

STARTING YOUNG

'I made a lot of textbook mistakes'

Student Ronald Sim made some classic errors when he started investing, like selling in a panic or buying on a tip

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FINAL-YEAR Singapore Management University (SMU) student Ronald Sim, a business and finance major, laughs when he recalls his first investments, made using money his parents saved for his university education that he did not need to use.

"I made a lot of textbook mistakes," said the SMU Scholarship recipient, recalling how he dabbled in technical analysis and realised a four-digit loss, or how he sold Singtel stock in a panic when it fell below S\$3 a share. Nevertheless, the experiences did not dampen his interest in investing.

Mr Sim, 25, also served as the president of his university's EYE investment Club. Every year, the club gets about 300 sign-ups at the university's co-curricular activities open house, or a fifth of a cohort of around 1,500 students, though the number of actively involved members dwindles over time.

Mr Sim said his fellow students get interested in investing because of two reasons: males have more time on their hands when they are in National Service and start reading, and people get more interested in finance-related matters when they get older.

Q: What is your attitude towards money?

A: My parents are very thrifty. It's been instilled in me. Both of them grew up from tough backgrounds, the family got more wealthy in my lifetime. My dad had mortgaged the house to set up a business. My parents always tell us that if the business didn't work out we'd be living in the streets.

I don't spend more than S\$400 a month. I live with my parents, public transport costs S\$100 a month. I try to eat meals at home when I can.

Q: How did you get started in stocks?

A: I started four years ago, in 2011. After the

army I had a lot of time. I was quite fortunate, it was eight months before university, I could afford not to work, had a fair bit of savings, and I don't go out that much. I didn't want to do the call centre job, a common post-army job. I spent time reading a lot.

I was lucky that my parents bought an education insurance policy for me, and when it was time for university, I didn't need it, so I had about S\$30,000. That was my capital.

Q: What happened to your first few investments?

A: My first buy was in April or May 2011, in telco Singtel. I bought two lots (2,000 shares) at something like S\$3 a share. Later that year I sold it (below S\$3) after it started falling quickly.

When you first start investing, even if you feel like you know a bit, you actually don't know that much. Subsequently when it rebounded, I was like, what was I doing. It's a very human instinct, loss, risk aversion.

I know Singtel. It's fine, it will continue to do well, it has overseas exposure that StarHub and MI doesn't have. When it went down, the first thing in my mind was like, it's falling, it's probably going to fall even more.

The first entire year of investing, I made a lot of mistakes. I lost a three-digit sum on Singtel.

The same thing happened to me on (commodities trader) Olam International, when I tried to use technical analysis. I lost quite a fair bit on Olam. I entered at S\$2-ish, it then fell to S\$1.50 because its results were bad. It bounced to S\$1.80, I sold when it bounced.

I didn't know what I was doing when I bought into it. I went in on a friend's tip. I lost a four-digit sum for Olam.

Q: What stocks are you looking at recently?

A: I recently started looking at stocks again. I didn't invest for a large part of 2013 and 2014 because of compliance, when I was interning



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Ronald Sim (left)

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at some funds.

I am looking a lot more at small capitalisation stocks these days, some mid-cap, less-covered names. Companies I prefer are those which I have an understanding of, like consumer, real estate, financials, manufacturing, telcos. I don't invest in commodity-based companies. I also don't touch healthcare and tech. Currently I've very few stocks, about six or seven. Two are in Hong Kong.

Q: What books are you reading?

A: I read a lot of books by fund managers. I'm re-reading a book by (Oaktree Capital co-founder) Howard Marks called *The Most Important Thing*. He's a value investor.

I read (value investor Benjamin Graham's) *The Intelligent Investor*, that's a classic. I also

read his (book with colleague David Dodd) *Security Analysis*, but that's not light reading, that's more like a textbook.

This is not exactly investment-related, but I really like (self-improvement author Dale Carnegie's) *How to Win Friends and Influence People*. It teaches you how to interact with people. I think investing is not just about the technicals. Whether it's a job or a person, one of the best (things to do) is to learn from people.

It's a very Singaporean thing – we like to learn from books, we've been taught to learn, but there's a lot of things we can't learn from books, and people are best. How do you get people to open up and share? That book told me that. You can't go to someone and demand that person teach you how to be a better person.