THE STORY OF MONEY · MARKETS · WEALTH

Big Money

How money, markets, and wealth really work — so you understand the machine.

$ £ ¥

CONTENTS

Six parts, one machine

How to read this. Each spread is one idea you can read on its own — dip in anywhere.

BIG MONEY

Part 1

The Story of Money

Where money came from — and why a handful of shells once ran the world.

PART 1 · THE STORY OF MONEY

Before money: the trouble with swapping

Long before coins, people simply traded one thing for another. It worked — until it really didn't.

In a barter world you swap what you have for what you want. But for any deal to happen, the other person must want **exactly** what you're offering, right now, in the right amount. Economists call this the **double coincidence of wants** — and it makes trade slow, clumsy, and often impossible. Money fixes it by being one thing **everybody** accepts.

WHY SWAPPING BREAKS DOWN

Barter needs a perfect match. Money removes the need for one.

WITHOUT MONEY — you need a perfect match

You have fish
and you want an axe

✗
No deal

They have an axe
but want grain, not fish

WITH MONEY — anyone will take coins

Sell your fish
→ get coins

$

Buy the axe
from anyone

✓ Deal — money is the in-between everyone accepts

THE CATCH

A perfect match

Both sides must want what the other offers, at the same time. Rare.

WORSE STILL

Fish rots

You can't save your wealth as fish for next year — it spoils.

LOCAL → GLOBAL

SINGAPORE		EVERYWHERE, FOREVER
Trading game items with a friend	=	The world's oldest economy: barter

MONEY WORD — **Double coincidence of wants.** The barter problem: a trade only works if each person happens to want exactly what the other has. Money solves it by being something everyone accepts.

> *Every man thus lives by exchanging, and the society itself grows to be what is properly a commercial society.*
>
> — Adam Smith, The Wealth of Nations

PART 1 · THE STORY OF MONEY

The first money

Before coins, money was simply whatever a community agreed to trust — and some of the choices were strange.

The earliest money was just useful or rare things everyone accepted: cattle, salt, grain, and above all **gold and silver** — prized everywhere because they are scarce, durable, and never rot. Roman soldiers were sometimes paid in salt — the root of the word **salary**.

MONEY BEFORE COINS

All accepted for the same reason: everyone agreed they had value.

Cattle
original wealth

Salt
paid Roman troops

Gold & silver
scarce & durable

Grain
ancient Mesopotamia

Rai stones
giant stone discs

WHY THESE?

Rare & durable

Hard to fake, didn't rot quickly, and everyone wanted them.

WORD ORIGIN

"Salary"

From the Latin *salarium* — a soldier's allowance, linked to salt.

WHERE IT COMES FROM

Money — the word traces to the Roman temple of *Juno Moneta*, where Rome struck its coins. The goddess’s name gave us both "money" and "mint."

MONEY WORD — Commodity money. Money that is also a useful good in its own right (like salt or grain), valued for what it is — not just because a government says so.

> *Money is a matter of functions four: a medium, a measure, a standard, a store.*
>
> — Traditional economics rhyme

PART 1 · THE STORY OF MONEY

Why money is just trust

A banknote is only paper. It has value because everyone believes it does — and when that belief breaks, money dies.

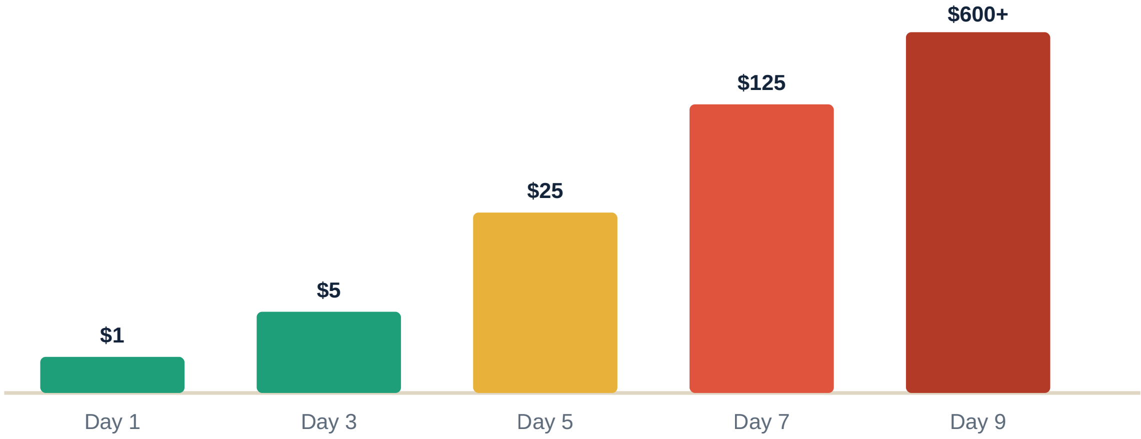
Modern money isn't backed by gold. It works purely on **trust**: trust that others will accept it tomorrow for the same value as today. When a government prints too much and that trust collapses, you get **hyperinflation** — prices doubling in days, or even hours.

Strip away the gold and the government, and money is nothing but a shared belief.

~15 hrs	0%	100%
HUNGARY 1946 — PRICE DOUBLING	GOLD BACKING MODERN MONEY	TRUST BACKING IT INSTEAD

WHEN TRUST DIES, PRICES EXPLODE

Illustrative: the cash needed to buy one loaf of bread as confidence collapses.



THE RECORD

Every 15 hrs

Hungary, 1946: prices doubled roughly every 15 hours — the worst ever.

THE LESSON

Trust = value

Money is only worth what people believe it's worth tomorrow.

THE ONE NUMBER

~15 hours

Hungary, 1946: how often prices doubled at the peak — the fastest a currency has ever died.

MONEY WORD — **Hyperinflation.** Extremely fast, out-of-control rises in prices — so money loses value almost by the hour. Usually caused by a government printing far too much of it.

> *Money is trust inscribed.*
>
> — Niall Ferguson, The Ascent of Money

PART 1 · THE STORY OF MONEY

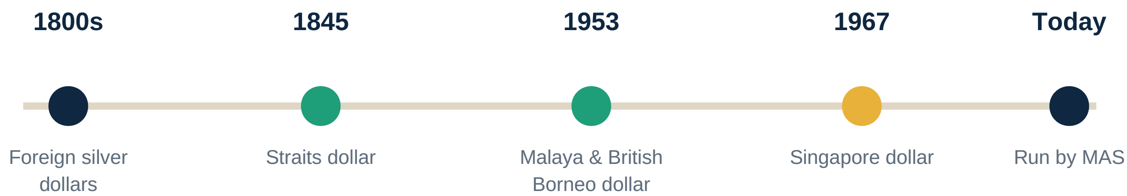
Money in old Singapore

A trading port at the crossroads of the world ran on a jumble of foreign coins — long before it had its own.

In the 1800s, Singapore's docks took **Spanish and Mexican silver dollars**, Indian rupees and Chinese coins all at once. Order came slowly: the **Straits dollar**, then the Malayan dollar, and finally — in **1967** — the **Singapore dollar**, issued by Singapore's own currency board.

FROM FOREIGN SILVER TO THE SINGAPORE DOLLAR

A port that slowly built a currency of its own.



ONE-FOR-ONE

SGD = BND

Since 1967 the Singapore and Brunei dollars trade 1:1 — still true today.

WHY SO MANY?

A world port

Traders from everywhere meant coins from everywhere, side by side.

A MOMENT IN HISTORY

For a century, Singapore’s docks ran on Spanish silver dollars struck in Mexico — hard money with no home government, trusted simply because everyone accepted it.

MONEY WORD — Legal tender. Money that must, by law, be accepted to settle a debt within a country. In Singapore, that's the Singapore dollar, managed by the Monetary Authority of Singapore (MAS).

PART 1 · THE STORY OF MONEY

Money goes invisible

In one lifetime, money has gone from coins in your hand to a number that moves with a tap.

First came cards, then chips, then phones. In Singapore you can go for days touching no cash at all — **NETS** (Network for Electronic Transfers), **PayNow** and **PayLah!** move money instantly between phones. The cash didn't disappear; it just turned into **data**.

FROM CASH TO A TAP

Each step made money faster, lighter, and more invisible.

Cash → Cards → NETS → PayNow (QR codes) → A tap (on your phone)

Singapore is the world's #3 cashless society.

WHAT CHANGED

Money = data

The same dollars, now just numbers moving between accounts.

WHAT DIDN'T

Still trust

A tap only works because everyone trusts the number is real.

THE ONE NUMBER

~92%

Share of payments in Singapore now made without cash — among the highest on earth.

MONEY WORD — **Digital wallet.** An app that stores your money (or links to your bank) so you can pay by phone — like PayLah! or Apple Pay. No physical cash changes hands.

> *Banking is necessary, banks are not.*
>
> — Bill Gates, 1994

BIG MONEY

Money has no value of its own. It works only because we all agree to believe in it.

Part 2

How Money Really Works

The machine under the hood — where money comes from, and the trick that lets banks create it.

PART 2 · HOW MONEY REALLY WORKS

How a bank really works

A bank isn't a vault. It's a machine for turning your savings into other people's loans.

You think the bank guards your money. Really, it **borrows** from you (your deposit) and **lends** to others at a higher rate. The gap between the interest it pays you and the interest it charges borrowers — the **spread** — is how it makes its money.

WHERE THE BANK'S PROFIT COMES FROM

It pays savers a little, charges borrowers more, and keeps the difference.

Savers
earn ~1%

deposit →

THE BANK
keeps the spread

loan →

Borrowers
pay ~6%

Profit = 6% charged − 1% paid = the spread

THE SPREAD

6% − 1%

Pays you a little, charges borrowers more, pockets the gap.

THE DANGER

A bank run

If everyone wants their cash at once, the bank can't pay — it lent it out.

