

# Books were his hook to value investing

Financier credits his rise to concepts picked up through his habit of reading widely



Rachel Scully

It's often said that curiosity killed the cat, but it was financier Tan Chin Hwee's desire to amass knowledge which exposed him to the world of finance.

Mr Tan, 42, recalls how he would max out the borrowing limit for library books during his army days.

"I'd read anything – from geography, to history and politics," he says. "And along the way, I chanced upon books on economics and finance."

What stuck with him was the concept of value investing practised by billionaire Warren Buffett.

"It's about buying into assets that appear to be selling for a price lower than their value," says Mr Tan.

"Value investing isn't just about using financial ratios as a gauge; experience counts and it helps that you know how much an asset is

worth after seeing how it performs through several market cycles."

He cites how his wife, Michelle Lee, viewed 50 properties before they settled on a house off Holland Road in 2003.

"She really did her homework and we wiped out our savings," says Mr Tan, with a laugh. "But we felt that a freehold, landed property would appreciate over time and we took the plunge."

Mr Tan is the Asian founder of a global fund that also employs value investing.

On top of his corporate responsibilities, the father of three lectures on finance at Singapore Management University, his alma mater Nanyang Technological University and at Shanghai Jiao Tong University and is actively involved in social and educational philanthropy activities.

"This is my way of paying back, and investing in the next generation," says Mr Tan.

**Q: Are you a spender or a saver?**

I'm more of a saver and try to keep expenses down to 10 or 15 per cent. Most of it pays for enrichment classes for my children.

I invest about half of what I save through different asset classes, a principle I learnt from a chief investment officer of the Yale Endowment while I was studying there. I keep the rest as cash so that I have the buying power for opportunistic deals.



Mr Tan, the Asian founder of a global fund that employs value investing, also lectures at universities and is involved in philanthropic activities.

**Q: How much do you charge to your credit cards every month?**

On average, about \$3,000, which goes to paying for ballet, music and swimming classes. Some of it also goes to groceries and petrol.

**Q: What financial planning have you done for yourself?**

As the sole breadwinner, I drew up a will 10 years ago to ensure that my family will be provided for.

I also allocate my assets in three areas: private equities, credit and stocks. This mix should be reviewed every three to five years depending on your income, stage in life and risk appetite.

A key consideration for me is downside protection and maintaining cashflow. I won't invest in a product with money I can't afford to lose.

Separately, I've set up a trust for

## WORST & BEST BETS

**Q: What is your worst investment to date?**

That would be when I was an undergraduate at Nanyang Technological University and nearly went bankrupt.

I borrowed \$5,000 at 6 per cent interest with my student loan and speculated in warrants with little understanding of the product.

That episode really made me appreciate the concept of value investing. It's about figuring out whether an investment is cheap and the reasons behind it before you put in your money.

**Q: And your best?**

On the financial front, it's a trading journal which tracks all my investments – the reasons for investing and the outcome of my decision.

More importantly, it's time with my family and the satisfaction of watching my children grow up. I almost lost my second child when she was born premature at 27 weeks.

That episode reminded me to never take family for granted.

my children, which will give them access to a sum of money if they need it in future.

**Q: Moneywise, what were your growing up years like?**

My father held two jobs, as a sports scriptwriter and a columnist with the Chinese papers.

But he made it a point to send my siblings and me for music and art classes.

To make extra pocket money, I started working part-time as an office boy for a wholesaler earning \$10 a day. I then went on to give tuition, which was how I found my passion for teaching.

**Q: How did you get interested in investing?**

Thanks to my parents' upbringing, I was intellectually curious, so I enjoyed reading about different topics since my secondary school days.

Among the material, I came across the topic of finance during my years in national service and learnt that it is a connector or lubricant for the capitalist system.

That was when I came across concepts such as value investing and tried my hand at it when I entered the university.

**Q: What property do you own?**

A freehold 4,000 sq ft house off Holland Road.

After monitoring the property market in the United States for two years, I bought a Ritz-Carlton apart-

ment in downtown Los Angeles last year, during the 16-day government shutdown. Although my offer was 15 per cent lower than the highest bidder's, I was able to pay for the property in cash and sealed the deal.

**Q: What is the most extravagant thing you have bought?**

A 15-day trip to Korea with 21 family members and friends last month. On top of family bonding, I wanted to expose my kids to the real world. For instance, we visited the Hyundai factory so they would see real robots in action.

**Q: What's your retirement plan?**

I saw myself as nearly retired when I turned 40, so I spend more time on social causes or educating future generations. Life shouldn't just be about money, the poorest man is he whose only wealth is money.

**Q: Home is now...**

A single-storey five-bedder house off Holland Road with my wife and three children.

**Q: I drive...**

A 1.4 litre Volkswagen Jetta family sedan and a Honda Stepwagon. I always have a Honda because it was the first stock I invested in professionally that made a \$1 million profit. But I also take public transport regularly.

✉ [rjscully@sph.com.sg](mailto:rjscully@sph.com.sg)