Dollar-Cost Averaging (DCA) Explained:

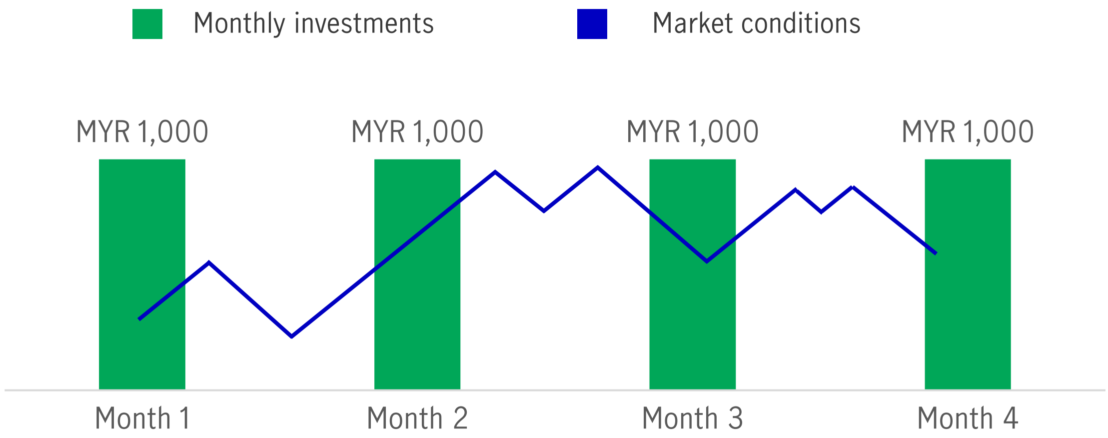
How can consistent investing can build a resilient financial portfolio

What is dollar-cost averaging?

Dollar-cost averaging (DCA) is a disciplined investment approach where you invest a fixed amount of money regularly, regardless of market condition or asset price fluctuations.

Instead of trying to predict when to invest, you commit to consistent contributions, making it a habit instead of a reaction to the market.

In simple terms: You invest the same amount every month, whether the markets are up or down.



This investment approach can help to reduce the emotional side of investing and may reduce the risk and protect against losses.

DCA is widely used in regular investment plans because it removes the need to time the market, which is difficult even for experienced investors.

The table presented is for illustrative purposes only. It does not reflect real data and should not be interpreted as an accurate representation of actual figures or outcomes.

How does DCA work?

Since your contribution amount stays the same, you buy more units when share prices are low and fewer units when prices are high.

Over time, this helps to:

- Smooth out average cost of investing
- Reduce the impact of short-term market movements
- Build discipline in investing

DCA works well with automation! You can set up regular savings plan (RSP) to make it easier to stay invested through bear or bull market swings.

		Consistent investment		Lump sum investment	
Month	**Price per Unit (MYR)**	**Investment (MYR)**	**Units Bought**	**Investment (MYR)**	**Units Bought**
Jan	1.00	1,000	1,000	-	-
Feb	0.80	1,000	1,250	-	-
Mar	1.20	1,000	833	3,000	2,500
Total		**3,000**	**3,083**	**3,000**	**2,500**

In this case, the investor using DCA ended up with more units and avoided the stress of choosing the 'right time', focusing on long-term growth.

The average cost per unit becomes balanced over time.

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DCA vs. lump sum investing:

The pros, cons and when to use each?

There's no one-size-fits-all answer when comparing DCA versus lump sum investing.

Each has potential advantages depending on goals, risk tolerance and how confident you feel about the market. However, here are some differences between them both:

Feature	DCA	Lump sum investing
Investment style	Gradual	One-time
Market timing	Not required	More important
Risk exposure	Spread out over time	Immediate
Emotional impact	Lower	Higher during volatility

Ultimately, the right option depends on your comfort level, state of the market and whether you're investing a lump sum or contributing over time.

DCA is suitable for:

- Structured approach
- Manage market uncertainty
- Build wealth steadily over time

Lump sum may suit:

- Large capital available
- Those comfortable with market fluctuations

Linking to long-term growth with compounding effect

Consistent investing through DCA becomes more powerful when combined with compounding returns over time.

It is not just about timing the market, time in the market matters more!

Assumed Returns	Years to Retirement	RM100 per month could grow to...	RM500 per month could grow to...	RM1,000 per month could grow to...
5%	5	6,829	34,145	68,289
	10	15,593	77,965	155,929
	15	26,840	134,201	268,403
	20	41,275	206,373	412,746
	25	59,799	298,995	597,991
	30	83,573	417,863	835,726
8%	5	7,397	36,983	73,967
	10	18,417	92,083	184,166
	15	34,835	174,173	348,345
	20	59,295	296,474	592,947
	25	95,737	478,683	957,367
	30	150,030	750,148	1,500,295

Check out the full table here

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What if markets go down?

Market declines can feel uncomfortable, but this is where DCA can work in your favour.

Market volatility can feel uncomfortable, but this is where DCA can turn to work in your favour.

How DCA helps during market downturns:

- **Continue investing regularly**
  Instead of stopping or trying to time the market, you stay consistent with your plan.
- **Your investment buys more units at lower prices**
  When prices drop, the same investment value allows you to accumulate more units.
- **Your average costs may be lowered over time**
  Buying at different price levels can smooth out overall investment costs.
- **You are positioned for recovery**
  When markets improve, the units you accumulated earlier may increase in value.

Market dips can be opportunities, not obstacles when you invest consistently.

Who should consider DCA?

DCA can be a good fit for many, especially those who want to build consistent positive habits.

New or cautious investors

Start investing gradually without the pressure of timing the market.

- Begins with smaller, regular amounts
- Build confidence over time

Individuals with regular income

A simple, structured way to invest consistently.

- Invest a fixed amount on a schedule
- Easily automated through monthly subscription via RSP

Retired individuals

Reduce the risk of investing everything at once.

- Spread investments over time
- Help manage market uncertainty

Investors with future goals

Stay on track with steady contributions towards your goals.

- Build savings consistently over time
- Focus on long-term outcomes.

While DCA can be a part of a solid investment strategy, you should also consider a diversified portfolio that's tailored to your goals and risk tolerance.

Turn DCA into action with Regular Savings Plan (RSP)

Start from RM100 with Manulife iFUNDS!

💡 Start small and build towards your future goals with RSP. Speak to your adviser to set up your plan and begin your investment journey.

A regular savings plan (RSP) makes it easy to apply DCA, helping you invest consistently without having to monitor the market.

Why consider RSP?

- ✅ Invest automatically every month
- ✅ Start with an amount that suits your budget, minimum of RM100
- ✅ Stay consistent without overthinking market timing
- ✅ Benefit from long-term growth through compounding

Start with your GOAL

Instead of asking, ‘How much should I invest?’ start with ‘What do I want to achieve?’

When you define your goal first, your investment plan becomes clearer. Then the next step is to break it down into something manageable.

Big financial goals don’t have to start big; they can start small.

- Start your digital investment journey here
- FAQs for Manulife iFUNDS RSP

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