LOCAL → GLOBAL

SINGAPORE
DBS · OCBC · UOB

=

GLOBAL BENCHMARK
JPMorgan · Bank of America

THE ONE NUMBER

~$1.4tn

Held between Singapore’s three big banks — DBS, OCBC and UOB — combined.

MONEY WORD — **Interest spread.** The difference between the interest a bank earns on loans and the interest it pays on deposits. It's the core of how banks make money.

> *A bank is a place that will lend you money if you can prove that you don't need it.*
>
> — Bob Hope

PART 2 · HOW MONEY REALLY WORKS

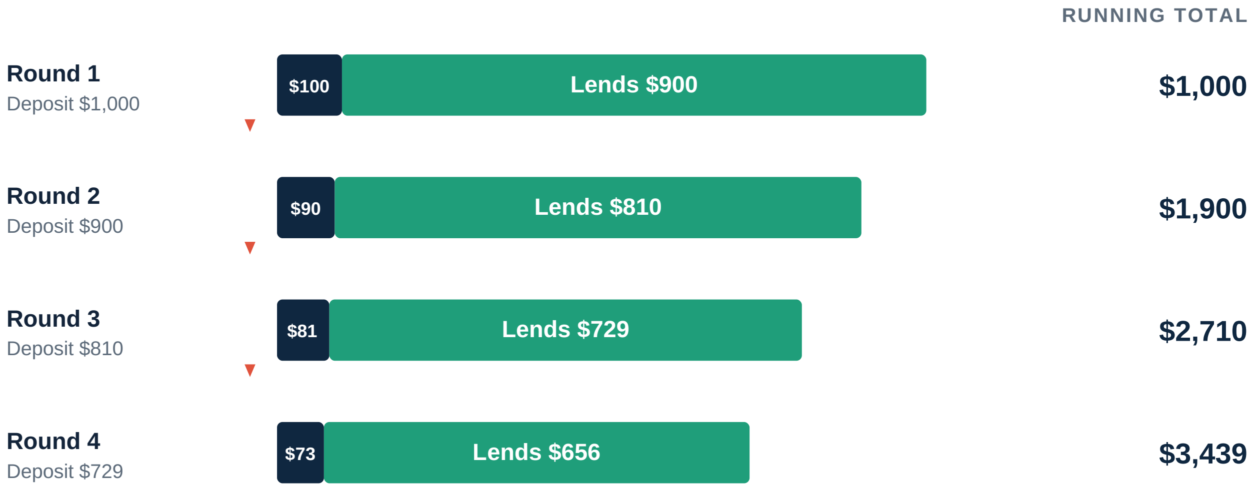
Fractional reserve banking

The quiet trick at the heart of the whole system: banks lend out most of what you deposit — and that act creates brand-new money.

Put **$1,000** in the bank and you assume it sits in a vault. It doesn't. The bank keeps a small slice as a reserve and lends the rest. The borrower spends it, it lands in another bank, which keeps a slice and lends the rest again. Round after round, your single $1,000 becomes **many times that**.

HOW $1,000 BECOMES ~$10,000

Each round the bank keeps 10% (dark) and lends the rest (green). Every loan becomes the next deposit — watch the running total climb.



. . . the cycle keeps going, round after round → ~$10,000

THE PUNCHLINE

$1,000 of cash → ~$10,000 of money

Real cash in reserve: $1,000

New money created: ~$9,000

THE RESERVE

10%

kept by the bank. The smaller the reserve, the more money the system creates.

THE MULTIPLIER

×10

every $1 of real cash can support about $10 of money in the economy.

LOCAL → GLOBAL

SINGAPORE		GLOBAL BENCHMARK
MAS sets the rules banks follow	=	**US Federal Reserve**

MONEY WORD — **Reserve ratio.** The share of deposits a bank must hold back rather than lend out. A lower ratio lets banks create more money; a higher one reins it in.

> *The process by which banks create money is so simple that the mind is repelled.*
>
> — John Kenneth Galbraith, economist

PART 2 · HOW MONEY REALLY WORKS

Who makes money

Above all the banks sits one institution that can create — or destroy — money on purpose.

A central bank is the bank for banks. It controls how much money exists, sets the cost of borrowing, and rescues the system in a crisis. Singapore's is the **Monetary Authority of Singapore (MAS)** — unusually, it steers the economy through the **exchange rate**, not interest rates.

THE MONEY PYRAMID

Power flows down from the central bank to you.

Central bank
(MAS)

Commercial banks

Businesses & people

LENDER OF LAST RESORT

The backstop

In a panic, the central bank steps in so the system doesn't collapse.

MAS IS DIFFERENT

The dollar

It steers the economy via the SGD exchange rate, not interest rates.

LOCAL → GLOBAL

SINGAPORE		GLOBAL BENCHMARK
Monetary Authority of Singapore	=	**US Federal Reserve**

WHERE IT COMES FROM

Dollar — from the *Joachimsthaler*, a silver coin minted in a Bohemian valley called Joachimsthal in the 1500s. "Thaler" became "dollar," and the name circled the world.

MONEY WORD — **Monetary policy.** How a central bank manages money and credit — mainly by changing interest rates or (in Singapore) the exchange rate — to keep prices stable and the economy steady.

> *Inflation is always and everywhere a monetary phenomenon.*
>
> — Milton Friedman, economist

PART 2 · HOW MONEY REALLY WORKS

Inflation & interest rates

Two dials run the whole economy — and they're wired together.

Inflation is prices rising over time, so each dollar buys less. Central banks fight it with **interest rates**: raise rates and borrowing gets dearer, spending cools, prices settle. Cut rates and the opposite happens. It's a constant balancing act.

THE BALANCING ACT

Rates up cools things down; rates down heats things up.

Rates UP ↑	Rates DOWN ↓
borrowing costs more	borrowing gets cheap
people spend less	people spend more
inflation cools	**inflation rises**

THE RULE OF 72

72 ÷ rate

At 6% inflation, prices double in about 12 years (72÷6).

BOTH EXTREMES HURT

Goldilocks

Too much inflation or too little — both damage the economy.

LOCAL → GLOBAL

SINGAPORE
MAS targets stable prices via the SGD

=

GLOBAL BENCHMARK
The Fed targets ~2% inflation via rates

MONEY WORD — **Inflation.** A general rise in prices over time, which reduces the buying power of money. A little is normal; a lot is dangerous.

> *Inflation is when you pay fifteen dollars for the ten-dollar haircut you used to get for five dollars.*
>
> — Sam Ewing, writer

PART 2 · HOW MONEY REALLY WORKS

Crypto & digital money

A new kind of money that no single bank or government controls.

Cryptocurrency is digital money recorded on a **blockchain** — a shared ledger copied across thousands of computers, so no single bank or state runs it. **Bitcoin** was the first, in 2009. Supporters love the freedom; critics point to wild price swings and scams.

HOW A BLOCKCHAIN WORKS

No middleman — a network of computers agrees on every transaction.

You send a transaction → **Network checks** thousands of computers → **Added as a block** permanent record → **Chained on** can't be changed

NO MIDDLEMAN

No bank

The network — not a company — keeps the record honest.

THE CATCH

Wild swings

Prices can soar and crash; scams are common. Tread carefully.

TOP 5 · CRYPTOCURRENCIES BY VALUE

Ranked by market value, late 2025 (approximate).

1	**Bitcoin (BTC)**	**~US$2,000B**
2	**Ethereum (ETH)**	**~US$390B**
3	**XRP (Ripple)**	**~US$130B**
4	**BNB (Binance)**	**~US$120B**
5	**Solana (SOL)**	**~US$80B**

MONEY WORD — **Blockchain.** A shared digital record, copied across many computers, where entries can be added but not secretly changed. It's the technology behind most cryptocurrencies.

> *The root problem with conventional currency is all the trust that's required to make it work.*
>
> — Satoshi Nakamoto, creator of Bitcoin

PART 2 · HOW MONEY REALLY WORKS

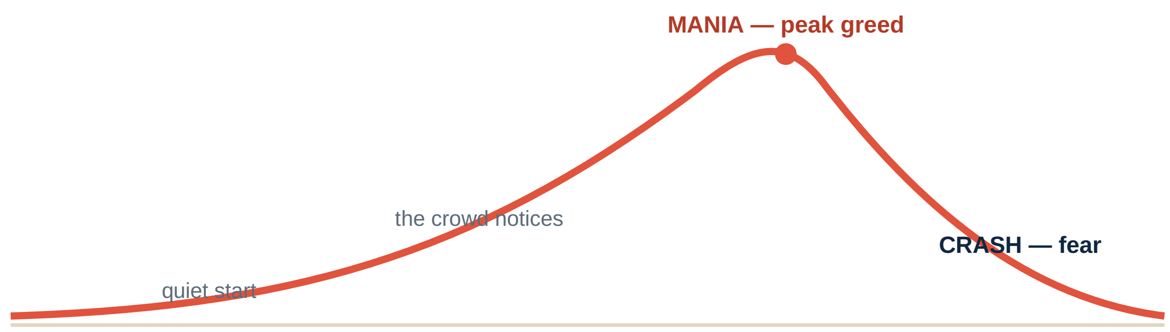
Bubbles & manias

Every so often, crowds convince themselves something is worth far more than it is.

A bubble is when a price soars far above real value because everyone's buying simply because the price is rising — until belief snaps and it crashes. From Dutch tulips in the 1600s to dot-com stocks and crypto, the pattern repeats: **greed, mania, crash, regret**.

THE SHAPE OF EVERY BUBBLE

Smart money quietly buys early; the crowd piles in at the top.



THE TELL

Everyone's in

When people who never invest start buying, the new buyers are about to run out.

WHAT POPS IT

No new buyers

Prices only rise while fresh money keeps arriving. It always stops.

INSIDER TELL

Bubbles don’t burst on bad news. They burst the moment there’s no one left to buy — when the last optimist has already bought in.

MONEY WORD — **Speculative bubble.** When an asset's price rises far above its real value, driven by hype and the hope of selling higher — until confidence breaks and it crashes.

