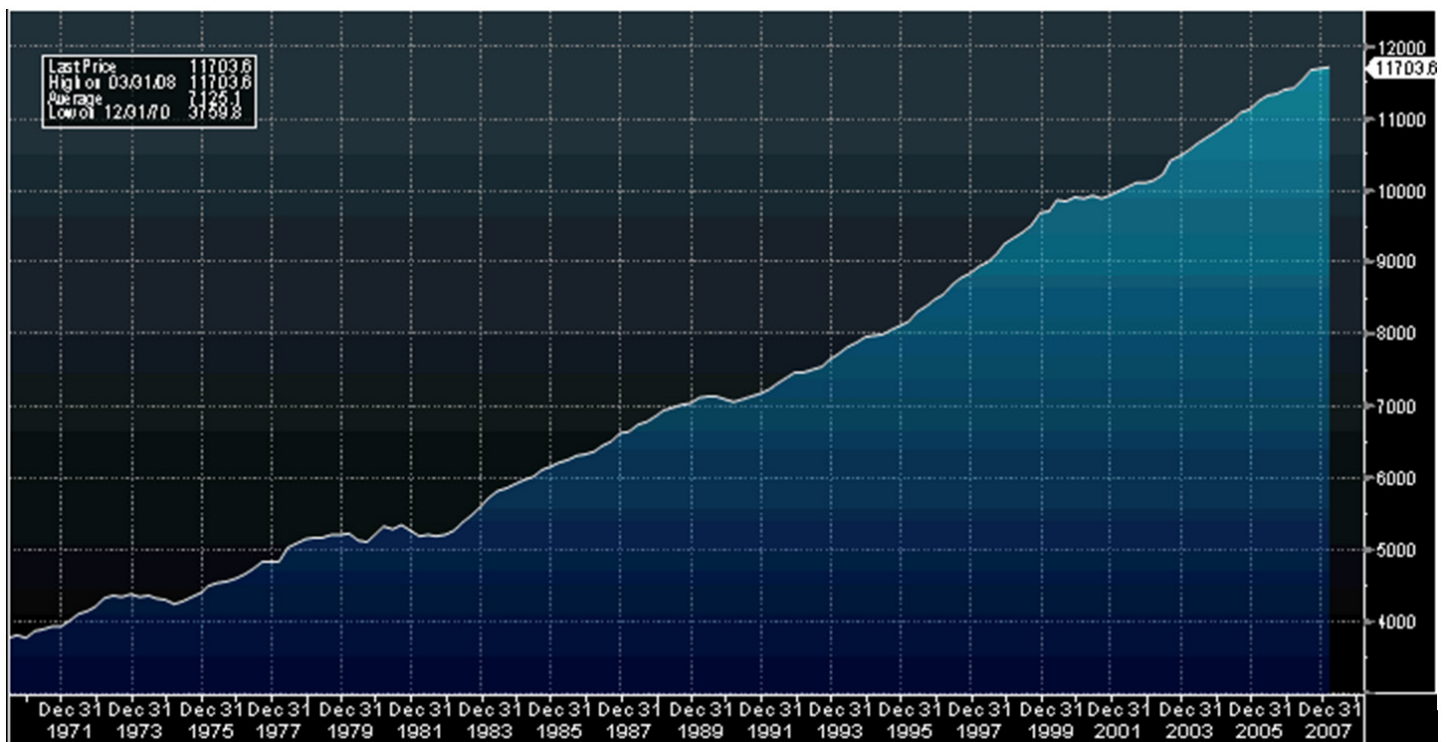


Chart 1. The Economic Garden of US – US Real GDP Growth from 1970 to 2008



Chart 2. The World Garden – MSCI World Index from 1970 to 2008

This article is short, not because I have nothing more to write, but because I hope in its simplicity, it has given you courage to remain invested and optimistic towards your dreams. Let me end with our story's character, Chance final words of wisdom:

*"I know the garden very well. I have worked in*

*it all my life.... Everything in it will grow strong in due course. And there is plenty of room in it for new trees and new flowers of all kinds. If you love your garden, you don't mind working in it, and waiting. Then in the proper season you will surely see it flourish."*

My stress is finally gone.



## 10th March 2020 – Author's Note

When I wrote this article in July 2008, which was the start of the Global Financial Crisis. There was panic all over wall street and investors from all over the world started selling off equities. The S&P500 ended that year with a drop of 37%. Investors saw no end in sight to the carnage. I wrote this article then to encourage investors to see beyond the short-term volatility but to stay invested because I was confident that "spring" will come again. And if we look at where market is today 12 years later (see chart 3), the fall in the market back in 2008 was indeed just the "winter months". Spring came 6 months later and the "garden" grew again.

12 years later, it seems like it is all happening again. At the time of writing this commentary, the S&P500 just fell almost 20% from its peak. The current market sell off is mainly due to panic caused by the Covid-19 virus. Investors are concerned with how it will affect the

economy in the short term. And most recently, the oil war started by Russia and Saudi Arabia triggered more selling. The reason for the fall may be different from that of 2008. But I guess as investors investing for the long term, the question we really need to ask ourselves is: are the economic roots of our world severed? The answer is a clear "no". Just like SARS and many other epidemics and pandemics, this too shall pass. Oil wars will be over. Economic activities will soon resume to normal and soon, "spring" WILL come again. But when it comes, you want to be there to welcome it. So yes, it may be winter now. Yes, keep warm if you need to. Don't fall sick but stay invested or add more money into your portfolios if you have some spare cash, for growth will come just like before. And who knows, 5, 10 or another 12 years later, you may be telling this same story to the younger generation.

