



Coffeebreak

Q3/2024

Navigating Your Business Exit Plan Successfully | Money Wisdom Podcast

3 Key Reasons Financially Savvy Investors Choose Providend's Services

Happy 23rd Birthday, Providend!



Providend



Dear Valued Client,

The month of September is very special to Providend as it is our birthday month. How time flies! Providend is 23 years old! Since last year, we have started running the Heritage webinar* in the month of September to commensurate with our firm's anniversary. As I listened to Chris share about the "auspicious" first day of Providend back in 2001 on September 11, and our difficult journey to provide honest, independent and competent advice as the first fee-only advisory firm in Southeast Asia, my emotions are stirred. And this despite me having heard this story being related countless times over the years.

Stirred not merely because of the memories of the very challenging start-up years, but proud, because we dared to be different (though we joked at times that it is our youthful naivety) to pursue an idealistic revenue model to do what we believe is best for clients. Thankful for the unity of the team that seeks the common purpose and not our own selfish ambitions and courage to press on and push through, despite the "lost decade" post the Global Financial Crisis in 2008. Encouraged and grateful to clients who believed enough to appoint us as their trusted advisers and entrusted a total of S\$1.3 billion of their hard-earned monies to us for management. Yes, I am stirred and thankful for how far we have come as a firm, and excited about the future of the firm as we continue to invest into the firm to bring in the right talent and build the necessary

support infrastructure, work hard to preserve our culture and DNA, deepen the value of our advice, and on a continuous pursuit to expand our advisory areas to add greater value to our clients.

One of the new areas of advisory is business exit planning for clients who own businesses and are looking at how they can plan their eventual exit and succession planning for their business. You can find out more about this service by watching the sharing by our Associate Director, Jerome Song, below, where he shares how to successfully navigate a business exit.

From our initial years, when industry players said Singaporeans would not pay a fee for advice and predicted that Providend would close in 6 months, to now, where financially savvy and successful clients engage our advisory services, I want to assure you, our valued clients, that we remain humble and will continue to work tirelessly to be the best adviser for you and your family. Read Yong Cheng's article, "3 Key Reasons Financially Savvy Investors Choose Providend's Services," below, and feel free to share it with your friends. Thank you so much for your support and belief in us!

**For clients who wants to reminisce with our journey, [click this link](#).*

Warmest Regards,
Deputy CEO & Chief Advisory Officer

Evelyn Goh



Contents

01 **Food for Thought**
Navigating Your Business Exit Plan Successfully |
Money Wisdom Podcast

02 **Thought Leadership**
3 Key Reasons Financially Savvy Investors Choose
Providend's Services

03 **Family Happening**
Happy 23rd Birthday, Providend!



01

Navigating Your Business Exit Plan Successfully / Money Wisdom Podcast



SEASON 3
PROVIDEND'S **MONEY** WISDOM

NAVIGATING YOUR
BUSINESS EXIT PLAN
SUCCESSFULLY

with Isaac Ong & Jerome Song

WATCH NOW

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The graphic features a dark teal background with a light blue play button icon on the left. In the center, a photograph shows two men, Isaac Ong and Jerome Song, sitting at a table with microphones, engaged in a podcast recording session. The background of the photo includes a sign that says 'NIGHTLY ON'. The overall design is clean and professional, with a focus on the episode title and the hosts' names.



02 *3 Key Reasons Financially Savvy Investors Choose Provident's Services*

Loh Yong Cheng, Lead of Advisory Team

We often think that only the financial illiterate need wealth advice. However, in our own experience, it is not uncommon for financially savvy individuals to reach out to explore our services. We also have a pool of clients who are financially savvy themselves.

- They send us their spreadsheets, tracking their finances, including budget tracking, cashflow forecast and investment performance.
- They know the various markets very well, at times even better than our advisers. They could be working in the financial sector or have been investing for a long time.

Therefore, why do they look for wealth advice?

1) No Time and/or Interest in Managing Their Family Finances but Have Been Doing It Out of Need

Like many endeavours in life, we pursue because we have these 3 ingredients “CIT”:

- Competence
- Interest
- Time

If we find ourselves lacking any of the above ingredients, we may consider having someone else to perform the tasks for us. Even though you can and enjoy cooking, it does not mean that you want to cook every day. Because it is an essential aspect of your life, you either do it yourself or find someone to do it for you.

It is very common to find a couple dynamic where the one who works in the finance industry or likes to dabble with spreadsheets manages the family finances. It is a very logical segregation of duties. However, this does not mean this partner enjoys looking at numbers and charts after a long day at work also looking at numbers. This also does not mean that they have the time to do so.

Managing personal finances well to ensure one or their family achieves their life and wealth goals requires competence in these different areas of accounting and wealth management:

- **Financial Accounting:** Being disciplined in keeping track and updating the balance sheet (assets and liabilities) and cash flow (income and expenses) of the family.
- **Management Accounting:** Planning out the family budget and cash flow forecast to aid in decision-making (e.g., can we afford a bigger house? Can we increase our travel budget? Is our income growing fast enough?) and ensuring that the family wealth goals are on track or being met.
- **Investing:** Deploying the family savings in the right instruments and asset allocation to grow them in a reliable manner.