> *The four most dangerous words in investing are: 'this time it's different.'*
>
> — Sir John Templeton, investor

BIG MONEY

Part 3

Companies & Markets

How a company is born, sells slices of itself, and trades on a market wired in milliseconds.

PART 3 · COMPANIES & MARKETS

What is a company?

An idea, turned into a thing that can be owned, grown, and sold.

A company is a legal "person" separate from its founders. It can own assets, sign contracts, make a profit, and — crucially — be divided into **shares** of ownership. That last trick is what lets it raise money from strangers and outlive whoever started it.

FROM IDEA TO OWNED THING

Registering a company turns a hustle into an asset.

An idea → **Register a company** (a legal "person") → **Owns & employs** (makes a profit) → **Split into shares**

LIMITED LIABILITY

You risk only your stake

If it fails, you lose what you put in — not your house.

IT OUTLIVES YOU

Forever

A company can keep going long after its founder is gone.

TOP 5 · MOST VALUABLE COMPANIES

Ranked by market value, late 2025 (approximate).

1	**Nvidia**	**~US$4.5T**
2	**Apple**	**~US$4.0T**
3	**Microsoft**	**~US$3.7T**
4	**Alphabet (Google)**	**~US$2.5T**
5	**Amazon**	**~US$2.4T**

MONEY WORD — **Limited liability.** The rule that an owner can only lose the money they invested in a company — their personal wealth is protected if the business fails. It's what makes investing in strangers' companies safe enough to do.

PART 3 · COMPANIES & MARKETS

Owning a slice: shares

A share is a literal piece of a company — and a claim on its future.

Buy one share and you own a sliver of the whole business: its factories, its brand, its profits. If the company does well — paying **dividends** or growing — your slice is worth more. If it fails, your slice can fall to zero. That's the deal: real ownership, real risk.

ONE COMPANY, DIVIDED INTO SHARES

Own one share and a slice of everything is yours.

1 share of the whole company

A share gives you:

- a vote on big decisions
- a cut of the profits (dividend)
- a claim on future growth

DIVIDEND

Your cut

Many companies pay out part of their profit to shareholders.

CAPITAL GAIN

Buy low, sell high

The other way to win: the share itself rises in value.

LOCAL → GLOBAL

SINGAPORE		GLOBAL
1 share of an SGX company	=	**1 share of Apple**

MONEY WORD — **Dividend.** A slice of a company's profit paid out to shareholders, usually as cash. Not every company pays one — some reinvest it all to grow faster.

> *Know what you own, and know why you own it.*
>
> — Peter Lynch, investor

PART 3 · COMPANIES & MARKETS

Why companies sell shares

Because selling part of your company is often the fastest way to grow it.

A growing company needs money — for factories, staff, expansion. It can **borrow** it (debt) or **sell ownership** (equity). Selling shares brings in cash that never has to be repaid; the price is giving away a slice of future profits and control. Borrowing keeps control but must be repaid with interest.

TWO WAYS TO RAISE MONEY

Every company chooses some mix of these.

DEBT	EQUITY
borrow money	sell shares
repay it + interest	never repay it
you keep full control	**you give up a slice of ownership**

DEBT

Borrow & repay

Cheaper if it works, dangerous if profits dip — you still owe.

EQUITY

Share the upside

No repayment, but new owners share every future profit.

LOCAL → GLOBAL

SINGAPORE
A startup raising its first round

=

GLOBAL
Google selling shares to the world

MONEY WORD — **Equity.** Ownership in a company. When you "raise equity," you sell part of the company for cash instead of borrowing.

> *Capital isn't scarce; vision is.*
>
> — Sam Walton, founder of Walmart

PART 3 · COMPANIES & MARKETS

What is an IPO?

The day a private company throws open its doors, sells shares to the public for the first time — and often raises a fortune.

IPO stands for **Initial Public Offering**. Until that day, a company is **private** — owned by its founders and a few investors. An IPO lets anyone buy a slice, turning private owners into public shareholders and handing the company a wall of cash to grow with.

FROM PRIVATE COMPANY TO PUBLICLY TRADED — IN 5 STEPS

What actually happens between "we want to list" and shares trading on the exchange.

1. **A private company wants to grow**
   It needs serious money — more than banks or founders can supply.
2. **It hires an investment bank**
   The "underwriter" prepares the deal and guarantees the sale.
3. **It files a prospectus & sets a price**
   A public document reveals the finances; a share price is fixed.
4. **Shares are sold to investors**
   Big institutions buy first, then the wider public.
5. **It "lists" — shares trade freely**
   On day one the price floats on supply and demand, on the exchange.

WHY DO IT?

Raise capital

The company sells new shares and pockets the cash to expand.

THE TRADE-OFF

Total scrutiny

Going public means revealing your numbers and answering to shareholders.

TOP 5 · BIGGEST IPOS IN HISTORY

Ranked by money raised at listing (approximate).

1	**SpaceX**	~US$75B · 2026
2	**Saudi Aramco**	~US$25.6B · 2019
3	**Alibaba**	~US$21.8B · 2014
4	**SoftBank Corp**	~US$21.3B · 2018
5	**NTT Mobile**	~US$18.1B · 1998

MONEY WORD — **Underwriter.** The investment bank that prices new shares, buys them from the company, and resells them — guaranteeing the company gets paid even if demand is soft.

PART 3 · COMPANIES & MARKETS

An IPO in action

Watch the numbers move on the day a company goes public.

Say a Singapore company offers **100 million shares at S$1 each**. It raises **S$100 million**. On listing day, demand is hot and the price jumps to **S$1.50** — but the company already has its cash; now investors are trading among themselves. Globally the same script runs, just with more zeros — SpaceX's 2026 listing raised **US$75 billion**.

THE NUMBERS ON LISTING DAY

The company raises money once; the price then floats.

100m shares × S$1	→	day-1 price	→	now valued at
S$100m		**S$1.50**		**S$150m**
raised by the company		the "pop"		market cap

THE "POP"

+50%

The day-1 jump — exciting, but it doesn't add a cent to the company.

WHO GETS THE CASH

The company, once

After that, investors just trade shares with each other.

LOCAL → GLOBAL

SINGAPORE
An S$100m SGX listing

=

GLOBAL RECORD
SpaceX's US$75B listing (2026)

MONEY WORD — Market capitalisation. A company's total value on the market: share price × number of shares. At S$1.50 × 100m shares, that's S$150m.

> *In the short run the market is a voting machine, but in the long run it is a weighing machine.*
>
> — Benjamin Graham, investor

PART 3 · COMPANIES & MARKETS

What is a stock exchange?

A giant, regulated marketplace where shares change hands.

An exchange is where buyers and sellers of shares meet — today almost entirely through computers. It sets fair prices, enforces rules, and makes sure trades actually happen. Singapore's is the **Singapore Exchange (SGX)**; the giants are New York's **NYSE** and **Nasdaq**.

THE MARKETPLACE IN THE MIDDLE

Buyers and sellers never meet — the exchange connects them.

It provides: fair prices · rules · liquidity

LIQUIDITY

Easy in, easy out

A good exchange lets you buy or sell fast at a fair price.

"LISTED"

On the board

A listed company is one whose shares trade on the exchange.

WHERE IT COMES FROM

Bourse — Europe's word for an exchange — comes from the Van der Beurze family, whose inn in Bruges was where merchants gathered to trade in the 1300s.

MONEY WORD — **Liquidity.** How easily something can be bought or sold without moving its price. Cash is the most liquid; a house is not.

> *The stock market is filled with people who know the price of everything, but the value of nothing.*
>
> — Philip Fisher, investor

PART 3 · COMPANIES & MARKETS

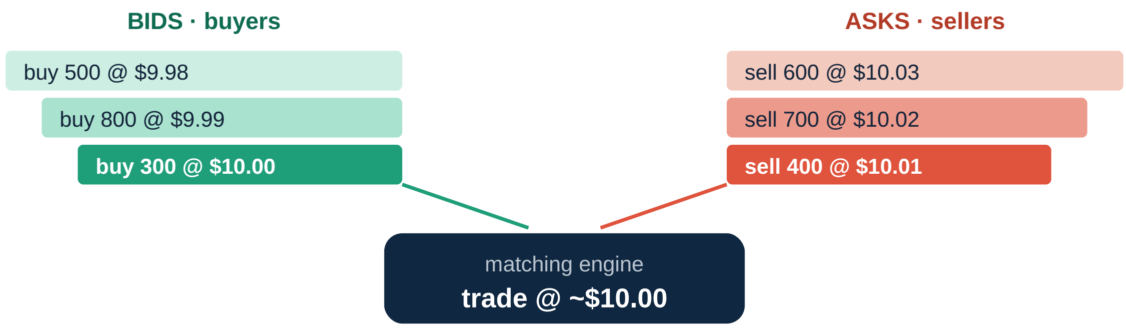
Inside the exchange: the backend

When you press "buy," a hidden machine springs into action in milliseconds.

Behind the app is the **order book** — a live list of everyone wanting to buy or sell, and at what price. A **matching engine** pairs the highest willing buyer with the lowest willing seller in a fraction of a second. The "price" you see is simply the latest match.

THE ORDER BOOK

Buyers (bids) on one side, sellers (asks) on the other — they meet in the middle.



ORDER BOOK

The live list

Every bid and ask, stacked by price, updating constantly.

MATCHING ENGINE

Microseconds

Software pairs buyers and sellers faster than you can blink.

LOCAL → GLOBAL

SINGAPORE
SGX's matching engine

=

GLOBAL
NYSE & Nasdaq systems

MONEY WORD — **Order book.** The real-time list of all the buy and sell orders for a share, organised by price. The gap between the best buy and best sell price is the "spread."

> *The big money is not in the buying and selling, but in the waiting.*
>
> — Charlie Munger, investor

PART 3 · COMPANIES & MARKETS

Clearing & settlement

A trade isn't really finished the instant you click. An invisible system makes it real.

