Publication: The Sunday Times, Pg B12
Date: 14 May 2017
Headline: 35 his target age for financial independence

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32-year-old father of two sons aims to achieve that through value investing and momentum trading

Rachael Boon

Investor Brian Halim has a lofty ambition – to be financially independent by the age of 35.

At 32, he has three more years to go, and his current projection shows that he is on track.

He documents his progress at foreverfinancialfreedom.blogspot.sg. The blog also advocates financial literacy.

Mr Halim, the financial controller of a logistics company, started investing in stocks when he was 24.

The Singapore permanent resident was born in Indonesia and has lived here since he was in primary school. He studied accounting at the University of Wisconsin-Madison and holds an MBA from Singapore Management University.

He favours stocks on the Singapore Exchange (SGX) that suit his risk appetite and personal investing strategy, which focuses on assessing a stock's value and dividend income.

He appreciates the fact that retail investors are not taxed on capital gains and dividends here.

"The SGX market is also one of the best in terms of corporate governance," he adds.

He notes that the United States market has firms with the best moats – the competitive advantage a firm has over others in the same industry – around.

"But they aren't necessarily cheap from the valuation point of view, not at least when the indexes such as Dow Jones, S&P and Nasdaq are hitting new highs."

Mr Halim says the "reversion to the mean valuation strategy" – where prices eventually return to the historical mean valuation – is a good way to deal with some of the blue-chip stocks in the Straits Times Index (STI), which consists of 30 stocks.

He says that whenever bad news hits an industry, it is best to invest when the bad news has peaked, and then you wait for things to subside.

This was the case for the oil crisis in 2015, non-performing loans last year, transportation sectors late last year and, now, the telco industry. He expects the STI to remain flat for some time.

He believes that in order for the STI to move up strongly, various sectors such as commodities – including oil and gas and palm oil – telcos and developers must perform well above expectations.

"At this moment, it's just hard to see how all these sectors can perform well together. The more likely scenario is that performances will be rotated by sector," he says.

He has two sons, aged three and three months old, and his wife runs an online apparel business.

Q *Moneywise, what were your childhood years like?*

A My parents run their own property business in Indonesia and were strict with money when my two younger siblings and I were younger, and were as frugal as possible.

They controlled my allowances – maybe $40 a month in primary school – and demands well enough so that I was not spoilt.

In East Coast Primary School, I'd spent my time buying and selling hologram cards at a profit to my classmates instead of focusing on my studies.

Q *How did you get interested in investing?*

A I started to get into investing proper after I read the book Cashflow Quadrant by Robert Kiyosaki in 2010.

I really like the concept of looking at cashflow from different angles and lenses – such as employees, shareholders, self-employed and such – and how we can actually build a stream of passive income with the initial onset of building up a system to make it happen.

I started to read more related books and blogs and slowly familiarised myself with how that works.

Q *Describe your investing strategy.*

A I've two main investing strategies which I have used over the years.

The first is fundamental value investing, where I buy good companies with moats at a reasonable valuation.

The idea here is to ensure sufficient growth potential so the company can grow its free cashflow and strengthen its balance sheet, which will eventually translate into higher share prices.

It is also important that companies pay out dividends to shareholders. As a business grows, it eventually leads to growing dividends, and that's the only way shareholders can be rewarded.

I don't like the idea that shareholders need to divest to "cash out" in order to take their "profits".

The second strategy is short-term fundamental momentum trading, where I look for either turnaround plays, any catalyst in sight or also special situation plays such as buyouts.

I do not use technical analysis or options – a financial derivative that derives its value from the underlying security – in my investments.

Q *What's in your portfolio?*

A Besides my home, most of it – 80 per cent – is in equities, 10 per cent in cash, 9 per cent in my Central Provident Fund and 1 per cent in gold. It's worth more than $500,000.

My returns on the equities portfolio have been about 19.2 per cent a year on average for the past six years.

One of the first blue-chip stocks I bought was ST Engineering as I felt it was trading at a rather cheap valuation back then, during the 2011 euro crisis.

I bought ST Engineering at an average price of $2.60 in 2011 and sold at $4.20 in 2013.

I bought the same stock in early 2016 at $2.75 and recently sold it at $3.74 in April, switching to Singtel which I felt was undervalued.

The rest of my other 10 stocks are either in real estate investment trusts or small-cap companies.

