# Investor challenge winners share their tips and tricks

Do research, start investing early and let compounding work its magic, they advise



Investing early and holding on for the long term are the winning strategies of a team of students from the Singapore Management University, who bagged the top prize at this year's Investor-One Challeave

The second secon

### STARTING EARLY

All three team members said their investment journeys began early

Mr Chia, a major in finance analytics, says: "I was really into self help books when I was in sec ondary school. These books ofter talked about financial success and ondary school. These books often talked about financial success and how wealthy people became wealthy. Most pointed to either starting a business or investing. "As a secondary school kid with little to no savings, the prospect of starting a business seemed unrealis-tic. Besides, I never thought I had business accumen. "Investing, on the other hand, provided a more realistic proposi-tion. I could start with a small amount and let compounding do its work for me." He adds that he came from a low-income family, which taugh thin to be frugal even from a young age. His parents encouraged him to save money as a child. "They took me to the nearest

His parents encouraged him to save money as a child. "They took me to the nearest POSB bank branch to open an ac-count. I remember I was given this kit by the bank staff that contained stickers with wise financial advice such as 'spend on needs not wants', 'track your spending', and 'save for arainy day'. "I stuck the stickers on my cabi-nets ol would be able to read them easily every day. I believe that's how I initially developed a habit of saving and living frugally." Mr Chia reals that the turning podary 5 in 2013 and read the book Kich Dad Poor Dad by Robert Kiyosaki.

Kiyosaki. "It changed my life and how I



viewed money. It is a great primer for individuals with little to no fi-nancial literacy. The financial con-cepts introduced in the book were simple yet powerful." Tearmate MT Tan, who is pursu-ing a bachelor's degree in business back in the same simple same look inspired him and got in fi-nance analytics, says the same book inspired him and got no eq-uity investments," he recall. "While doing national service, I spent some time to read up on eq-uity investments," he recalls. "Wa sexcited about the prospect of making your money work for you and the power of compounding re-tions on Teletext. That also contributed to my curiosity about bestock prices on Teletext. That also contributed to my curiosity about he stock market. Save up 50.000 This is first step was to buy 1.000 Market and the lower to found investments.

to fund investments. In the tot with the first step was to buy 1,000 shares of foldal logistic Properties at \$1.84. The company was taken private at \$3.38 in 2017, so his returns were about 83.7 per cent. "My parents always taught me to be thrifty and to spend my money wisely. I remember being told off by my parents on my first few days

in primary school for using my al-lowance to purchase a packet of crackers instead of a proper meal during recess, the says. "It was a simple lesson like this that helped me shape my under-standing of the value of money from an early age." His schoolmate, Mr Yee, was also inspired by his parents to start in-vesting, and his interest was piqued when he joined the investment club in university. "I started getting interested in in-vesting when my parents started thinking about where to put their savings to generate greater returns, savings to generate greater returns, apart from the usual fixed deposit in the bank," he says.

## INVESTMENT STRATEGIES

low myself to invest in more risky counters that might yield higher re-turns, but 1 mitigate downside risks by allocating a smaller position for those investments.

by allocating a smaller position for those investments.
T also use any excess liquidity to trade in the short term if an oppor-tunity presents itself."
He holds United States and Singa-pore equities, as well as Singapore real estate investment trusts. He also diversifies his investments so no single stock makes up more than 0 per cent of his overall pore that.
Me Tan hopeth the returns can be found to his overall port follo.
Mr Tan hopeth the returns can be found to his lower all port of the his future home hoan, plus pay out disfer the holds a quarter of his investments in Ameri-can-listed companies, another quar-ter in Singapore-listed firms, 5 per cent in hour example.
Henga Kong-listed busi-nesses, 10 per cent in gold and sil-nesses, 10 per cent in gold and sil-per ent in cash.
His goal is to be a millionaire by the are of 35.

with something that is more diversi-fied. Managed portfolios, in particu-lar, are quite suitable for investors who are just starting out, "he notes. "When investors buy a managed portfolio, they are buying into a di-versified portfolio of assets that gives them exposure to najor mar-test around the world." He adds that an ideal portfolio should have at least these two major saset classes equities and bonds. In-vestors can also include alternative commodities and private equity.



is approximately \$250,000, so 1 will need my portfolio to grow by a compound annual growth rate of 15 per cent over the next decade." He says he tends to seek out small-to mid-cap companies in the Singapore market with clear growth catalysts. "It is a bonus if the companies have little to no analyst coverage, het time horizon for such positions tend to be between one and three years, he adds. The team of Mr Bryan Tan (far left), Mr Yee Jin Koi and Mr Kenny Chia (above) won this year's Investor-One Challenge, by presenting their investment investment tend to be between one and three years, "he adds. He tends to seek out larger com-panies in the US and Hong Kong markets with a distinctive competi-tive advantage or economic moat and a high return on invested capi-tal. The time horizon for such posi-tions tends to be beyond three years. case for

case for pharmaceutical firm Hyphens Pharma. PHOTOS: KELLY HUI, COURTESY OF KENNY CHIA

tal. The time horizon hor such posi-tions tends to be beyond three years. "Generally speaking, I prefer com-panies in a growing market, (with a) scaleable business model, low capex (capital expenditure) intensity, high free-cash flows, founder-ied, and with management holding a signif-cant stake in the business," he says. Mr Yvee also looks at companies with growth potential and a sustain-able competitive advantage. He adds that he is attracted to firms with stable, recurring rev-enue and a healthy balance sheet, together with a strong manage-ment team.