After a match, the trade must **clear** and **settle**: the shares move to the buyer, the cash to the seller, with a **clearing house** guaranteeing neither side defaults. In Singapore the **Central Depository (CDP)** holds your shares; globally the giant is America's **Depository Trust & Clearing Corporation (DTCC)**. This plumbing usually takes a day or two — "T+1" or "T+2".

THE INVISIBLE PLUMBING

A trusted middleman guarantees the swap actually happens.

Trade matched on the exchange → **Clearing house** guarantees both sides → **Settlement** shares ↔ cash → **Done** T+1 / T+2

CLEARING HOUSE

The guarantor

Steps between buyer and seller so neither can be cheated.

T+1 / T+2

A day or two

How long until the trade is truly final and irreversible.

LOCAL → GLOBAL

SINGAPORE
Central Depository (CDP)

=

UNITED STATES
Depository Trust & Clearing Corp (DTCC)

> **MONEY WORD — Settlement.** The final step where ownership and money actually change hands after a trade. Until settlement, a trade is agreed but not yet complete.

> *Trust, but verify.*
>
> — Russian proverb

PART 3 · COMPANIES & MARKETS

How to actually buy a share

For the price of a meal, anyone can own a piece of the world's biggest companies.

You open an account with a **broker** — an app that connects you to the exchange. Deposit money, search a company, place an order. In Singapore, **Tiger Brokers** and **moomoo** made this cheap and easy; globally it's **Interactive Brokers**, **Schwab** and **Robinhood**. Fractional shares even let you buy part of one pricey share.

FOUR STEPS TO YOUR FIRST SHARE

The whole thing takes minutes on a phone.

1 · Open account
with a broker app
→
2 · Add money
e.g. PayNow
→
3 · Pick a company
search the ticker
→
4 · Place order
→ to the exchange

FRACTIONAL SHARES

Buy a sliver

Own part of one expensive share — start with a few dollars.

BROKERAGE FEE

Often tiny

Competition has pushed trading costs close to zero.

THEN VS NOW

$0

What a stock trade costs today. In 1990 the same trade ran about $50 — the broker's cut competed down to nothing.

MONEY WORD — **Broker.** A licensed middleman (today, usually an app) that places your buy and sell orders on the exchange for you.

PART 3 · COMPANIES & MARKETS

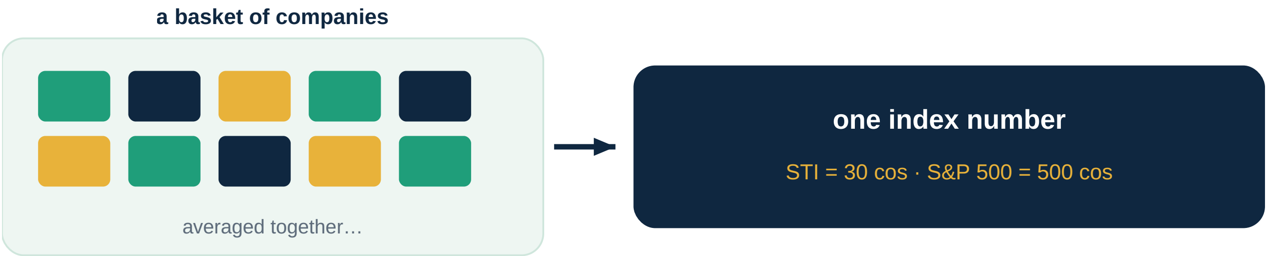
The scoreboard: indexes

One number that tells you how a whole market is doing.

An **index** tracks a basket of companies so you can see the market's mood at a glance. Singapore's **Straits Times Index (STI)** follows 30 of the biggest SGX companies. America's **S&P 500** (Standard & Poor's 500) follows 500 giants and is the world's most-watched scoreboard.

MANY COMPANIES, ONE NUMBER

An index bundles lots of shares into a single reading.



STI

Top 30

Singapore's headline index — the 30 biggest names on SGX.

S&P 500

500 giants

The global benchmark — when people say "the market," they often mean this.

A MOMENT IN HISTORY

The Dow Jones began in 1896 with just 12 companies. Not one of those originals is still in the index today — the "market" is always quietly replacing itself.

MONEY WORD — **Index.** A single figure that tracks the combined value of a chosen group of companies, used to gauge how a whole market is performing.

> Don't look for the needle in the haystack. Just buy the haystack.
>
> — John Bogle, founder of Vanguard

PART 3 · COMPANIES & MARKETS

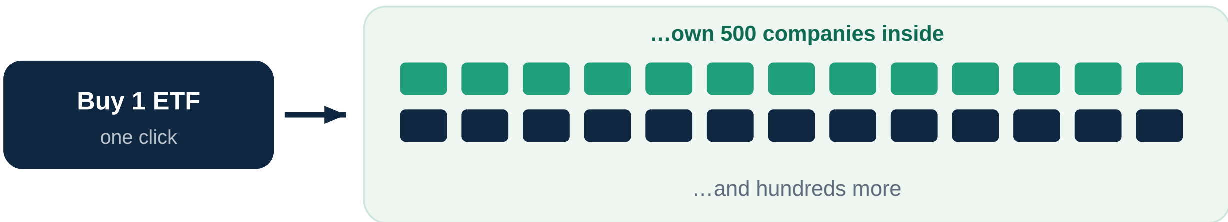
Funds & ETFs

Buy hundreds of companies in a single click.

A **fund** pools many investors' money to buy lots of shares at once. An **ETF** (exchange-traded fund) is a fund you can buy on the exchange like a single share. One purchase of an S&P 500 ETF makes you a part-owner of 500 companies — instant **diversification**, tiny fees. Diversification is how you **protect** wealth — though, as Part 5 shows, big fortunes are first **made** through concentration.

ONE PURCHASE, HUNDREDS OF COMPANIES

An ETF is a ready-made basket you buy in one click.



DIVERSIFICATION

Spread the risk

If one company sinks, the other 499 cushion the blow.

LOW FEES

Under 0.1%

Index ETFs cost a tiny fraction of what old-style funds charge.

THE ONE NUMBER

0.03%

A typical S&P 500 ETF's yearly fee — about $3 a year on $10,000. Old-style funds charged 30 times more.

MONEY WORD — **ETF.** An exchange-traded fund: a basket of many investments that trades on the exchange like a single share. The easy way to own a whole market at once.

> *Diversification is the only free lunch in investing.*
>
> — Harry Markowitz, Nobel laureate

PART 3 · COMPANIES & MARKETS

Crypto markets & exchanges

The same buying and selling — but in a wilder, always-open arena.

Crypto trades on its own exchanges (like Binance or Coinbase), **24/7**, with no closing bell. Prices can swing double digits in a day. Unlike SGX, there's usually no central clearing house and far lighter rules — more freedom, but far more risk.

STOCK EXCHANGE VS CRYPTO EXCHANGE

Same idea — fewer guardrails.

Stock exchange (SGX)	Crypto exchange
Hours: set, 9–5	Hours: 24/7, no bell
Rules: heavy	Rules: light
Swings: lower	Swings: high
Clearing: yes (CDP)	Clearing: often none

ALWAYS OPEN

24/7

No closing bell — prices move while you sleep.

BUYER BEWARE

High risk

Lighter rules and bigger swings mean more ways to lose.

INSIDER TELL

Crypto never closes — no bell, no clearing house, no last line of defence. The guard-rails a real exchange takes for granted simply aren't there.

MONEY WORD — **Volatility.** How much and how fast a price moves up and down. High volatility means big swings — bigger chances to win, and to lose.

BIG MONEY

Part 4

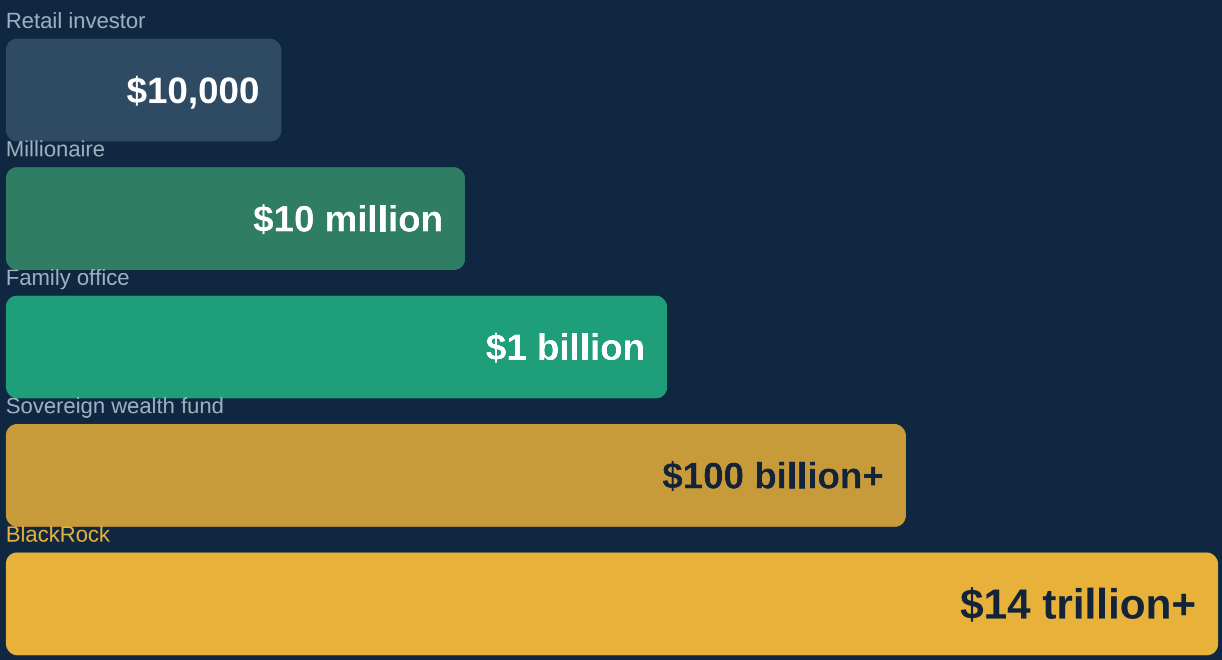
The Big Players

The institutions that move the real money — and the trillions they command.

