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Headline: SMU grad pays it forward with endowment fund

Wonderlabs co-founder and chief executive Ivan Chang with girlfriend Charmain Tan and parents Eddie Chang and Lindy Neo. The SMU alumnus credits his parents with teaching him the value of thriftiness, and the importance of having insurance that is not linked to an investment product. ST PHOTO: DESMOND WEE

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SMU grad pays it forward with endowment fund

Start-up co-founder attributes his money sense to university, where he honed skills in investing club

Lorna Tan
Invest Editor

The co-founder and chief executive of Wonderlabs believes in planning his finances so he can retire early.

Mr Ivan Chang attributes his savvy money sense to his alma mater – Singapore Management University (SMU), where he honed his skills after joining its investing club for students.

Mr Chang, 29, counts himself fortunate to have entered SMU on a full scholarship from the university and now wants to pay it forward.

"Wonderlabs Foundation (a philanthropic arm) launched an SMU Endowment Fund worth $50,000. To kick in this year, the fund will help students go on overseas exchange programmes," he says.

Wonderlabs was set up in 2015 with a start-up capital of $550,000. The firm helps other entities build and manage software development teams in Indonesia, and now manages more than 125 software engineers across four locations there.

The firm broke even in June last year and is expanding by developing Wonderlabs Academy to train future tech leaders of Indonesia.

Mr Chang graduated from SMU with a degree in business administration in 2014. He has been president of SMUpreneurs Committee, founded in January 2015 to promote entrepreneurship among SMU alumni, since 2016.

He proposed to his girlfriend Charmain Tan, 28, on March 29 and the couple hope to tie the knot next year.

Q *Money-wise, what were your growing-up years like?*

A I grew up comfortably, coming from a middle-income family and being an only child. We lived in a five-room Housing Board flat.

My parents were both professionals, so we could afford to go on yearly holidays.

They also taught me the value of thriftiness. They are active comparison shoppers and willing to walk a bit farther to another supermarket if it means getting a better deal.

Q *What is in your portfolio?*

A My investment portfolio comprises a property, shares, exchange-traded funds (ETFs) and long-term mutual funds.

I allocate 40 per cent of my monthly income to investment. Of this, 60 per cent goes towards ETFs, 20 per cent to shares, and 20 per cent to long-term mutual funds. I have both US and local shares, with the latter making up less than $15,000.

My US shares are valued between $60,000 and $70,000, and are mainly from three sectors: entertainment, tech and energy. These are sectors I am highly passionate about.

A heavy concentration of investments in the sectors that I am interested in means that I am more likely to read associated news about the companies. That being said, it is also important to do extensive research about the shares and sectors. Studying 10-K filings (annual reports), for example, is a great way to suss out a company.

However, being focused in a few sectors can be a risk. I balance this risk by investing equally in ETF-like shares, like the Dow Jones Industrial Average and an S&P 500 ETF Trust. This strategy has worked well for me so far.

Last year, my share portfolio gave 49 per cent returns. This was driven in growth of shares in Facebook (from US$132 to US$187) and CRM salesforce.com (from US$79.10 to US$111).

My local shares are primarily DBS shares, which I have held since I was in university.

When I started investing, I would check share prices every day and actively trade them. But I have since realised that this throws my focus off my start-up and I now rebalance my share portfolio every quarter instead.

I bought my first property after the acquisition of my first start-up. It is a four-bedroom condo on the city fringe and cost $750,000.

My long-term mutual funds will likely yield 3 per cent to 5 per cent per annum payouts in my retirement years.

Q *What are your immediate investment plans?*

A Focus on my start-up because I know, and have seen from personal experience, that growing your company can yield far better results than with most other channels. Any extra cash that I have, I pump into ETFs.

I also plan to pull back from the United States market soon because it had a great bull run these past few months. I will likely do this before this year's mid-term elections in November.

Q *How did you get interested in investing?*

A My interest in investing was sparked during my time at SMU. I joined the university's investing club in my first year and was exposed to a great mentor, who guided me along.

The club offers a structured programme that introduces people interested in investing to the basics of asset classes and asset portfolio management. In fact, my trading account on the Singapore Exchange was actually created during one of the club's sessions.

Q *Describe your investing strategy.*

A As an entrepreneur, I am keenly aware that I need to grow my wealth. So I adopt a prudent approach, focused on long-term capital preservation and protection.

My parents have also taught me about the importance of having insurance that is not linked to an investment product. I have taken their advice and got equal coverage of death, disability, critical illness and accident plans. These are solely insurance plans and cost me about $800 a month. The coverage is close to $1 million for each.

Working with my financial consultant, I also have a retirement plan that offers a payout of about $500,000 at 65.

These lessons stem from a relative of ours, whose insurance plans were tied to investment products and he received miserable payouts.

Q *How are you planning for retirement?*

A Retirement to me is not a time to stop working, but a time to pursue things that may not pay as well.

I plan to do this between 45 and 50 and have worked out a plan that will provide me with a comfortable income of about $3,000 to $5,000 every month.

Long-term mutual funds are key to my retirement planning. These expire when I am 50, 60 and 65, providing me with a steady stream of passive income.

They include Aberdeen SP Global Emerging Markets Fund, Manulife Income Series – Asia Pacific Investment Grade Bond Fund, and Manulife Global Asset Allocation Growth Fund A-SGD. They are all exposed to Asia and emerging markets.

Q *Home is now...*

A A two-bedroom condo in the city that I am renting from my parents.

Q *I drive...*

A A black Mercedes C180 that I bought three years ago.

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Worst and best bets

Q *What has been your biggest investing mistake?*

A In 2007, I invested in a friend's event company for a one-time event it was holding. It was a concept that needed funds and I poured in $25,000 of my savings. I was offered double on my investment.

The offer sounded good, so I ignored the fact that I wasn't familiar with the events space at all and went ahead with it. And I lost all of it.

Q *And your best investment?*

A Investing time and money in Wonderlabs has been my best investment so far, because I truly believe in its potential to shake up the regional tech scene.

Investing in start-ups has been successful. My previous start-up, which was started with equity-free seed capital in 2011, exited the market at $550,000 in 2015, of which 70 per cent was cash.

Lorna Tan