together with a strong manage-menteam. Their tips to other budding in-vestors is to start early and do their research before jumpling in. Mr Tan says: "It is easy to get drawn in by the allure of making dis-proportionate returns with mini-mal capital. "However, it is essential to fully understand the asset class that you

However, it is essential to fully understand the asset class that you are investing in. It takes patience, hard work and sometimes mistakes to build up the necessary know-ledge and skills to be able to make ledge and skills to be able to make accurate investment decisions." Mr Chia adds: "Starting early al-lows you to take full advantage of the power of compounding. To me, investing is a game and I enjoy play-ing it. Thope to play it as long as I can, and let compounding do its magic."

### **Competition** aims to groom investors

About 100 teams took part in Singapore's first public stock pitch challenge ear-lier this year, a competition aimed at nurturing budding investors across age groups and sectors. The Investor-One Chal-lenge was initiated by Catal-ist-focused portal Investor-One, which is managed by ShareInvestor and sup-ported by stock investing community InvestingNote. It spanned 3/: months from registration in June to the final pitch event in Sep-tember.

trom registration in june to the final pitch event in Sep-tember. ShareInvestor marketing director Agnes Lim said: "The intention of the chal-lenge was to bring together like-mindel retail investors and provide access to listed-company. C-level management (executive-level manager) to engage in face-to-face interactions via a series of activities, a corporate site visil, investor education workshops, quizzés and ultimately the fina-fine competition had six judges – one each from ShareInvestor, the Singa-pore Exchange, fund man-cial service firm PrimePart-ners, corporate finance com-many SAC Capital finan-tion. Ms Lim said: "Stock bitch

tion. Ms Lim said: "Stock pitch challenges in the market are mostly either on an in-tra-school scale or re-stricted to a certain target audience. This challenge aims to close the gap and reachout to other stakehold-ers within the investing sphere such as retail in-vestors, professionals and fi-nancial bloggers." The teams picked a Catal-ist-listed company and started analysis. They had to justify their research re-ports, pitch their investing The participants also en-gaged with their chosen company is our managers, at tion. Ms Lim said: "Stock pitch

gaged with their chosen company stop managers, at-tended investment-literacy coaching workshops by iFAST Financial, and took quizzes that helped them to learn more about investing and the associated Catalist-listed firms. They visited pharmaceuti-cal company Hyphens Pharma to see the facilities, attend a presentation by the chief executive and par-ticipate in a panel discus-sion.

ticipate in a panel discus-sion. Ms Lim said: "Hidden gems from the Catalist board were discovered, sea-soned investors got to share their financial skills, new in-vestors gained knowledge and Catalist-listed compa-nies were able to put their organisations in the spot-light." The winning team re-ceived 55,000 in cash and two runners-up walked away with \$2,500 and \$1,500.

Sue-Ann Tan

"The main point is, as you age, you should allocate an increas-ingly higher portion of your portfo-liotosafer assets like bonds. For in-vestors who want to include alter-native investments in helir portfo-lios, the percentage should be around 10 to 20 per cent." Mr Lee adds: "I would encourage young investors to explore differ-ent investment approaches and then decide for themselves what works for them and stick to it."

Sue-Ann Tan

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# Experts' advice for novices



a diversified portfolio are some tkey tips from experts on how first timers can startinvesting. Investing can be daunting in the beginning, but it is important that novices do their research and have their strategies mapped out, some Sharelnvestor chief executive Sharelnvestor chief executive at he recent Investor-One Chal-

egy to achieve those goals. I do not suggest for any novice investor to have more than 10 stocks in his port-folio at any point in time as it will re-quire time and effort to track." Fellow judge You Weiren, man-ager of stocks and exchange-traded funds (ETPs) research at in-vestment company iFast Corpora-tion, adds that first-timers can also kick off with ETPs, unit trusts or managed nortfolios.

INVESTMENT STRATEGIES Part of the team's strategy is to take a far-sighted view of investments for future goals, such as a house or short-term gains. Mr Tan asys: "ladopt a long-term view for most of the companies that linvest in. Hence, thave a buy-and-hold strategy, picking out fun-damentally sound companies that pay dividends. "These companies take up about 80 per cent of my portfolio. I also al-

30 per cent in cash. His goal is to be a millionaire by the age of 35. "I'm 25 now, so 1 still have 10 years to reach this goal. My aggre-gate portfolio value at the moment

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Mr You suggests that a guideline would be to deduct a person's age from 100 to find out the percent-age he should allocate to equities in his portfolio. "If you're 30 years old, your port-folio should have a 70 per cent allo-cation to equities and a 30 per cent allocation to bonds," he notes. "It's not a hard and fast rule, but it's agood starting point, and if you think you can adjust (the equi-ties) to 80 per cent or maybe even 90 per cent.

lenge stock pitch competition. He adds: "They have to ask basic questions... (such as) what they are expecting from their investments - income or capital appreciation – the time horizon and risk toler-

managed portfolios. "If the investor is not comfort-able starting with individual stock investments, he can always start

mething that is more diversi-