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THE 3D INVESTOR



Entrepreneur who started buying stocks at 17 believes in discipline, decisiveness, doing homework



Rachael Boon

When it comes to investing, financial entrepreneur Benjamin Tsoon employs a 3D approach – discipline, decisiveness and do your homework.

Mr Tsoon, 28, says: "You've got to do your due diligence. I flew down to Hong Kong at least three times and did equity research before deciding to move my stocks to the Hong Kong market in 2014.

"Also, have the discipline to monitor your investments. I monitor my stocks on a daily basis, at least three times a day."

The former management associate at an American bank, who also used to work at the investment arm of a sovereign wealth fund, is the founding member of regional financial technology firm Fundnel.

The company was set up last year to provide a collaborative fundraising platform for start-ups and private enterprises and investors.

Mr Tsoon's own investing rules include taking a profit on stable stocks within a 25 to 30 per cent range, for instance.

This has allowed him to grow his investment portfolio – which he started at 17 using his hongkong money of \$5,000. The sum is now in six figures.

In recent years, he tired of being just a public shareholder and found himself craving a different sort of investing. He started looking at private investments in 2011 before becoming an angel investor in 2014, which led him to set up Fundnel.

The firm, which will be formally launched this month, has already raised US\$5 million (S\$7.2 million) for six deals and has more than 600 investors and 30 firms on its platform looking to match up.

"In the public market, you are one of so many. In the private market, you do things like early-stage financing, you are one of few and you get to learn from these businessmen, some are established individuals in their 50s."

The Singapore Management University (SMU) alumna said his ex-

perience working in six internships across the region gave him a head-start. Plugged into different industries like coal in Indonesia, and oil and gas in North Asia, he developed an "invaluable network of friends and business partners".

"This ties in very well with why a few of us decided to come together to start Fundnel. People would not be able to access such private investments if they didn't have a friend or didn't work in that country."

"We wanted to use technology to bridge the geographical boundaries and passivity of the private and angel investing space."

He adds that this empowers individuals with choice and accessibility, which he feels young people should also have. So he and another business management graduate, Mr Jeff Tung, set up an endowment fund last October to spark the spirit of entrepreneurship among young people.

The fund supports an Entrepreneurship Club at SMU's Lee Kong Chian School of Business and an annual business plan competition that will give cash awards.

Mr Tsoon says it will not be just finding the best business plan, but also "the guys with a good business plan and 100 per cent commitment to execution" because too often the money never gets used to start a business.

"We want to embed that entrepreneurial spirit and passion in the next generation, which I'm also part of, to pursue this path if they want to."

"Many in SMU want to join investment banks or the financial services, but it's not necessarily the route to take and it's about making that statement."

Q Moneywise, what were your growing-up years like?

A My parents gave me a good grounding on what it means to be responsible with my finances.

They always made sure I understood the value of the money I was given, and that you have to work for what you want to achieve.

"My internships in different markets in the region and the exposure they gave me to investing in different asset classes also helped shape my strategy and philosophy."

I invested in items like trading cards as a kid and was always looking for arbitrage opportunities.

I've a younger brother who's finishing his studies in medicine and a younger sister who's studying to be a teacher.

Q How did you get interested in investing?

A When I was 17 and deciding my course of study after junior college.

My parents wanted me to do medicine, but I didn't want to rule out my options, so I bought An Introduction To Physiology as well as The Intelligent Investor by Benjamin Graham.

This also ties in with my philosophy, to always do your due diligence and homework. I thought physiology was all right, but there was a spark with The Intelligent Investor. I felt the concept of investing was a way of life, that eventually I'd want my money to work for me.

It was before the 2007 financial crisis, and I'd read in the papers how the banks were doing so well. My parents are engineers so I was never exposed to finance much until I found out more after junior college and spoke to people in the industry.

Q Describe your investing strategy.

A I liquidated my entire portfolio last week due to the sell-off in China. Fortunately, none of my shares took a hit on Monday – one of the counters even went up in value. But this could be an adverse event and I've decided to stay in cash.

