

Me&MyMoney

Every dollar adds up for ShopInSEA's co-founder

Customer base for 'South-east Asia's first online dollar shop' has been growing by 70% to 80% month on month



Rachael Boon

While exploring futuristic technology as a bank management associate, Mr Andre Loh just could not ignore the allure of entrepreneurship.

After stints at DBS Private Bank, in the family office, and the investment bank within the equity capital markets division, Mr Loh, 31, landed in the DBS technology team, in what was called the Future of Work department.

"This was where we tried to discover the latest technology that could be adopted at DBS, and that was where my interest in start-ups developed."

But the recently minted start-up founder didn't go into fintech, a path that some would assume to be a natural option.

Instead, he and three other co-founders identified the potential of the dollar-store or discount store segment – where items are sold at unbeatable prices – to bloom in a slowing economy.

"Certain niche e-commerce categories such as online dollar stores are big in the United States, so we decided to bring it to Singapore first. In the US and Europe, they are shifting from luxury goods and tightening their purse strings in this environment. But they still want to shop, and buy cheaper things instead."

The Singapore Management University graduate, with double majors in finance and accounting, set up www.ShopInSEA.com – touted as South-east Asia's first online dollar shop, which delivers to your doorstep – last year with his co-founders.

He left his job in January this year, after four years at DBS Bank, to concentrate on the business, and the website went live in May.

The firm expanded to Malaysia last month and will go into the Philippines and Indonesia next year, and the customer base has been growing by 70 per cent to 80 per cent month on month.

"In other countries, people could live far away from the dollar shops, so going online presents a lot of convenience. In cities like Jakarta, people don't like to travel (just to shop at such stores) because they'll get caught in jams for two hours."

"In Singapore, there's been a lot of traction, but for different reasons such as a lack of time. So people shop during lunch; or because they prefer to go home after work, they shop while travelling, and everything is sent to their doorstep."

There are two kinds of dollar shops, Mr Loh notes. One is like the Daiso chain, where regardless of cost price, everything is sold at \$2, while the other aims to provide greater value.

"Based on the value of the product, our margins are razor thin, to give better value to the customers," he says.

ShopInSEA carries more than 1,500 items, and the prices range from 50 cents to \$4 for most items, such as soap bar holders.

Mr Loh says: "We are planning to scale across South-east Asia in 2017, as well as to the US, Britain, Canada and Australia in 2018."

Q Moneywise, what were your growing-up years like?

A As a child, I had an easy life as my father was doing well financially as a director at a British multinational corporation. We used to live in a

large condominium along Tanglin Road and the family had two BMWs – one for my father and one for my mum. They also used to own properties in countries such as Spain.

Weekends were always spent at church, followed by lunch, swimming and dinner at Raffles Town Club every weekend. Family vacations were always to faraway destinations for weeks.

During the later part of my teenage years, my father stopped working and the lavish lifestyle ceased. The BMWs and the condominium were sold off, and so was our family's club membership.

We moved from the condominium in Tanglin Road to Bukit Timah for a few years, and then farther away from town to Bukit Panjang. We always joked that if we had to move any farther, our next house would be across the Causeway in Johor Baru.

Q How did you get interested in investing?

A Having a comfortable life in my earlier years, and then losing those comforts in the blink of an eye, really taught me the value of planning for a rainy day financially, and of investments.

As the cost of living in Singapore is high, it seems necessary to have a dual-income family in order to have financial stability.

But my younger years have taught me that besides that, having additional forms of income – not just employment income but investment income – is critical.

Q Describe your investing strategy.

A It's a mixed strategy of being aggressive and conservative simultaneously. The aggressive part of my investments stems from the fact that I invested a big part of my savings in ShopInSEA.

In the world of investments, think of fixed deposit investments in the bank as the most conservative instrument you can find but with returns hovering at about 0.2 to 0.5 per cent a year, while investing in start-ups could have returns of more than 1,000 per cent if done right.

