

Me&MyMoney

Seeing opportunity in cryptocurrencies

Entrepreneur, a strong believer in value investing, has allocated 80% of his net worth in such assets

Lorna Tan

Invest Editor

Entrepreneur Bryan Cutter has taken the unconventional path of being a university dropout and investing in the high-risk sphere of cryptocurrencies.

He was in his fifth year at the business faculty at Singapore Management University (SMU) in 2016 with only a few modules to go when he decided to quit. He was already investing in cryptocurrencies and making good returns, so he decided to leave SMU to concentrate on his own ventures.

"The reason I decided to leave school was that the opportunity cost of remaining and going for lessons far exceeded striking it out on my own without a degree. That's not good advice for everyone though!" he says.

So far, Mr Cutter, 27, has invested his time and money in two companies - SuperHuman and Queen Capital. SuperHuman produces nutritional convenient meals. It was set up in June last year with a start-up capital of \$250,000. Queen Capital was set up in 2016.

"We are now placing the finishing touches on our product SuperMeal and it will be launched officially in May. Apart from my partner and me, we have only two employees as we are still at the pre-revenue stage," he says of SuperHuman.

He is a partner at Queen Capital, a private investment holding where he is the chief investment officer for cryptocurrencies.

"We focus on a balanced approach with private equity investments in blockchain start-ups and in innovative fintech, medtech and logistics solutions as well as a more active trading division, which focuses on cryptocurrencies.

"We have relatively significant exposure to cryptocurrency and alternatives in our portfolio, as we believe these to be the future of investments," says Mr Cutter.

A Singaporean, he is single and the oldest child of a family of six. His father is a medical doctor and a senior consultant with the Health Ministry, while his mother is a realtor.

Q What is your view of cryptocurrency?

A Cryptocurrency is a totally new asset class that is often misunderstood. The easiest way to explain it is that it posits to be a better form of currency. If a country introduced its own cryptocurrency, it cannot be forged and the money transferred can be traced, making it difficult to conduct illicit transactions, evade taxes and launder money.

These characteristics might be an incentive for countries to develop their own cryptocurrencies, which is probably why Russia has announced its own official cryptocurrency, the CryptoRuble.

I view cryptocurrency the same way as any new and disruptive technology that has a very good chance of playing an irreplaceable part of our lives in the future. It remains poorly understood even by those in high finance, which is why it has been dismissed thus far.

However, institutional interest is picking up with the first bitcoin futures product being introduced by the Chicago Mercantile Exchange in December last year. New deriva-



Mr Bryan Cutter has invested his time and money in two companies - SuperHuman and Queen Capital. He says he gets involved with a new business mainly because of the opportunity to create something new rather than focus on what has been tried and tested - as there is far more potential growth in such a strategy. PHOTO: DIOS VINCOY JR FOR THE SUNDAY TIMES

Worst and best bets

Q What has been your biggest investing mistake?

A As mentioned, I utilise fundamental and technical analysis. There have been times when I've overlooked a third variable - market sentiment, which is predictably irrational.

Because of this, I have missed out on the lion's share of gains for tokens that I consider to have weak legs, such as Bitcoin Cash. I sold it as soon as it came out and missed out on roughly \$140,000

(in today's value) as I did not foresee the marketing hype that followed in recent months. However, I comfort myself in the belief that my hypotheses will be vindicated in the long run.

Q And your best investment?

A Besides my investments in cryptocurrency, I believe that my best investment has been into my nutrition and good health. Too often, we pursue our ambitions at the cost of our health.

I believe that we deserve to fully experience everything life and

the world has to offer. To be able to do so, one needs to be in good health for the long term. In one of the businesses I founded and invested in, we created SuperMeal - a convenient and healthy meal made from the perfect balance of 26 natural foods, engineered to provide the perfect balance of nutrients to provide our bodies with what we need to perform at our best. This reflects my sincere belief that wealth is useless without the good health to enjoy it.

Lorna Tan

around as necessary.

Q How are you planning for retirement?

A I don't believe in retirement. I believe that the purpose of life is to utilise our unique talents to contribute to society, no matter our capacity.

As such, I will continue to churn out new companies and ideas till the day I depart this world. A conventional retirement, sipping kopi and having casual strolls in the park, isn't so bad really, but I don't think it is for me.

