

STARTING YOUNG

Hard-wired for risky investing

Lim Bing Li says this will allow him to achieve financial freedom by the age of 40. **KENNETH FOO** reports

THERE is an age-old rule for figuring out how much of your portfolio to put in stocks – just subtract your age from 100. But with a five-figure portfolio 100 per cent weighted to equities, Lim Bing Li is clearly not one to abide by conventional thinking.

The 23-year-old undergraduate believes that his aggressive investment style will blaze a trail to his long-term goal of financial independence by age 40.

The second-year Singapore Management University (SMU) student reckons that his youth justifies the steep risks as he is “ultimately investing for the future”.

“But I feel I’m even more conscientious than I’m aggressive,” Mr Lim said. “As my funds are limited, I always do my due diligence before every investment in order to maintain a high win-rate.”

Mr Lim is currently studying for a double-degree in business and economics and is also the president of the SMU E.y.E Investment Club.

He plans to seek an investment banking job after graduation. “I only view investing as a means to an end,” Mr Lim said. “What I really want is to achieve financial independence. This frees up time to allow me to do other things that I find value in.”



ARTHUR LEE

Mr Lim: ‘Markets are emotional. Once you’re in it, it’s very hard to keep a clear mind. A lot of it boils down to luck and how the market swings. That’s why it’s so important for young people to learn more and be humble.’

Q: How did you handle money when growing up?

A: I started saving when I was young. I saved a lot from the pocket money I received from my parents and put my savings in the bank. But as I grew up, I realised that just saving wasn’t enough, and that’s when it struck me that investing in stocks was the best way. Since then, I’ve been putting aside money in the bank, knowing that I’ll invest in the future.

Q: Do you spend more or save more?

A: They are more or less equal, as I keep my spending at about 40 to 50 per cent of what I earn. I usually spend on holidays and on going out with friends.

Q: What got you interested in investing?

A: My interest was sparked after reading a wide-range of literature including my personal favourite *Market Wizards* by Jack Schwager. All these books taught me that the thing we need to fight against is time – there is an urgent need to start early due to the effects of compounding. I simply wanted to put my money to work and develop a stream of passive income for myself. I figured when I was 17 years old that if I work a day job for the rest of my life, I’m basically exchanging hours for money. I want to use the time not spent working to do meaningful things like doing social work or being with my family.

Q: When and how did you get started investing?

A: I got started in May of 2009, while I was still in the army. During that time, I had quite a lot of time on my hands. There was a bear

market till around then and the equities were grossly undervalued. I started with \$50,000 – of which a third was my own, while the rest came from my parents. Basically, I bought in close to the bottom of the market and whatever I bought went up. Hence, I made quite a big amount.

Q: What do you currently invest in?

A: I’m taking a break from actively investing right now, because I’m doing a summer internship at a bank where there are certain restrictions on investing. But my portfolio used to be made up of defensive, high-dividend yield equities. Mainly local blue chips, and I try to go for high beta stocks. This beats passive investments like exchange-traded funds when the market is on the upturn.

Q: How would you describe your risk appetite?

A: I’m definitely an aggressive investor as I have a portfolio made up 100 per cent in local equities. However, you need to know when to be aggressive and when not to be. For example, I’m fully aware that market conditions are not ideal at the moment. Therefore, I’ll be more conservative and put my money into more mature stocks.

Q: What has been your best and worst investment so far?

A: My best would be the very first stock I bought – Singapore Land Ltd, which I got at about \$5.10 and sold at \$6. I guess I got lucky with it, but it gave me the confidence over the next few months.

My worst investment was when I bought into CapitaMalls Asia at \$2.38 two years ago. I was hoping to catch a reversal in the price, but it was a dead cat bounce instead. It was a humbling experience because I lost a significant amount of my portfolio. It taught me to be more systematic in my investments.

Q: Any tips to share from experience in investing?

A: The biggest tip I can give is that information is key to power. Those who wish to invest should start by read widely and deeply, and also do a lot of backtesting. For myself, I went in without first doing paper trading. Therefore, I did extensive research by reading books on fundamental analysis and quantitative systems trading.

Furthermore, markets are emotional. Once you’re in it, it’s very hard to keep a clear mind. A lot of it boils down to luck and how the market swings. That’s why it’s so impor-

tant for young people to learn more and be humble.

Q: What are your long-term investment goals?

A: I think the best long-term investments are not necessarily financial investments. I feel that the best kind of investments are made in one’s education and life experience. This would mean broadening one’s horizon by interacting with people of different background and enriching one’s life by seeing more of the world. This is inseparable from my main motivation for investing – saving time. Money is not everything. By achieving financial independence, I’ll then have time to pursue other goals in life.

Q: If you were a millionaire, where would you put your money?

A: I see real estate as having the greatest investment potential due to land scarcity in Singapore. It’s also a sector that is tangible and solid for the long-term.

If you’re between the ages of 17 and 30, and think you’ve got an interesting investing or entrepreneurial story to share, do email btyif@sph.com.sg with ‘Starting Young’ in the subject heading