PART 4 · THE BIG PLAYERS

Who really controls the money?

Most people imagine billionaires run the financial world. The reality is stranger.



These steps span nine zeros — each is roughly 100 to 1,000 times the one above. Far too vast to draw to true scale, so the numbers carry the shock, not the bar widths.

PART 4 · THE BIG PLAYERS

The surprising part

Most of that money isn't BlackRock's. It's other people's — millions of ordinary savings, pooled and passed up the chain.

THE FLIP

The world's biggest pools of money are mostly aggregated savings — yours included.

GLOBAL

Millions of workers → Pension funds → Asset managers → Global companies

SINGAPORE

You → CPF → GIC → Global markets

In Singapore, your CPF savings flow into special government securities that GIC invests worldwide — the same pooling, closer to home.

PART 4 · THE BIG PLAYERS

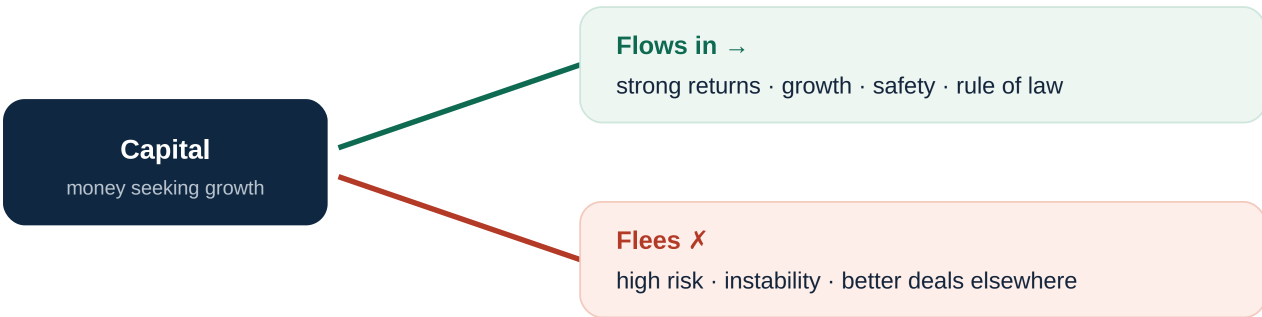
Why capital flows

Money never sits still. It hunts for the best return it can find — and runs from danger.

Capital — money looking to grow — constantly moves toward opportunity and away from risk. It flows to the companies and countries that offer the best return for the risk taken, and flees those that don't. Understanding why it moves explains booms, busts, and which businesses ever get built.

WHERE CAPITAL GOES

It weighs reward against risk — then moves.



WHAT ATTRACTS IT

Return + safety

Growth, profits, stability, and the rule of law pull capital in.

WHAT REPELS IT

Risk + better deals

Instability, poor returns, or a better option elsewhere send it fleeing.

LOCAL → GLOBAL

SINGAPORE
Capital flows to a stable, pro-business hub

=

WORLDWIDE
Money chases safe havens everywhere

INSIDER TELL

Capital is both a coward and an opportunist: it flees at the first hint of danger and crowds in wherever it's treated well.

MONEY WORD — **Capital allocation.** Deciding where to put money to earn the best return for the risk. It's the core job of investors, chief executives, and anyone building wealth.

> *Capital goes where it's welcome and stays where it's well treated.*
>
> — Walter Wriston, banker

PART 4 · THE BIG PLAYERS

Investment banks

The dealmakers who help giants raise money and buy each other.

An investment bank doesn't take your deposits. It advises big companies and governments: running IPOs, arranging **mergers and acquisitions (M&A)**, and trading at a massive scale. Goldman Sachs, Morgan Stanley and J.P. Morgan are the famous names.

THREE THINGS AN INVESTMENT BANK DOES

All of them earn a slice of very big deals.

Raise capital	Advise on M&A	Trade markets
run IPOs & issue bonds	help companies buy companies	buy & sell at huge scale

M&A

Mergers

Advising on companies buying or merging with each other.

THE FEE

A slice of billions

Even a small % of a giant deal is an enormous payday.

WHERE IT COMES FROM

Bankrupt — from the Italian *banca rotta*, the "broken bench." When a medieval money-changer failed, his trading bench was literally smashed.

MONEY WORD — **M&A.** Mergers and acquisitions: when companies combine (merge) or one buys another (acquisition). Advising on these deals is a core investment-banking business.

> *Money is always there but the pockets change.*
>
> — Gertrude Stein, writer

PART 4 · THE BIG PLAYERS

Hedge funds

The secretive, high-powered funds that try to make money whether markets go up — or down.

A hedge fund pools money from the very wealthy and big institutions, then makes bold, often complex bets. The name comes from **hedging** — placing bets in both directions so the fund can profit, or at least survive, in any market.

THE CORE TRICK: BETTING BOTH WAYS

Most investors only win when prices rise. A hedge fund can also win when they fall.

LONG · bet it rises

Buy at $10

Sell at $15

Profit: $5

SHORT · bet it falls

Sell at $10

Buy back at $5

Profit: $5

A hedge fund does both at once — that's the "hedge."

WHO CAN INVEST?

Not you

Open only to the wealthy and big institutions — by law.

THE CLASSIC FEE

2 & 20

2% of your money a year, plus 20% of any profit.

TOP 5 · BIGGEST HEDGE FUNDS BY ASSETS

Ranked by assets under management, 2025 (approximate; rankings vary by source).

1	**Bridgewater Associates**	**~US$90B**
2	**Millennium Management**	**~US$84B**
3	**Elliott Management**	**~US$70B**
4	**Citadel**	**~US$63B**
5	**D.E. Shaw**	**~US$60B**

Greatest track record ever: Renaissance's **Medallion Fund** — about **39% a year after fees** from 1988–2018, and never a losing year. Closed to outsiders since 1993.

MONEY WORD — **Short selling.** Borrowing a share you don't own, selling it now, and buying it back later — hoping the price has fallen. If it rises instead, losses can be huge.

> *Diversifying well is the most important thing you need to do in order to invest well.*
>
> — Ray Dalio, founder of Bridgewater Associates

PART 4 · THE BIG PLAYERS

Private equity

Buy a whole company, fix it up, sell it for more.

Private equity firms raise huge funds, buy **entire companies** (often with borrowed money), spend a few years making them more profitable, then sell them at a gain. Done well, it revives businesses; done badly, it loads them with debt. Blackstone, Apollo and KKR are the giants.

THE PRIVATE-EQUITY CYCLE

Raise, buy, improve, sell — then do it again.

1 · Raise a fund
from investors
→
2 · Buy a company
using lots of debt
→
3 · Improve it
over 3–5 years
→
4 · Sell it
for a profit

LEVERAGE

Borrowed money

Buying with debt magnifies the gain — and the risk.

THE EXIT

Sell high

The whole game is selling the fixed-up company for more.

THE ONE NUMBER

~12 million

Americans now work for companies owned by private equity — you've probably shopped at one this week without knowing.

MONEY WORD — Leveraged buyout (LBO). Buying a company mostly with borrowed money, using the company itself as collateral. The hope: improve it and sell for far more than the cash you put in.

> *It's as easy to do something big as it is to do something small, so reach for a fantasy worthy of your pursuit.*
>
> — Stephen Schwarzman, founder of Blackstone

PART 4 · THE BIG PLAYERS

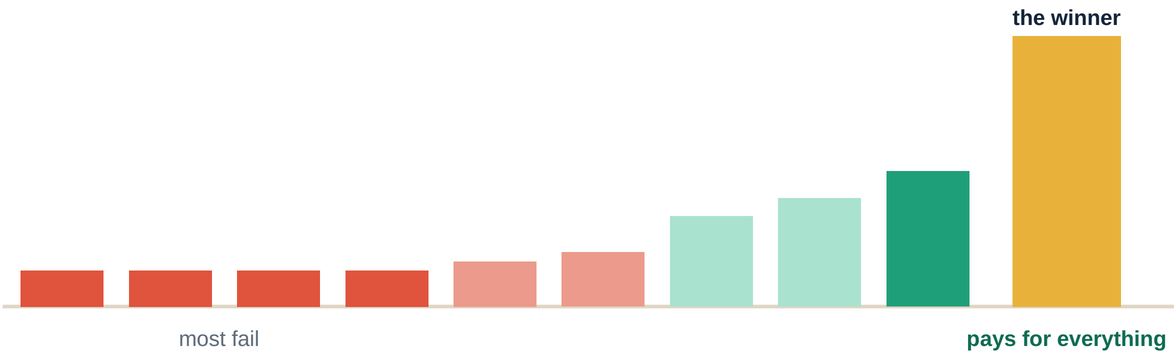
Venture capital

Betting small sums on wild ideas, hoping one becomes the next giant.

Venture capitalists fund young, risky **startups** in exchange for a chunk of ownership. Most of their bets fail — but the rare winner (an Amazon, a Grab) can return the entire fund many times over. It's the money behind almost every tech company you use.

THE POWER LAW

Most bets lose; one giant winner pays for them all.



POWER LAW

One winner

A single huge success can outweigh dozens of failures.

EQUITY STAKE

Own a slice

VCs take ownership, not repayment — they win only if you do.

THE ONE NUMBER

~3 in 4

Venture-backed startups that never return investors' cash. The rare giant winner pays for all the failures.

MONEY WORD — **Venture capital.** Money invested in young, high-risk startups in return for ownership, betting that a few big winners will more than cover the many that fail.