### MSCI World Index



Chart 3. The World Garden – MSCI World Index from 1970 to 2019



I spent a large part of my 16 years working career focusing on doing well in my company.

I was quite focused on what I wish to achieve. If I do the following then I would climb up the corporate ladder and earn a good paycheck:

1. Deliver enough value to my company
2. My boss recognized my effort
3. My company does reasonably well

If I am frugal with what I spend, I could channel the surplus of my income into investments. Over time, my wealth would build up.

And my wealth did build up well over time.

However, in the last few years, I noticed that there were some negative by-products of this singular focus. I noticed that certain areas of

my wellness is not as good as it is. Genetically I was “blessed” to never suffer from the problem of eating too much and putting on weight. However, the skin lesions on my body seemed to be getting worse and worse. Since 15 years old, I have suffered from a chronic autoimmune problem called Psoriasis. Sufferers of psoriasis have red lesions all over their body (depending on the severity).

Dermatologists have told me there is no cure to this problem. I would have to take steroid creams throughout my life to control the issue.

A few years ago, I wonder whether that is the only way to control this problem. Curiosity got me started on the path to learn how to build wealth, so I used that same curiosity to embark on an intellectual journey to see whether there is some solution to my wellness issues.



Today, my body is still 90% covered with psoriasis lesions. However, I am off any medication. My intellectual journey did not solve my health problem. However, it did spark something within me to improve my well being.

I made improving my wellness as an ongoing project.

1. I allocated a part of my monthly surplus from take-home income to it
2. I read up, listen to, and watch enough materials on it
3. I try to consult various people in different fields of wellness on it

The more I embarked on this journey to improve my wellness, the more I questioned my priorities in life in the past.

I came to a conclusion: If I don't have my health, what is the point of having enough wealth to last me for 50 years? I would have time and wealth, but not the life to enjoy it. I am not sure if improving my wellness in these few ways would solve my auto-immune problem. However, if I make incremental improvements to my health, I get to a better position.

In a Ministry of Health report named "The Burden of Disease in Singapore 1990 to 2017" published in 2019, the report found that Singaporeans had achieved the longest life expectancy at 84.8 years. This beats out famous countries such as Japan. On average, Singaporeans will spend 74.2 years of their life in good health. This comes well ahead of countries like Japan, South Korea, and Switzerland.

Clients come to Provident to help them make sense of their financial situation so that they can get to their financial goals. We believe

that the reason you wish to attain a financial goal is so that your wealth supports aspects of your life. And we try our best to support our clients not just in financial matters but also to live a good life.

## How James Healed his Health Issues Through Nutrition

This week, some of our clients have the privilege to hear Mr. James Lim speak on his wellness journey and how our clients can make changes to their daily nutrition in order to live a better life. James is an accredited Nutrition Network Advisor, with a specialization in Low Carbohydrates, High Fat (LCHF) Clinical Practice. He is also currently the executive vice president and president of Greater Asia for Becton Dickinson (BD), where he leads the business operations in Greater Asia and the Pacific.

James has been an avid sportsman throughout his life. Here is a typical day in his life:

- 1. Saturday:** Long-distance mountain biking (8, 15, 22 KM)
- 2. Monday:** Rowing 1 KM times 5 high-intensity interval training times 3 sets in 1 hour
- 3. Wednesday:** More Rowing

Despite being more active than most of us, James found that his blood pressure remained elevated, his fat content and visceral fat content is also higher than normal. He went to check up with his doctor and realize his blood sugar level is high. This should not be the profile of an active human being.

James embarked on a journey to discover if there is a way to get himself out of this negative health loop.

He realized that diet is the key to health. While exercise is essential but it could be harmful if we do not have the right diet.

During his talk, he explains various health concepts such as:

1. What is insulin resistance
2. How do we measure whether we are healthy or not
3. Among the macronutrients protein, carbohydrates, and fat, what should our diet consist more of
4. How eating a meal of non-fibrous (digestible) carbohydrates can spike our blood glucose, generating an insulin spike, which blocks the breakdown and burning of our fats, stimulating greater storage of our fat
5. How we should eat

As a person on this journey, I found James's presentation insightful. He confirmed whether a lot of research areas I came across work or do not work.

As a planning firm, we strived to be evidence-based in the solutions we provide for our clients. So it is interesting that James is very evidence-based as well. His recommendation is backed by scientific research. Not just that, he went so far as to measure the changes to his health data as he make the changes.

The biggest insight was that James attached a device to him for a period of time to measure his blood glucose range throughout the day. This is very useful to give you an insight into how your blood glucose behaves throughout the day.

I would often wonder if something I have eaten would spike my blood glucose. I would often trial and error to see if I would get very sleepy after a meal. With this measuring tool, James showed us his reaction to some local delicacies.





# 04

## Stay Connected With Us!

In light of the stricter safe distancing measures introduced, we would like to encourage you to like and follow us on our social media platforms if you haven't already done so.



We know this is a tough time and staying connected with you is more important than ever. As such, we would continue to reach out through our digital channels to keep you updated with the latest financial news and happenings.

Meanwhile, we hope you and your family stay health, and we appreciate your support in keeping our community safe during these unprecedented times.





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## See You Latte!



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