They also require one to have time and interest because it is a continuous process and a cycle:



It is a big endeavor and responsibility, especially as one progresses towards the end of one's career, where the stakes are higher. A serious financial mistake could curtail what they have been working towards their entire career.

Therefore, it is usually at a phase in their life that they decide to find a professional to take over this aspect of their lives, so they can focus on living the desired lives they want. At the same time, they have the assurance that their financial life is well looked after on a day-to-day basis and reviewed regularly.

2) Their Spouse or Key Family Members Are Not Financially Savvy or Interested in Finance

They need a professional firm to partner with and guide their loved ones in case something happens to them.

We often hear this concern from our financially savvy clients. It is increasingly common for us to meet clients who are enthusiastic about sharing their spreadsheets and research, but whose spouses are either not interested, do not understand, or do not see the need to know more (since their partner is already capable).

These observations are not limited to older clients. We also see young parents who hope their dependents' financial lives can continue to be well taken care of, as well as couples without

children who wish for their partner or key family members to lead a worry-free financial life if they were to pass away or suffer from a disability or serious illness.

3) To Provide Them with Objective and Unbiased Perspectives to Identify Potential Blind Spots and Avoid Emotional Decision Making

Financially savvy clients pay us to help them spot potential gaps or risks as our advisory process allows us to have a comprehensive view of their life goals, important people in their lives, financial/non-financial concerns, and financial situation, considering all aspects such as investments, insurance, retirement planning, and estate planning.

They recognise that their decisions can often be influenced by emotions. They look to us to offer a rational perspective and social proof of what others like them should be doing to achieve their life goals.

For example, I have a client who has been investing in foreign properties for many years. Unfortunately, these investments have not worked out, resulting in capital losses. He is also looking to slow down and simplify his financial life as they take up a significant amount of his time liaising with agents and tracking their rental.

Various research has shown us that we humans have a cognitive bias called endowment effect that causes us to overvalue things simply because they own them, regardless of their objective market value. Similarly, it is also tied to loss aversion, which suggests that we feel the pain of losing something more acutely than the pleasure of gaining something of equivalent value.

Through a facilitated conversation, this client concluded that these investments are no longer in alignment with his long-term plans. If he sells them, the sale proceeds he gets back can be otherwise better invested to give him more reliably the returns he needs for his retirement needs. His time can also be better spent on things that matter more to him.

In summary, while it may seem counterintuitive, financially savvy individuals often seek our advisory services for their own unique reasons. They may lack the time or interest to manage their finances, want to ensure their loved ones are well-guided in their absence, and value the objective perspective and assurance that our professional advice provides. By partnering with us, they can focus on what matters most and be confident that their financial well-being and goals are in good hands.

As our CEO Chris wrote in his article on [the 7 reasons to choose Providend over DIY-ETF investing](#), if I may summarise, clients choose us to gain clarity on what truly matters in their lives and what needs to be done—beyond just financial aspects—to achieve those goals. They seek a comprehensive wealth plan that offers a clear roadmap and effective execution to meet their financial objectives and, consequently, their life goals. Additionally, they value having a reliable adviser to help avoid costly mistakes and provide ongoing support and advice.

03 *Happy 23rd Birthday, Providend!*

As we celebrate Providend's 23rd birthday, we reflect on the incredible journey that has shaped who we are today. With over two decades of experience, Providend champions transparency in the financial industry. Tested through various financial crises, we have proven that an ethical and honest approach to wealth management can be highly effective, despite early skepticism.

It all began on September 11, 2001—a day that changed the world. On that very day, we signed our first office lease, marking the start of Providend's story amidst a devastated global economy. It was our first major test—pioneering a fee-only business model that dared to be different.



By 2003, we officially opened our doors for business. With the implementation of the Financial Advisers Act, we officially opened for business. Subsequently, we were appointed as external consultants to develop the CPF Retirement Planner, a national retirement planning tool.

In 2008, we faced another significant challenge—the Global Financial Crisis (GFC). This experience solidified our investment philosophy, one centred on guiding our clients not only through prosperous times but also through financial crises.



Over the years after that, our CEO Christopher Tan received the prestigious Most Promising Entrepreneur Award at the Asia Pacific Entrepreneurship Awards 2009. We also introduced our proprietary planning methodology, RetireWell™, and Singapore's first insurance comparison website, DIYInsurance.

In 2020, even as the COVID-19 pandemic shook the world, we adapted quickly. Drawing valuable lessons from the 2008 financial crisis, we were well-prepared to partner with our clients through turbulent markets.

In 2023, Provident reached a major milestone of advising and managing over S\$1 billion for our clients.

Today, we continue to stay true to our roots by providing trusted advice so our clients can achieve their life goals with clarity and peace of mind.

To our wonderful clients and treasured Provident family, thank you for walking this journey with us. Here's to another year of growing, learning, and making a difference. Happy 23rd Anniversary, Provident!





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See You Latte!



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