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Private banker Leon Qiu with his three-year-old son, Jude. To him, the overarching financial objective is to harness various techniques to buy time to spend with the family, and being able to be completely present in the moment with them. ST PHOTO: ALPHONSUS CHERN

Me&MyMoney

Retire at 40 with $20m in liquidity?

Private banker believes he can achieve this goal by consistently doubling his income annually

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Invest Editor

Private banker Leon Qiu picked up his first lessons in managing finance from his parents, who had wildly different spending habits.

His late father Tony Yeow Park Swee was "irrationally generous" while his mother was the prudent one, he says.

Mr Qiu, 33, a director and private banker at Credit Agricole Indosuez Wealth Management, manages assets of US$120 million (S$162 million). His surname is the hanyu pinyin version of "Yeow".

He recalled that his father would buy meals, give treats to his friends and give money to the beggars or temples. "Money was just like water – easily earned and equally easily spent," said Mr Qiu, an only child.

"He was neither too attached to nor worried about money or material goods. But, because of the lack of savings and his somewhat unstable income-generating ability, he had nothing to fund his retirement and largely relied on my mother for money in the later life stages."

His father, who died in 2015 aged 77 from pneumonia, was a producer, a writer and a film director. His most notable work was his involvement in the Hollywood film Saint Jack and the Singaporean cult hit Ring Of Fury.

Mr Qiu said his mother was forced to be more practical and held on to her job in a Japanese advertising firm.

The family rented a black and white house at Woodleigh Park before moving to an HDB maisonette at Hougang when he was around nine. His mum has since retired.

Mr Qiu graduated with a Bachelor in Business Management from Singapore Management University (SMU) in 2010 and a Master of Science in Wealth Management, also from SMU, in 2015.

He previously worked at Citibank and French private bank Credit Industriel et Commercial (CIC). Last year, CIC's private banking department was acquired by Credit Agricole Indosuez.

Mr Qiu is married to Ms Ruth Ng, 32, a co-founder of flower delivery service The Bloom Box. They have a three-year-old son, Jude.

Q *What's in your portfolio?*
A As private banking is a heavily regulated industry in Singapore, I am required to seek prior clearance with my employer before entering any investment position. So I have personally never held any shares, funds or even bonds for that reason, despite developing a strong knowledge base in these various asset classes. Therefore, my investments have had a large bias towards property.

When my parents sold their executive maisonette in Hougang for $690,000 in 2010, I divested the proceeds into three properties. First, I bought a 1,400 sq ft freehold walk-up commercial apartment at Jalan Besar Road for $810,000. I managed to sell it two years later for $1.08 million.

In 2014, HDB flats along Tanglin Halt Road were selected for the Selective En-bloc Redevelopment Scheme (SERS). As my parents were eligible to purchase a resale flat, I managed to help them buy a very dilapidated 663 sq ft three-room flat for $270,000 in 2015.

HDB eventually valued the flat at $290,000 and my parents enjoyed the SERS grant of $15,000, which meant an immediate $35,000 tangible gain.

More important, we had the priority of buying a new three-room flat on the 43rd floor at Sky Residence @ Dawson for $380,000, which will be ready for occupation next year. This may seem like something done in a roundabout manner but, essentially, I managed to help my parents secure a new flat on a high floor at an unbeatable location without falling prey to overpaying.

Insurance-wise, I bought strong term policies for my wife and me, and the best hospitalisation plan for the entire family. The sum assured on my life is $2.5 million.

Insurance must always be a cost you pay for protection – protection against the inability to predict the future. I often see insurance agents selling whole-life policies with cash-surrender values, marketing to the public that at least you get some money back if you live past a certain age. But if you had known you would live past a certain age, you simply just would not buy insurance. A more blatant example would be someone buying travel insurance knowing full well that the plane is going to crash. You simply should not even board the plane.

Q *How much is your sum assured?*
A In the past four years, a large bulk of my monthly income has gone to paying down the car and housing loans, to become liability free. I elect to be nimble and very liquid so that I have a chance to pounce on something worthwhile.

Q *What are your immediate investment plans?*
A I am quite contrarian by nature. My immediate investment plans are to continue to deleverage, while focusing on selling off my 1,227 sq ft three-bedroom executive condo (EC) in Sengkang quickly once we have reached the minimum occupation period next month. This condo was bought in 2012 at $580 per square foot (psf).

Conservatively, it would be easy to find a buyer at $800 psf to $900 psf based on current market conditions, which is realistically a 35 per cent gain.

I am personally bearish on the Singapore property market, given how macro interest rates are rising, income growth is stagnant, the ability to leverage is so hampered and the vast oversupply of residential units coming in this year and next.