Q *What does money mean to you?*

A It's a means to settle daily household expenses such as food and education for my children.

For most salaried employees like myself, we exchange our time with money, and so get a monthly pay.

When we decide we have enough money, whatever the threshold is, that's when we're able to free ourselves to use our time however we want.

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

A We've been frugal on most things. But during our first trip to Thailand – Bangkok and Hua Hin – for two weeks with our children, we spent about $2,000 alone on leaving tips to the people we interacted with. We also donated to the beggars on the street, especially poor families with children.

We love Thailand and the generosity and kindness of the people, and have been visiting since we had our children. My elder child is three and has been to more places in Thailand than I'd had when I turned 30.

Q *What are your immediate investment plans?*

A To continue investing in solid companies that will grow over time, and ensuring that I do not lose my capital by doing proper due diligence.

One of the key industries that I think is having a turnaround is the hospitality sector. I've invested in CDL Hospitality Trusts and Far East Hospitality Trust since last year. I'm sitting on about 20 per cent paper gains.

Q *How are you planning for retirement?*

A My goal is to achieve financial independence by the age of 35, with an asset base that can generate passive income to cover 1½ times our household expenses. Right now it's about 0.7 times.

I have a few projects in mind that I've always wanted to try out but haven't had the time as some resources are limited, but it would be a good time for me in a few years.

Q *Home is now...*

A A three-room apartment in the central area. Home is a place where I look most forward to after a hard day of work.

Q *I drive...*

A I don't drive as I feel a car is a depreciating asset and a big expense.

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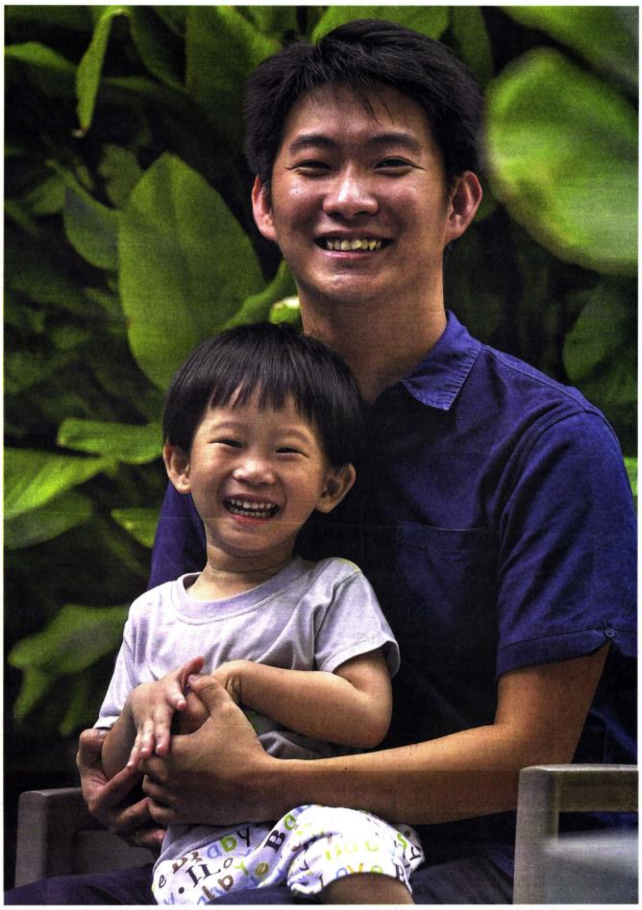

Singapore permanent resident Brian Halim, seen here with his three-year-old son Oscar, is a financial controller for a logistics company. He started investing in stocks when he was 24 and favours those on the Singapore Exchange that suit his risk appetite. ST PHOTO: KUA CHEE SIONG

Worst and best bets

Q *What has been your biggest investing mistake?*

A I've been very fortunate not to have made any big investing mistakes that would derail my plans in building wealth.

But if I had to choose one, it would be an investment-linked insurance plan and a whole life policy that I bought early in my career, which did not suit my needs.

I've since terminated them and incurred a loss of about $25,000.

Q *And what has been your best investment move?*

A The best investment move that I made was to build up my human capital ability, which included embarking on the right education and career path and focusing on that in the early stage of my career.

That allowed me to save a large percentage of my income and compound it further through the right investment vehicle, which currently serves as double-engine growth for me. I'm also thankful I started investing right at the start of my career and, over time, I got the full effect of compounding.

Rachael Boon