> *The biggest risk is not taking any risk.*
>
> — Mark Zuckerberg, founder of Meta

PART 4 · THE BIG PLAYERS

Private credit

The fast-growing world of lending that isn't done by banks.

Since banks pulled back after the 2008 crisis, investment funds have stepped in to lend directly to companies — that's **private credit**. It's fast and flexible for borrowers, and pays lenders high interest. It's grown into a multi-trillion-dollar industry led by firms like Apollo and Ares.

~$1.75T	~12%	2008
MARKET SIZE, 2025	YEARLY GROWTH RATE	WHEN BANKS PULLED BACK

BANK LOAN VS PRIVATE CREDIT

Borrowers trade a higher rate for speed and flexibility.

Bank loan	Private credit
slow · strict rules	fast · flexible
lower interest	higher interest

A market that's grown past US$1.7 trillion — and climbing.

WHY IT BOOMED

Banks retreated

After 2008, stricter rules pushed lending to private funds.

THE TRADE

Pay for speed

Borrowers accept higher rates to get money fast, with fewer strings.

MONEY WORD — **Private credit.** Loans made to companies by investment funds rather than banks. Faster and more flexible for borrowers, higher-yielding for lenders — and less regulated.

> *Neither a borrower nor a lender be.*
>
> — William Shakespeare, Hamlet

PART 4 · THE BIG PLAYERS

Asset managers

The quiet giants who invest everyone else's money — and own a piece of almost everything.

Asset managers invest money on behalf of millions: pension savers, funds, institutions. The biggest, **BlackRock**, manages over **US$14 trillion**. Through index funds, firms like BlackRock and Vanguard are among the largest shareholders in most big companies on earth.

THE GIANT FUNNEL

Millions of savers in; ownership of thousands of companies out.

Millions of savers
pensions, funds

→

Asset manager
BlackRock ~$14 trillion

→

Owns stakes in
thousands of companies

INDEX FUNDS

Cheap & broad

Funds that simply track the market made investing nearly free.

QUIET POWER

They vote

As huge shareholders, they have a say in most big companies.

TOP 5 · LARGEST ASSET MANAGERS

Ranked by assets under management, 2025 (approximate).

1	**BlackRock**	~US$14T
2	**Vanguard**	~US$10T
3	**Fidelity**	~US$5.9T
4	**State Street**	~US$4.7T
5	**J.P. Morgan**	~US$3.7T

MONEY WORD — **Assets under management (AUM).** The total value of all the money an investment firm manages on behalf of its clients. It's the standard yardstick of a firm's size.

> *Time in the market beats timing the market.*
>
> — Investing adage

PART 4 · THE BIG PLAYERS

Sovereign wealth

When entire countries become investors.

Some governments save their surpluses — from oil, exports, or reserves — in giant investment funds called **sovereign wealth funds**. Norway's **Norges Bank Investment Management (NBIM)**, built on oil, holds over **US$2 trillion**. Singapore runs two of the most respected: **GIC** (which invests the reserves) and **Temasek** (which owns stakes in companies).

TURNING A SURPLUS INTO THE FUTURE

Today's spare money, invested for tomorrow's income.

National surplus
oil · exports · reserves

→

Sovereign wealth fund
GIC · Temasek · NBIM

→

Invests globally
returns fund the nation's future

SINGAPORE'S TWO

GIC & Temasek

GIC invests the reserves (~$800B); Temasek owns companies (~$300B).

WHY BOTHER

A national nest egg

Turn today's one-off surplus into investment income that funds the country for generations.

TOP 5 · LARGEST SOVEREIGN WEALTH FUNDS

Ranked by assets, 2025 (approximate).

1	**Norway (NBIM)**	**~US$2.1T**
2	**China (CIC)**	**~US$1.3T**
3	**Abu Dhabi (ADIA)**	**~US$1.1T**
4	**Saudi Arabia (PIF)**	**~US$925B**
5	**Singapore (GIC)**	**~US$800B**

MONEY WORD — **Sovereign wealth fund.** A state-owned investment fund that puts a country's surplus money to work in global markets, to build wealth for future generations.

> *Someone's sitting in the shade today because someone planted a tree a long time ago.*
>
> — Warren Buffett, investor

THE WHOLE GAME

Most people work for money. A few make money work for them.

BIG MONEY

Part 5

How Wealth Really Works

What the rich actually do differently — owning, protecting, and passing on a fortune.

PART 5 · HOW WEALTH REALLY WORKS

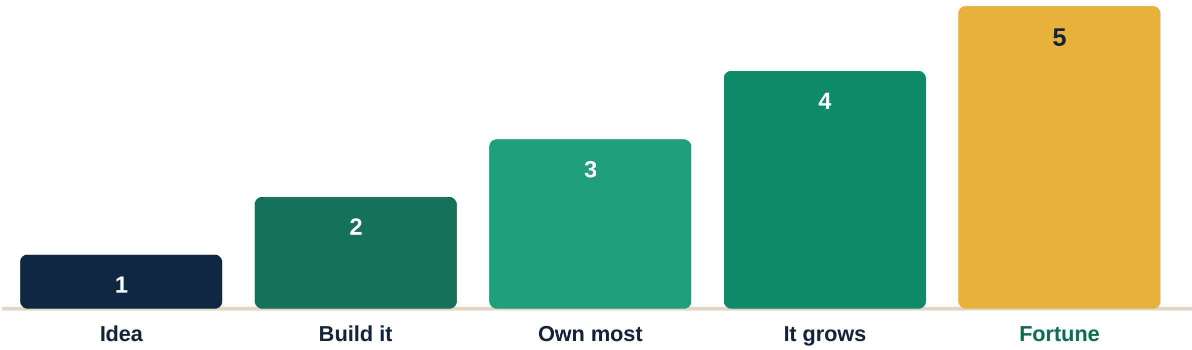
How fortunes are made

Big wealth is rarely saved into existence. It's built — by creating something and owning most of it.

Index funds and compounding grow money safely, but they don't create great fortunes. Almost every large fortune comes from **concentration**: building one business, owning most of it, and holding on. **Wealth is created through concentration — and preserved through diversification.** Creation takes focus and risk, which is exactly why the rewards are so large.

THE CREATION PATH

From a spark of an idea to a fortune — by building and owning.



THE CREATION RULE

Concentrate

Big fortunes come from betting big on one thing — and owning it.

THE PRESERVATION RULE

Then diversify

Once the wealth is made, spreading it out is what keeps it.

LOCAL → GLOBAL

SINGAPORE

A founder taking a company from idea to listing

=

WORLDWIDE

Every self-made fortune, from Walmart to SpaceX

INSIDER TELL

Almost no great fortune was diversified into existence. They were built by owning **one thing**, almost completely — then spread out only later, to protect what was made.

MONEY WORD — **Concentration.** Putting most of your effort and capital into one thing. It's risky — but it's how almost every great fortune is first created, before it's spread out to be protected.

> *I knew that if I failed I wouldn't regret that, but I knew the one thing I might regret is not trying.*
>
> — Jeff Bezos, founder of Amazon

PART 5 · HOW WEALTH REALLY WORKS

Owners vs earners

The single idea that separates the wealthy from everyone else.

Most people earn money by selling their **time** — a salary that stops when they stop. The wealthy own **assets** that earn money for them: companies, shares, property. Time is limited; ownership isn't. The shift from earning to owning is the heart of how real wealth is built.

Own assets — or spend your life working for the people who do.

TWO WAYS TO MAKE MONEY

One stops when you do. The other doesn't.

THE EARNER

you → work → salary

trades time for money

stops when you stop

THE OWNER

assets → income

money works for you

keeps going

EARNED INCOME

Time for money

A salary is capped by the hours in your day.

ASSET INCOME

Money that works

Assets can earn while you sleep — and while you don't.

LOCAL → GLOBAL

SINGAPORE

A flat you rent out

=

GLOBAL

A worldwide portfolio of assets

MONEY WORD — **Asset.** Something you own that has value and can earn or grow — like shares, property, or a business. The opposite of a liability, which costs you money.

> *The rich buy assets. The poor only have expenses. The middle class buy liabilities they think are assets.*
>
> — Robert Kiyosaki, Rich Dad Poor Dad

PART 5 · HOW WEALTH REALLY WORKS

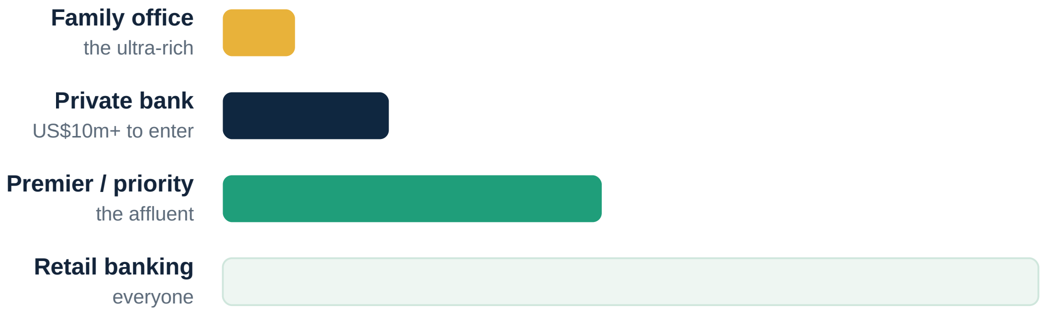
Private banking & wealth management

When you're rich enough, the bank comes to you — with a different rulebook.

Above ordinary banking sits **private banking**: a dedicated banker, tailored investments, loans against your assets, and access to deals ordinary clients never see. The price of entry is steep — often **US$5–10 million** — which is exactly the point.

THE CLIMB TO THE TOP

Each tier up unlocks more — and far fewer people qualify. Bar width ≈ how many do.



THE MINIMUM

US$10m

A common entry point for a true private bank.

WHAT YOU GET

Access

Deals, loans and advice ordinary clients never see.

