

## E-Day

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*For many, electric vehicles evoke memories of milk floats, mobility scooters or even the ill-fated Sinclair C5. However, this is now changing.*

Although mainstream manufacturers have had test eclectic vehicles for a number of years, they have remained a niche product and are only just being launched on the regular market. Take a taxi in Shenzhen, however, and you may get to ride in one of the first. Since 2010, ever-increasing numbers of BYD e6 cars have been operating as red and white coloured taxis.

BYD aims to be at the forefront of alternative energy vehicles in China, if not the world. It may well be for this reason that Warren Buffett owns 10% of the company.

We drove an early production model, similar to the Shenzhen taxis rather than the more consumer orientated version now on sale. It looks pretty unique, apart from a rear end that is reminiscent of a Range Rover, and when you get up close, the car is almost SUV sized. The body sits high above the wheels and the vehicle is tall. A glance at the chassis shows the reason for this to be the bulging battery pack. Hopefully, newer versions have a better quality finish than our car, which had uneven and often large gaps between panels.

Interiors of early models were Spartan, but now the car features steering wheel mounted controls and a touch screen infotainment system, which includes a navigation system and a camera for

reversing. Centrally located at the top of the dashboard are the digital instruments that also offer an estimation of the available range from the battery power.

The dash is split into a black upper and beige lower. Sprouting between the power button and the climate controls is a selector for the automatic gearbox. Plastics on newer versions are much better than on our test car - which were especially bad for storage compartment covers.

In the back, there is good legroom and headspace. However, with your legs relatively high, the position might become uncomfortable on long drives. The middle passenger has to make do with a lap restraint. For a car of its size, the boot space is tiny thanks to the batteries. There are, however, two small compartments that help alleviate the problem and the seats fold down.

When you sit in the beige coloured leather driving seat, one of the first things you'll notice is that there are three pedals, the third being the parking brake. When driving, there is a slight perceptible whir



from the engine. Acceleration was on the sluggish side, with the need to really floor the accelerator to build up speed. This though, was due to only being able to drive in the eco mode.

Handling on a limited test around BYD's Shenzhen headquarters seemed adequate. However, due to the largely straight nature of the roads, cornering was not very hard. Similarly, the car gave a smooth enough ride over speed control lines and humps.

I think we can all agree that taxi drivers in China are pretty demanding customers, due to the nature of their business. It is commendable then that BYD chose this group to test the car before putting it on sale. From our ride, it would appear that the engineering side of the car obviously works and an advertised range of up to 300km is impressive. Full price is RMB 369800, but it qualifies for government subsidies and a free Shanghai number plate.

## MONEY TALK



BILL LONGSTREET

*If you read last month's column, you may have decided you finally need to put something aside for your retirement. The next question is, how do you invest, and through which investment vehicle?*

## How Should I Invest For Retirement?

First of all, I would recommend looking into what tax efficient retirement vehicles your home country offers, and determine if you are eligible to contribute to them. For example, a Roth IRA in the US. If this is not an option, it may be advantageous to look at international options.

Choosing the right investment vehicle can have a significant impact on future returns. One of the most important aspects of choosing the correct account is its cost to invest. Be careful of the annual account fees, advisor management fees and fund administration costs. If you add these fees up, and they are greater than 1 – 1.5% per annum, you are probably paying too much. A 1% annual increase in your retirement account returns will have a significant impact over a 20 to 25 year period. Some warning signs of an expensive investment account are; (1) that it is difficult to understand or an extensive charging structure, (2) the account contains some kind of insurance wrapper and (3) a portion of your money is locked up for any period of time. TD Direct, Schwab and Interactive Brokers are good examples of inexpensive “do it yourself” investment accounts.

How you invest is also equally important in having a successful retirement account. Unless you are the next Warren Buffett, I would recommend a passive portfolio of index funds (ETF). Over the long term, few if any actively managed mutual funds beat the index, mostly due to costs to run the fund. As index funds are extremely inexpensive to manage, they will virtually guarantee you a better return than actively managed funds over the long term.

Diversify your holdings. I wouldn't recommend trying to be too cute in the make up of your portfolio - boring is good. Look for broad based Index Funds (ETF) that provide you access to various asset classes, such as equities (developed and emerging), bonds, real estate (REITS) and natural resources. Equities will always be the largest portion of your overall portfolio. There are a number of online tools that can assist you in creating the optimum portfolio. Vanguard, one of the pioneers in index funds, is a great place to start.

Stick with your portfolio over the long term, it is very difficult to time the market, and when you let fear and greed take over,

you will find yourself jumping in and out at the wrong times. As long as you are properly diversified, your portfolio should do well over the long term. At the same time, you may look at rebalancing your portfolio from time to time in order to maintain balance.

Seek advice. An advisor should be able to guide you to low cost investment options, but before you employ their service, enquire how they get paid. Or, if you would like to educate yourself on good investment habits, there are a number of great books available such as, “A Random Walk Down Wall Street” by Burton G. Malkiel and “Unconventional Success: A fundamental Approach to Personal Investment” by David F. Swenson, to name a few.

In summary, if you are looking at saving for your retirement, remember to keep your costs to a minimum and invest passively.

*Bill Longstreet is a partner with Caterer Goodman Partners, a primarily fee based financial advisory firm. For more tips on how to handle your savings, check out their blog: [www.chinaexpatmoney.com](http://www.chinaexpatmoney.com)*