

## MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD  
(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

New Straits Times, Business Times – Thursday, 21 September, 2023 (C)

### FRACTIONAL SHARE TRADING

# LOWERING INVESTMENT BARRIER

Investors can now buy 'expensive' stocks but they need to be educated on risks

S. JOAN SANTANI  
KUALA LUMPUR  
bt@nst.com.my

**F**ANCY owning an expensive stock that is 100 times lower than its cost? Anyone, especially young, budding investors can now invest in blue chip stocks without breaking the bank with the introduction of fractional share trading (FST).

This means one does not need to pay up to RM12,900 for a board lot of Nestle (M) Bhd stock, for example. A minimum RM129 (Nestle's current share price) is enough for one to be a proud shareholder of the company.

Industry observers said lowering the investment barrier could drive the trading of blue chips and other stocks which were beyond the reach of most investors.

In other words, FST enables in-

vestors to trade stocks with a smaller amount of money.

Minority Shareholders Watch Group chief executive officer Devaneson Evanson explained that if a stock was trading at RM130 per share, a standard board lot of 100 units would cost RM13,000.

However, with FST, you can buy, for example, just one share.

"If anyone wants to buy, say one share, it would cost RM130, and that is definitely cheaper," he told *Business Times*.

CGS-CIMB Securities Sdn Bhd deputy chief executive officer Khairi Shahrin Arief Baki said FST would broaden stock investing accessibility among Gen Z, millennial and retail investors

"By lowering the investment barrier, this will potentially increase trading of blue-chip stocks which were previously not accessible to younger investors."

While more market partici-

pants could be expected as the barrier to share trading was lower, he said constant education would be required for the new group of investors to ensure they were aware of the risks.

Although investors have the opportunity to own high-priced stocks, this comes with challenges and requirements that should be carefully considered.

Evanson said the challenge was whether FST should be made available for all counters.

Under the current commission framework, buying a low-priced stock could end up costing more than the actual value of the fractional share.

Evanson asked if FST should be

for all stocks or only for stocks above a certain value (to avoid the situation where the commission cost may be greater than the cost of the shares).

**“By lowering the investment barrier, this will potentially increase trading of blue-chip stocks which were previously not accessible to younger investors.”**

**KHAIRI SHAHRIN ARIEF BAKI**

CGS-CIMB Securities Sdn Bhd deputy chief executive officer

For retailers considering FST, it is crucial to approach this investment strategy with a similar mindset as to trading in board lots. Just like with traditional trading, retail investors should assess their risk tolerance and investment objectives before diving into FST.

"This means conducting thorough research on the stocks they plan to invest in, understanding the company's fundamentals and consider-

ing the potential impact of market fluctuations on their fractional share holdings."