An opportune moment to take risk

Justin Koh says investing mistakes cost less now when he's still a student, compared to the future

By **AUDREY TAN**

UNLIKE his peers, Justin Koh Zhi-Ren doesn't spend much on games, wild partying or branded apparel. Instead, like a true-blue Singaporean, he would rather splurge on food.

But the 24-year-old Economics major at the Singapore Management University (SMU) still manages to save a large portion of his allowance, even after spending quite a bit to satisfy his tummy.

Of the $75 he received as weekly allowance during his days as a student at Anglo-Chinese Junior College, Justin saved between $30 and $50.

This habit has followed Justin through his army and undergraduate days, and is what the young investor has built his investment portfolio on. "I am definitely a saver. I always enjoyed watching my bank account grow, but never knew about other alternatives where I could place my money in besides the bank," Justin said.

Q: When did you start investing?

A: I started investing just after army in 2009, when the economy started to pick up.

I used the savings I had from my army days, about $20,000 to $30,000. At that time, it was just blind luck, but I managed to buy many quality counters at low prices. But I wouldn't consider this investing.

Only after I entered SMU did I start investing properly. By that time, I had a lot more knowledge from my readings from school.

Q: What got you interested in investing?

A: Independence, mainly. I've always believed in not putting all my eggs in one basket.

I've learnt that it's important to have a safety net. Times are bad and people who expect to work for a long time can get fired in an instant. It would be unwise of me to risk everything on one job. At least this way, I can spread the risks around.

Also, passive income is important because there's only so much you can earn.

For example, even if you earn $200 an hour, there's no way you can earn millions at the end of the year. Smart investments would help me get more income – it's all about working less and earning more.

Q: What do you currently invest in, and what strategies do you follow?

A: I try to diversify my investments and not put all my money in one industry.

I've also heard that it's wise to break down investments into different classes, like property, bonds, equities or stocks. But with a smaller portfolio like mine, it's a bit difficult to do that.

Currently, I buy Reits (real estate investment trusts). Their allure is that I get to play the property market, although I feel it's a bit overpriced now. There are minimal dividends but still enough for a decent meal.

I also invest in water and food. I believe that water treatment and food scarcity are two pressing issues. The water company I'm investing in can be quite volatile now, but I believe it will be profitable in the long run.

It's a macro way of thinking, but it's these trends that define where the world is moving towards.

Q: Are there other factors you would take into account before investing in a company?

A: Yes. Ethical concerns may not be so important in the past, but today, it defines whether a company succeeds. People are becoming smarter, and with the Internet, a small misdeed can go viral and destroy the brand.

It's important that a company goes out of its way to give back. The returns may not be astronomical, but it makes you feel good too.

Q: Do you use credit cards?

A: Yes I do. I have three credit and three debit cards. I get credit cards for the perks but 95 per cent of my spending is only on one card.

I prefer using credit cards over cash as it allows me to track my spending. In fact, I try to charge 100 per cent of my expenditure to my credit card.

When I pay cash, I don't keep the receipts and may get a shock at the end of the month. With credit cards, the statements show me exactly where I have been spending my money. If this month the statement shows that most of my expenditure is on food, I'd know what to cut down on the next month.

Q: How would you describe your risk appetite?

A: Very large. Not because I like to gamble, but because I feel that this is the opportune moment to learn about investing, when I can afford to make mistakes.

I'm still a student, my parents still support me. I don't have other responsibilities except to study and learn more about the world.

If I were to make serious mistakes, it's still cheaper to make them now, compared to the future. Ultimately, costly lessons will still cost less now than in the future.

Q: Any tips to share from your experience in investing?

A: Information is power. Read widely, see what suits you, and stick to it! Many people want to invest, but won't stick to it. They are influenced by external factors, even though the company is fundamentally good.

I would advise new investors to read the local papers. If you want more, there's always Bloomberg and CNBC, and to go further, read some finance books.

For example, I once read about Peter Lynch and his concept of investing only in what you understand. It sounds simple, but not everyone understands this.

Doing all this would give someone a good overview on finance, but it would not teach you about investing itself.

Investing itself is more of a thought process, so it differs for everyone – whether long-term or short-term investors – everybody has their own style.

If you're between the ages of 17 and 30 and wish to share your investing story too, e-mail btyif@sph.com.sg with "Starting Young" in the subject heading now. Views shared by young investors in this space are their own, and not endorsed by BT.

ARTHUR LEE

Justin Koh: *'I've learnt that it's important to have a safety net. Times are bad and people who expect to work for a long time can get fired in an instant. It would be unwise of me to risk everything on one job.'*