THE ONE NUMBER

US$10m

A typical minimum just to get a private banker’s direct line. Goldman’s private-wealth clients average over $75 million each.

MONEY WORD — **Ultra-high-net-worth (UHNW).** The wealthiest tier of individuals, usually defined as having US$30 million or more in investable assets. The clients private banks compete hardest for.

> *Too many people spend money they haven't earned, to buy things they don't want, to impress people they don't like.*
>
> — Will Rogers, humorist

PART 5 · HOW WEALTH REALLY WORKS

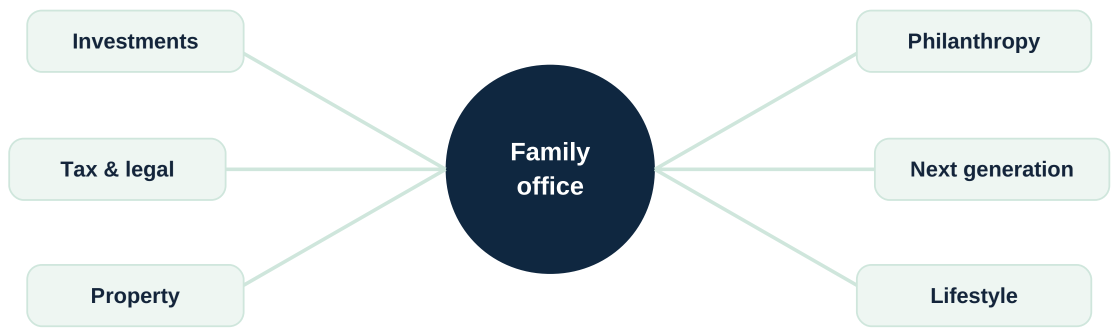
The family office

When a fortune gets big enough, it's run like a company.

A **family office** is a private firm that manages everything for one wealthy family: investments, taxes, property, even philanthropy and the next generation's education. Singapore has become a global hub for them, attracting thousands of the world's richest families.

ONE FAMILY, RUN LIKE A BUSINESS

Everything the fortune touches, in one place.



SINGLE VS MULTI

One or many

One family alone, or several sharing the cost of a "multi-family office."

WHY SINGAPORE

Stable hub

Well-run, well-connected, and trusted — a magnet for global wealth.

THE ONE NUMBER

400 → 2,000+

Singapore’s single-family offices, 2020 to 2024 — a fivefold jump as the world’s wealthy moved in.

MONEY WORD — **Family office.** A private organisation that manages the wealth and affairs of a single rich family (or a few), handling investing, tax, legal, property and succession all under one roof.

PART 5 · HOW WEALTH REALLY WORKS

Trusts

A legal box that holds wealth — and protects it across generations.

A **trust** is a legal arrangement where one party (the **trustee**) holds assets for the benefit of others (the **beneficiaries**). The person who set it up no longer "owns" the assets directly — which can shield them from lawsuits, disputes, and heavy estate taxes, and control exactly how they're passed on.

HOW A TRUST IS BUILT

Assets go in; benefits come out — on your terms.

Settlor
puts assets in

→

Trustee
holds & manages

→

Beneficiaries
receive the benefit, under set rules

PROTECTION

Shielded

Assets in a trust are harder to reach in lawsuits and disputes.

CONTROL

Your rules

You set who gets what, and when — even long after you're gone.

LOCAL → GLOBAL

SINGAPORE
A Singapore trust

=

OLD MONEY
European dynasties' favourite tool

MONEY WORD — **Trust.** A legal structure where a trustee holds assets on behalf of beneficiaries, following rules set by the person who created it. Used to protect wealth and control how it passes on.

> *Money is like muck, not good except it be spread.*
>
> — Francis Bacon, philosopher

Legacy & succession planning

Passing on a fortune is harder than making one.

When wealth changes hands, it can shrink fast — through taxes, disputes, and heirs who don't understand it. **Succession planning** decides in advance who gets what, who runs the business, and how the next generation is prepared. The goal: keep the money, the business, and the family intact.

THE HANDOVER — AND WHERE IT LEAKS

Wealth passes down a relay; planning plugs the leaks.

Generation 1 builds it → **Generation 2** maintains it → **Generation 3** the risky handover

Leaks: taxes · disputes · overspending

THE RISK

Unprepared heirs

Sudden wealth without skill or discipline rarely lasts.

THE FIX

Plan early

Decide the rules — and teach the next generation — long before.

LOCAL → GLOBAL

SINGAPORE
A family business handover

=

EVERYWHERE
Every dynasty's hardest test

MONEY WORD — **Succession planning.** Deciding in advance how wealth, ownership and control will pass to the next generation, so the transfer is smooth and the fortune survives it.

> *If you want to know what God thinks of money, just look at the people he gave it to.*
>
> — Dorothy Parker, writer

PART 5 · HOW WEALTH REALLY WORKS

Structuring & jurisdiction

The wealthy care not just how much money they have, but where it lives.

Different countries offer different rules on tax, privacy, and stability. The wealthy legally place assets where the rules suit them — in a stable, well-run hub like Singapore or Switzerland. This is about **structure and certainty**, not secrecy.

WHERE SHOULD THE MONEY LIVE?

Wealth gravitates to hubs chosen for these four things.

Stability	Rule of law	Tax treaties	Reputation
no surprises	courts you trust	no double tax	clean & trusted

WHAT THEY WEIGH

Certainty

Stability, law, tax, and reputation — not loopholes.

NOT SECRECY

Sunlight

The era of hidden money is ending; transparency is now the norm.

INSIDER TELL

The rich no longer hide money in secret accounts. They choose stable courts and clear rules — sunlight and certainty, not shadows.

MONEY WORD — Jurisdiction. The country or legal system whose rules apply to your money or company. The wealthy choose jurisdictions deliberately for stability, law, and tax treatment.

> *In this world nothing can be said to be certain, except death and taxes.*
>
> — Benjamin Franklin

PART 5 · HOW WEALTH REALLY WORKS

How fortunes are lost

"Shirtsleeves to shirtsleeves in three generations" — and why it keeps happening.

There's an old saying across many cultures: the first generation builds the wealth, the second maintains it, the third squanders it. Fortunes vanish through overspending, bad bets, family feuds, and heirs who never learned the discipline that built it. **Keeping** wealth is its own skill.

THE THREE-GENERATION CURVE

Build, hold, squander — unless the pattern is broken.

THE PATTERN

Build → spend

Discipline fades as the memory of building it fades.

THE ANTIDOTE

Teach early

Families that keep wealth teach the next generation how it works.

THE ONE NUMBER

70% → 90%

Share of wealthy families who lose the money by the second generation, then the third. Keeping it is harder than making it.

MONEY WORD — **Generational wealth.** Money and assets passed down a family across generations. Building it is hard; keeping it across three generations is harder still.

> *It is not the man who has too little, but the man who craves more, that is poor.*
>
> — Seneca, Roman philosopher

WHO REALLY RUNS IT

US$14tn

runs through a single asset manager —
and most of it is other people's savings.

BIG MONEY

Part 6

The Big Picture & Mindset

Step back, see the whole machine — and the handful of ideas that matter most.

PART 6 · THE BIG PICTURE & MINDSET

Incentives: the hidden engine

Want to predict what someone will do? Look at what they're rewarded for.

Almost all behaviour becomes clear once you see the **incentive** behind it. A salesperson on commission sells harder; a fund manager paid on assets gathers assets; a founder who owns the company builds value. Follow the reward and you can predict the action — across markets, institutions, and people. It may be the single most useful lens in this whole book.

Behind every confident opinion, look for the paycheck that shaped it.

INCENTIVE → BEHAVIOUR → OUTCOME

Change the reward and you change what people do.

Incentive → Behaviour → Outcome

Salesperson → paid on commission → **sells more**

Fund manager → paid on assets gathered → **gathers assets**

Founder → owns the company → **builds value**

THE RULE

Follow the reward

People do what they're rewarded for — reliably, every time.

WATCH FOR

Misalignment

Trouble starts when someone's reward quietly works against you.

LOCAL → GLOBAL

SINGAPORE **A property agent's commission**	=	WORLDWIDE **Every incentive on Wall Street**

A MOMENT IN HISTORY

In the 2000s, mortgage brokers were paid for every loan they *sold* — not every loan that got *repaid*. The 2008 crash followed the incentive exactly.

MONEY WORD — **Agency problem.** When someone acting on your behalf (an "agent") has incentives that differ from yours — so they may do what's best for them, not for you. Spotting it explains a lot of bad advice.

> *Show me the incentive and I will show you the outcome.*
>
> — Charlie Munger, investor

PART 6 · THE BIG PICTURE & MINDSET

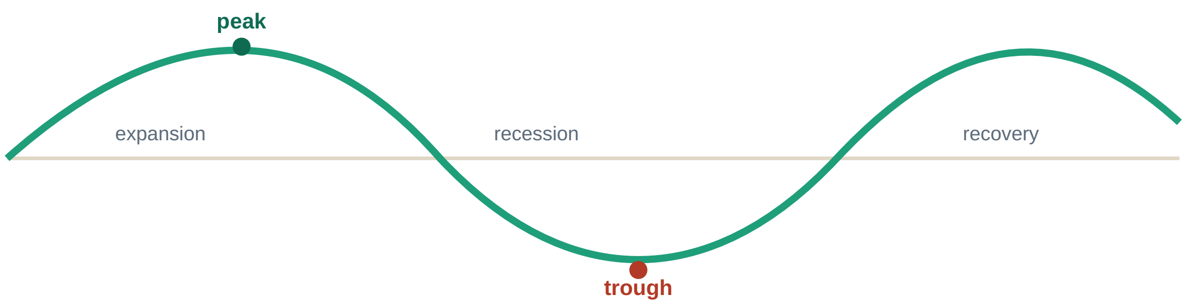
Booms and busts

Economies and markets don't move in a straight line — they breathe.