Q *How did you get interested in investing?*
A I think the key turning point came in 2013 when I clinched a company scholarship to pursue a Master of Science in Wealth Management at SMU. I realised how much I did not know about finance. Having the opportunity to exchange professional viewpoints with my course mates and professors in a tri-continental educational experience spanning Singapore, Switzerland and the United States further piqued my interest in investing. I find that habitual reading of non-fiction, from investment books to self-help, has dramatically helped me make sense of not only the world around me, but myself as well.

Last, I think, philosophically speaking, if the purpose of investment is to generate yield or multiples of your income, I would like to take that income to help others less fortunate. That really sustains my interest in investment.

Q *Describe your investing strategy.*
A Howard Marks of Oak Tree Capital, who penned the book The Most Important Thing, succinctly puts that superior investment results do not come from buying high-quality assets but from buying assets for less than their worth.

Every investment decision must be considered in relation to price. Overpaying for a high-quality asset is usually a bad investment, whereas underpaying for a poor-quality asset could be a good investment.

I find this rule of thumb serving me well my entire career. In private banking, utilising this mantra gave me the confidence to rationally convince my clients to enter speculative positions with a large margin of safety.

We bought volatile counters like Toshiba, Tesla and Noble Group at their worst – and took profit in a disciplined fashion, knowing that, with the price recovery, the shares were clearly trading above the firms' intrinsic value.

We even bought Turkish lira during the recent meltdown in Turkey, locking in close to a 26 per cent gain in just one night. Personally, I have always been attracted to properties that are ill-maintained or which the sellers have an urgent need to dispose of. Or you might notice the unit's lack of decor or find the smell there off-putting.

But I think I have honed my ability to look at things not as they are, but for what they could be. That was how I acquired both the units at Jalan Besar and Tanglin Halt, purely based on a price that made so much sense relative to its value.

Q *What else is in your financial plan?*
A Not much else, since the priority is to stay liquid and nimble to capture assets in a distressing environment. That said, I put great emphasis on honing my ability to generate income.

I think many parents would have a savings plan for their children or would allocate funds for an endowment policy.

But if you have present-valued that future-endowment payout, I dare say the annual real return would probably fare poorer than local fixed-deposit rates. I don't think my child needs more money when he is an adult (he may disagree).

In private banking, I have seen the most affluent side of Singapore and have gleaned more life lessons on finance and parenting than many people.

Our children just want our time and undivided attention. I don't believe that my three-year-old wants another Paw Patrol figurine. He derives the most joy if we play catching or hide and seek at the playground.

So, I guess the overarching financial objective is to harness various techniques to buy time to spend with my family, and being able to be completely present in the moment with them.

Q *How are you planning for retirement?*
A I plan to retire by 40, hopefully with $20 million in liquidity. It is not so much to fuel a certain standard of living, but a big hairy audacious retirement goal. Assuming I can double my income consistently on an annual basis, this target would be entirely reasonable.

I was moved by this tale from the book Think And Grow Rich, by Napoleon Hill, which speaks of Andrew Carnegie, a very established billionaire, having a note in his desk drawer which read: "I will spend the first half of my life earning a fortune and the second half of my life giving it all away."

I find that a worthy endeavour and something I would like to pursue. Alternatively, I would perhaps devote my time to raising funds for a non-profit organisation or something along the lines of financial inclusion.

Q *Home is now...*
A An EC in Sengkang.

Q *I drive...*
A A red Mazda MX5 2L RHT.

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Worst and best bets

Q *What has been your biggest investing mistake?*
A Early into my private banking career, I felt the need to look the part, which actually stemmed from insecurity and a lack of professional competency. I bought a $45,000 watch, which was outfitted in the most decadent leather, with a heavy signature gold clasp.

I had it on for a good year before I had an investment meeting with an ultra high-net-worth prospect and observed he had a digital rubber Casio on his wrist. I was so disgusted that I had bought into this rubbish belief that an overpriced timepiece could imbue some false sense of stature. I sold my watch immediately, recouping only half of what I had paid.

Now I focus on controlling my time, spending it well and meaningfully, not letting anyone waste it, instead of using it to keep up with appearances.

Q *And your best investment?*
A Investing in myself by forming the habit of reading. I was first recommended a book by Jim Rohn titled The Five Major Pieces To The Life Puzzle. In it, he writes: "All the books that we will ever need to make us as rich, as healthy, as happy, as powerful, as sophisticated and as successful as we want to be have already been written."

This cannot be more true... that we have the power to rearrange our lives based on their wise advice.

Formulating a habit of reading one book a week has made me infinitely more productive, more appreciative of the things I have and yet more driven to achieve more.

By implementing at least one key takeaway per book, I can say with much confidence this has resulted in my income growing more than 10 times. In addition, it sets me in the appropriate mindset to take on the arduous task of doubling my income annually.

Lorna Tan