Q What's your advice to those who are considering cryptocurrency trading?

A Do not follow the crowd blindly. Do your research and be well versed in both the fundamental and technical analysis of cryptocurrency. Ask questions like: Is it solving a real problem in the market? Is it of any real-life use? When analysing and looking at price charts, ask if this market is overheated, overbought or oversold? Is it trending up or down?

I trade on a daily basis, so I am able to execute moves and see trends that casual investors might not be able to see. My biggest advice is to look at cryptocurrency investments as a form of diversifying your portfolio, rather than going "all in" in a highly volatile market. For instance, the last three months have been a roller coaster for the market and the hype has reached an all-time high, but I have remained calm while the market was going bonkers. This composure led to resilience in my portfolio through measured moves.

Q Home is now...
A I rent a 800 sq ft loft in Clarke Quay that doubles as my office.

Q I drive...
A A red Jaguar F-Type convertible.

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tive and investment-grade products will follow this year.

This is indicative of a nascent asset class becoming more mature and gradually accepted. It is my belief that we are in the phase between early and mass adoption and have two to three years before the latter is achieved.

Q How did you get interested in investing?

A I see money as freedom and access to opportunities. Investing to me is a way to increase one's means. Personally, I love analysing investment opportunities and seeing a payoff for being correct. It's incredibly satisfying and made even sweeter with an accompanying financial reward as a bonus.

Q Describe your investing strategy.

A I believe strongly in value investing. I would consider investing only in assets that I perceive as undervalued. For example, my valuation model priced bitcoin at US\$42,500 by December this year. I primarily invest in and trade cryptocurrencies using both fundamental as well as technical analysis.

I also believe in investing in businesses as another core pillar of my investing strategy. Most people would say that it isn't really possi-

ble to focus on more than one company, but I believe that with the right determination and by being very time-efficient, this is more than possible.

Tycoons like Li Ka Shing are stellar examples of this. Whenever I decide to get involved with a new business, it is mainly because of the opportunity to create something new rather than focus on what has been tried and tested - there is far more potential growth in such a strategy. Additionally, an outlook on future economic, technological and social trends is important as well if I want these businesses to last the test of time. To do that, I ask myself "Is this the future?"

If it is, I will invest time, money and relationships into ensuring that these new concepts created will be able to go to market and make the world a better place.

Q What's in your portfolio?

A Together with my three partners at Queen Capital, we have some money parked in private investments. Since July 2016, I have grown our start-up capital of \$250,000 into a diversified portfolio of different cryptocurrencies valued at \$6,062,000 after about 18 months, representing an annualised return of 737 per cent and a

the option price of that particular asset.

WHY IS IT IMPORTANT?

Volatility is widely regarded as a key risk indicator of financial assets. An investment with high volatility is considered high risk because its performance may change quickly in either direction at any moment.

Implied volatility also serves as an indicator of market sentiment.

For example, the VIX, a measure of the implied volatility of S&P 500 index options over the next 30-day period, is often known as the "fear index" and is a popular barometer for investor perceptions of risk and uncertainty.

A protracted steady rise in stock prices with little day-to-day fluctuations would denote a period of low volatility, reflecting complacency and a lack of fear among investors. However, during a strong market

sell-off like the one early last month, volatility often spikes as anxiety rises.

IF YOU WANT TO USE THE TERM, JUST SAY:

"Volatility is a part and parcel of financial markets and results in investment opportunities. Using dollar-cost averaging and having a well-diversified, well-allocated portfolio can help weather market volatility over the long term."

FinancialQuotient

What is volatility?

Franklin Templeton Academy

WHAT DOES IT MEAN?

Volatility refers to how fast, and by how much, the price or performance of a financial instrument changes. It typically uses standard deviation to measure how much asset prices or fund performance varies from its mean over a period of time.

For example, the volatility of a

stock can be calculated by taking the average of the percentage changes in its daily closing prices over a specific time period, which is then expressed as an annualised percentage. This is known as historical volatility as it is derived from past market prices.

Implied volatility, on the other hand, is a more forward-looking and subjective measure. It is the expected volatility of an asset's price in the future and is derived from