Activity rises (a **boom**), gets overheated, then falls (a **bust** or recession), then recovers — over and over. It's the **business cycle**. Booms feel like they'll last forever; so do busts. Neither does. Understanding the cycle keeps you calm when others panic.

THE BUSINESS CYCLE

Expansion, peak, recession, recovery — then again.



RECESSION

Shrinking

When the economy contracts for a sustained stretch.

IT ALWAYS TURNS

Nothing lasts

No boom or bust is permanent — the cycle always comes round.

A MOMENT IN HISTORY

Black Monday, 1987: the market fell about 22% in a single day — still the worst one-day drop in history, and economists still argue over why.

MONEY WORD — **Recession.** A significant, sustained decline in economic activity — falling output, spending and jobs. A normal, if painful, part of the business cycle.

> *The market can stay irrational longer than you can stay solvent.*
>
> — widely attributed to John Maynard Keynes

PART 6 · THE BIG PICTURE & MINDSET

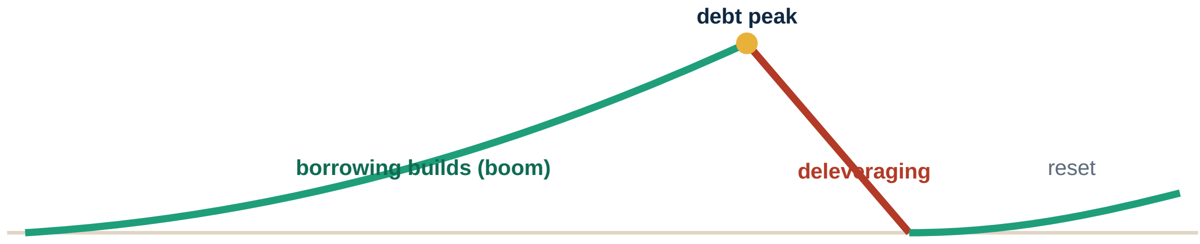
Debt & the long cycle

Borrowed money powers growth — and, every so often, blows it up.

Debt lets people and economies spend tomorrow's money today, speeding growth. But debts must be repaid, so booms built on borrowing eventually reverse. Ray Dalio describes the economy as a **machine** driven by these debt cycles: a long build-up of borrowing, then a painful **deleveraging**.

THE DEBT CYCLE

Borrowing builds for years; the unwind comes fast.



SHORT CYCLE

~5–8 years

The ordinary booms and busts you'll live through often.

LONG CYCLE

~50–75 years

A giant debt build-up that ends in a major reset — once a lifetime.

LOCAL → GLOBAL

SINGAPORE	=	WORLDWIDE
A maxed-out credit card	=	**A country in a debt crisis**

THE ONE NUMBER

~US$348tn

Total world debt today — about three times everything the planet produces in a year.

MONEY WORD — **Deleveraging.** When people, companies, or countries pay down or shed debt all at once. It's the painful "unwind" half of a debt cycle, and it usually means a slump.

> *Debt is the slavery of the free.*
>
> — Publilius Syrus, Roman writer

PART 6 · THE BIG PICTURE & MINDSET

Risk, leverage & blowing up

The thing that ends most fortunes isn't bad luck — it's too much borrowed money.

Leverage means using borrowed money to bet bigger. It magnifies gains — and losses. Use too much and a small move against you can wipe you out entirely ("blowing up"). The smartest investors obsess less about getting rich quickly and more about **never going to zero**. But boldness isn't recklessness — great fortunes come from **calculated** risks, not careless ones.

LEVERAGE CUTS BOTH WAYS

The same 10% move, with and without borrowed money.

No leverage	5× leverage
a 10% move means…	the same 10% move…
+10% / −10%	**+50% / −50%**
survivable either way	a few bad moves = wipeout

BOTH WAYS

Magnified

Leverage multiplies your wins — and your losses — alike.

RULE ONE

Don't hit zero

You can't recover from a wipeout. Survival comes first.

A MOMENT IN HISTORY

Long-Term Capital Management had two Nobel laureates on its staff. In 1998 it blew up anyway — and nearly dragged the whole financial system down with it.

MONEY WORD — Leverage. Using borrowed money to increase the size of a bet. It boosts potential returns and potential losses by the same factor — which is what makes it dangerous.

> *Rule No. 1: Never lose money. Rule No. 2: Never forget Rule No. 1.*
>
> — Warren Buffett, investor

PART 6 · THE BIG PICTURE & MINDSET

Big money myths

Most of what people "know" about money is wrong — and it costs them.

Myths are expensive. "The government can just print more and we'll all be richer" (no — that's inflation). "Stocks are basically gambling" (not if you own real businesses for the long run). Clear thinking beats received wisdom every time.

MYTH VS REALITY

Swap the folklore for how it actually works.

THE MYTH	THE REALITY
Print more money = everyone richer	= prices rise (inflation)
Stocks are just gambling	= owning real businesses over time
You need money to make money	= ideas & access matter more than ever
Renting is throwing money away	= sometimes smarter than buying

THE COSTLIEST MYTH

"It's different"

Believing the old rules no longer apply is how people get hurt.

THE FIX

Trade-offs

There's no free lunch — always ask what you're giving up.

MONEY WORD — Opportunity cost. What you give up when you choose one option over another. Every dollar or hour spent one way can't be spent another — the hidden price of every decision.

> *It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so.*
>
> — widely attributed to Mark Twain

PART 6 · THE BIG PICTURE & MINDSET

The last word

Everything in this book comes down to a few simple ideas.

Money is **trust**. Wealth is **ownership**, not income. Time and **compounding** are your greatest allies. Risk is about **survival** — never go to zero. And the more you understand the machine, the less it controls you. That's the whole game.

THE TOOLKIT, IN FIVE IDEAS

If you remember nothing else, remember these.

1	2	3	4	5
Money is trust	Own assets	Compounding wins	Respect risk	Understand the machine

START NOW

Time wins

It's the one thing you can't buy back — compounding rewards the early.

KEEP LEARNING

Stay curious

The machine keeps changing; understanding it is a lifelong edge.

MONEY WORD — **Compounding.** When your gains themselves start earning gains, so growth speeds up over time. Small amounts, given enough years, become large ones. The investor's best friend.

> “ *An investment in knowledge pays the best interest.*
>
> — Benjamin Franklin

BIG MONEY

How money, markets & wealth really work

FIRST EDITION · SINGAPORE · 2026

Published by **Stratasphi**

25 Bukit Batok Crescent #03-06, The Elitist, Singapore 658066

Written, illustrated, and designed by Stratasphi. Set in a Georgia-style serif with a humanist sans-serif; all charts and diagrams are original vector artwork.

General educational information, not financial advice — see the note overleaf.

PLEASE READ

A note before you start

This is a book about how the money machine works — not a set of instructions for your own money.

This book is general educational information only. It explains how money, markets, institutions, and wealth work in plain language. It is **not** financial, investment, legal, or tax advice, and nothing in it is a recommendation to buy, sell, or hold any investment.

Markets carry risk. Prices, returns, and the value of any asset can fall as well as rise, and past performance never guarantees the future. Figures, rankings, and examples are approximate, simplified for teaching, and were accurate only at the time of writing. All amounts are in US dollars unless shown as S$ (Singapore dollars).

Do your own research. Before making any financial decision, check current facts and, where appropriate, speak to a licensed professional who knows your situation.

No endorsement. Company, fund, exchange, and product names appear for explanation only. Their use does not imply any affiliation with, or endorsement by, this book or its author.

Written for curious readers from about **13 years old** and up.

WHERE THE FACTS CAME FROM

Sources & credits

Figures were checked against public sources at the time of writing. They are approximate and meant to show scale, not to be quoted as precise current data.

Largest banks	S&P Global Market Intelligence; Global Finance "World's Biggest Banks."
Biggest IPOs	Company filings and Reuters / Dealroom (incl. SpaceX, 2026; Saudi Aramco; Alibaba).
Hedge funds & Medallion	Pensions & Investments; InvestmentNews; "The Man Who Solved the Market," G. Zuckerman.
Private equity & private credit	Private Equity International (PEI 300); McKinsey Global Private Markets; AIMA.
Asset managers	Company reports (BlackRock, Vanguard, Fidelity, State Street).
Sovereign wealth funds	Global SWF; Institute of International Finance; Visual Capitalist.
Companies, exchanges, ETFs, indexes	stockanalysis.com; Statista; exchange operators (NYSE, Nasdaq, SGX).
Cryptocurrencies	Market-capitalisation data, late 2025 (CoinMarketCap and similar).
Global debt	Institute of International Finance (IIF), Global Debt Monitor.
Clearing & settlement	The Depository Trust & Clearing Corporation (DTCC).
Singapore	Monetary Authority of Singapore (currency history; family-office figures); IRAS (GST rate).
Cashless payments	Visual Capitalist and industry payment data.
Hyperinflations	Hanke–Krus world hyperinflation table; central-bank records.
Quotations	Attributed to their authors and used for brief commentary; two flagged "widely attributed" where authorship is debated.
Word origins	Standard etymological references (Oxford English Dictionary; Online Etymology Dictionary).

ABOUT

About this book

A visual guide to the architecture of money, markets, and wealth — the machine most people never see explained.

Most money books teach you what to buy. This one shows you how the system actually works: where money comes from, who really controls it, how companies and markets run behind the scenes, and how serious wealth is built, protected, and lost. It is written for curious readers from about 13 up — the map a self-made insider would want a teenager to have.

It's built to be read in any order. **Every page is one idea, told with a single picture.** Recurring boxes do specific jobs: a **Local → Global** box maps a Singapore example to the world's benchmark; a **Money Word** box busts the jargon in plain language; and short nuggets — origins, one big number, an insider tell, a moment in history — add texture. Singapore-anchored, globally framed.

Big Money is published by **Stratasphi**. We made it for anyone — any age, no finance or tech background needed — who wants the big-picture map of how the whole machine fits together before drilling into the specifics.