For now, I plan to redeploy that cash in the year ahead and be invested. The sell-off will bring new opportunities for reinvestment at lower entry points.

I foresee a challenging 12 months for equity markets in the region, so

I'm looking to buy back into companies with strong fundamentals and with a sustainable strategy, at the right valuations.

From 2014 to 2015, my strategy was to move out of Singapore into Hong Kong, because I wanted exposure to H-shares – Chinese shares listed in Hong Kong – and to the growth engines of the world.

I chose Hong Kong because of the liquidity, the higher level of regulatory compliance needed to be listed on the Hong Kong Stock Exchange, but most importantly, that the Hong Kong dollar is pegged to the US dollar.

Everyone knew interest rates were going to rise in 2015, we read about it every day, so do your homework, be decisive and take action.

I knew I'd move my portfolio out of Singapore to something either pegged to the United States dollar or to growth engines of the world. The intersection of that was Hong Kong. Just moving to the Hong Kong dollar then made me 15 per cent.

I also made 50 per cent through the Shanghai-Hong Kong Stock Connect programme – a cross-border equities investment scheme started in late 2014. In 2015, the Chinese market was filled with liquidity and leverage.

What was listed in China was a lot more in terms of valuation, for instance, so there was arbitrage to

play with, which goes back to the arbitrage game I was exposed to when I was younger.

Q What's in your portfolio?

A In 2015, I was in very hot sectors in China such as clean energy and solar energy, because I was closely following the energy and renewables space. Renewable energy made up 45 per cent of my portfolio then, with utilities at 25 per cent, transportation and logistics at 20 per cent and private investments – angel investing – 10 per cent.

Some of the counters I profited greatly on in Hong Kong were Chinese solar-farm operator United Photovoltaic Group, which was a 25 per cent gain, and utility firm CGN Power, a 40 per cent gain.

Over the years, my parents have entrusted me with some money to invest. All the money I earned from all my internships also went into investing.

I invested at least \$25,000 in a lifestyle entertainment project in Bali in late 2014 that features a water sports concept like Wavelhouse Sensoa. I made a lot of friends during my internship in Indonesia, who shared opportunities like this. I travelled a lot to Bali last year to look at the site.

Q What does money mean to you?

A It's all about changing lives, that's why Jeff and I made the contribution to SMU, to give back. I also brought in the president of the Entrepreneurship Club as a full-time intern.

A lot of people have aspirations, they want to start their own business or make an impact, but they might not be able to, and this is what the fund is about. This gives them the first steps, the financial means.

Q What's the most extravagant thing you have done?

A Arranged for a plane to skywrite during my marriage proposal on the Great Ocean Road in Australia. Unfortunately bad weather resulted in my deposit being refunded! Whee!

Q What are your immediate investment plans?

A Stay long on the US dollar. There is a strong growth story coming out from the US, I'm going to cover my portfolio for opportunistic investments. Whenever there's a correction in the US market, I'll look at opportunities. I'm also looking at property in Singapore, as I'm getting married this year.

Q Home is now...

A A terrace house in the west.
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Mr Benjamin Tsoon (above) and another SMU business management graduate, Mr Jeff Tung, have set up an endowment fund to encourage entrepreneurship among SMU students.
PHOTO: KEVIN LIM

Worst and best bets

Q What has been your biggest investing mistake?

A When I first started investing at 17, the markets and the Straits Times Index (STI) were doing well.

I invested in Catalyst counters then; they were moving in tandem with the STI. Even though I read a lot, there was a lot of uncertainty; it was my first time, I just followed other people's recommendations.

Initially, I made 30 to 40 per cent on a renewable energy firm, then I lost as much as 80 per cent. Once it crashed, it continued tanking.

I started with \$5,000, and I'm still holding on to the counter today. The share price hasn't moved, I've written everything off already.

My philosophy of investing was formed out of these mistakes, such as having the herd mentality. Fortunately, it was a small amount of money. It was a painful, but good lesson.

Rachael Boon