In our parents' generation, they used to look at real estate, but for Gen Y and the millennials, the opportunity for real estate is no more, so I now prefer start-up investing for super-aggressive growth, and fixed-income funds for passive monthly income.

Q What's in your portfolio?

A About \$50,000 into my own tech start-up, equities of about \$10,000 and my favourite income-yielding funds of \$50,000.

For a regular stream of investment income, my fixed-income investments are mainly in Fidelity Asian High Yield Bond Fund (which is Singapore-dollar hedged). The annual return is about 5 per cent and dividends are paid monthly.

I have been invested in that fund for more than two years, and am very pleased with the result as the net asset value has been very stable. This is good for an income strategy, while the dividend payment has consistently been around 5 per cent per annum.

I had also invested in the Straits Times Index exchange-traded fund, which has been doing relatively well, but my Singapore-listed Banyan Tree Holdings stocks have been the poorest performer.

They are down about 60 per cent since I invested in them in the late 2000s.

I previously dabbled in structured products such as currency-linked notes, equity-linked notes and structured notes during my time in the bank.

Q What does money mean to you?

A When I was younger, money used to mean happiness to me, but now



Worst and best bets

Q What has been your biggest investing mistake?

A The biggest lesson was buying Banyan Tree at about \$1.20 per share... It's about 45 cents per share today. I'm still holding the stock.

It was a good lesson learnt as it shaped my investment philosophy. I learnt that if I really wanted to protect my principal, I should focus on fixed-income instruments or equities that are similar in nature to those such as Reits and business trusts.

Their volatility, also known as riskiness in the finance world, is much less, generally at less than 10 per cent.

Q And what has been your best investment move?

A My best investment move in life has been to invest in a happy marriage and a happy home, none of which needs money to buy!

On the financial front, my best investment move to date has been in ShopInSEA, which has continued to bring a smile to the faces of thousands of our customers. The emotional satisfaction in knowing that you are creating something that people really like and use far outweighs any financial rewards.

Rachael Boon

it takes second place to having a happy family, and great friends and company.

Q What's the most extravagant thing you have done?

A During my youth, I'd book entire clubs, such as when I booked the now-defunct nightclub Coco Latte at the Gallery Hotel to celebrate my 20th birthday with my former schoolmates from Anglo-Chinese School, and also places like Butter Factory.

My friends would also do that and hold private birthday parties, but we have mellowed.

The most extravagant thing I've done recently was probably buying a new iMac last year. My extravagance decreases with age.

Q What are your immediate investment plans?

A In the medium term, it would be

THEN AND NOW

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MR ANDRE LOH, on his investment strategy.

to diversify my fixed-income instruments. I do like Singapore real estate investment trusts (Reits) but in recent years, the retail Reits are having a tougher time, owing to lower occupancy rates – the occupancy rates drive yield.

I'll be looking at commercial or industrial Reits because they lock in rentals with long-term contracts, while the retail rent contracts are for only one or two years. In terms of dividends, those Reits would be more stable.

Q What are your retirement plans?

A Building up my passive investment income to at least \$1 million to \$2 million in dividends.

This would definitely take years, if not decades. And with a 5 per cent interest, \$1 million could give me \$50,000 a year, akin to a year's salary today.

I'd use fixed-income instruments such as the Fidelity fund, which is a basket of bonds, as opposed to investing in a single bond, as it could end up like the Swiber bonds.

Besides the fund, I am exploring further diversifying into other income-yielding instruments and bond funds, such as the UBS European Bond Fund, which provides healthy yield as well.

Q Home is now...

A A Design, Build and Sell Scheme (DBSS) apartment in Clementi. I am very contented and happy with where I am right now.

Q I drive...

A My car just gets me from Point A to Point B without breaking down hopefully. Sometimes, we prefer to take the bus as it is convenient here.

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Mr Andre Loh says his best investment on the financial front has been in ShopInSEA, as "it has continued to bring a smile to the faces of thousands" of customers.
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