

It's all discipline and dedication

An early start and robust trading system anchor a young trader's strategy, writes **NATHANIEL CHEW**

FOR Vincent Lee Wen Jie, 23, what started from an uncle's introduction to a foreign exchange trading programme turned quickly into 18-hour days spent watching the screens.

Mr Lee, now a second-year student at Singapore Management University (SMU), may no longer have the luxury of time to trade the days away.

But through regular research and discussions in his classes and investment club, he still keeps a finger on the pulse of market sentiment.

A self-proclaimed risk-taker, Mr Lee goes for investments that have the potential to net big returns. But a massive amount of background work is needed to find these investment opportunities, he says.

Mr Lee plans to work as a trader in the future. Discipline and dedication are the two watchwords he abides by.

Q: What got you interested in investing?

A: In 2009, my first year in National Service (NS), my uncle came over to my house on Chinese New Year and introduced me to foreign exchange (forex) trading. He opened a forex charting programme and showed me some trading techniques. He also introduced me to Forex Factory, an online community of forex traders.

Forex is a good starting point for traders because it emphasises a lot of technical analysis. One can say that forex is 90 per cent technical analysis and 10 per cent fundamental analysis. It's good for any trader to have some background in technical analysis.

Q: What was your first investment?

A: My first real cash investment was a Lion Global Korean equity fund, which invested primarily in South Korean company stocks like Samsung and Hyundai.

I had around 6 per cent returns when I closed my position after around five months, then moved on to invest in riskier asset classes.

Q: Do you do a lot of market research?

A: Before I entered SMU, I spent quite a lot of my time day trading forex. I was at home, with two computers and my TV, so I projected five-minute charts on my screens, and traded the major pair of currencies.

I spent about 18 hours a day doing that. I slept during the Asian session and stayed up during the Europe session all the way to the New York close session. I read a book that

said any trader would need to have 10,000 hours of charting time to become proficient. I'm slowly working toward that target!

During National Service, I read widely. I printed a list of 40 books, and I cleared it. After you read a lot, all the theories in these individual books synthesize and form the basis for your trading in the future. I read widely and formed my own opinions on the best strategy to trade.

Now I'm in a business school, and the semesters can be very packed, so I can't really afford a lot of time to read about the market. But because I'm a finance student, I have a lot of discussions in class. At SMU there are some people who trade a lot, like in E.y.E, my investment club. It helps to reinforce the market sentiments that I see – I have a consistent feel for the market.

Q: Would you say you are a cautious investor?

A: I actually have quite a risky appetite. I invest in quite a few stocks like financials, which tend to be more volatile compared to the defensive stocks.

For any investment though, my expected returns must be worth at least thrice the amount of risk I undertake to make them.

Q: What is your current portfolio like?

A: In terms of number of counters I probably have eight or nine. I don't want to have too many counters because it's difficult to monitor. My investments are split half-half between the US and Singapore. Singapore is my safer dividend seeking position, and the US is my risk-on position.

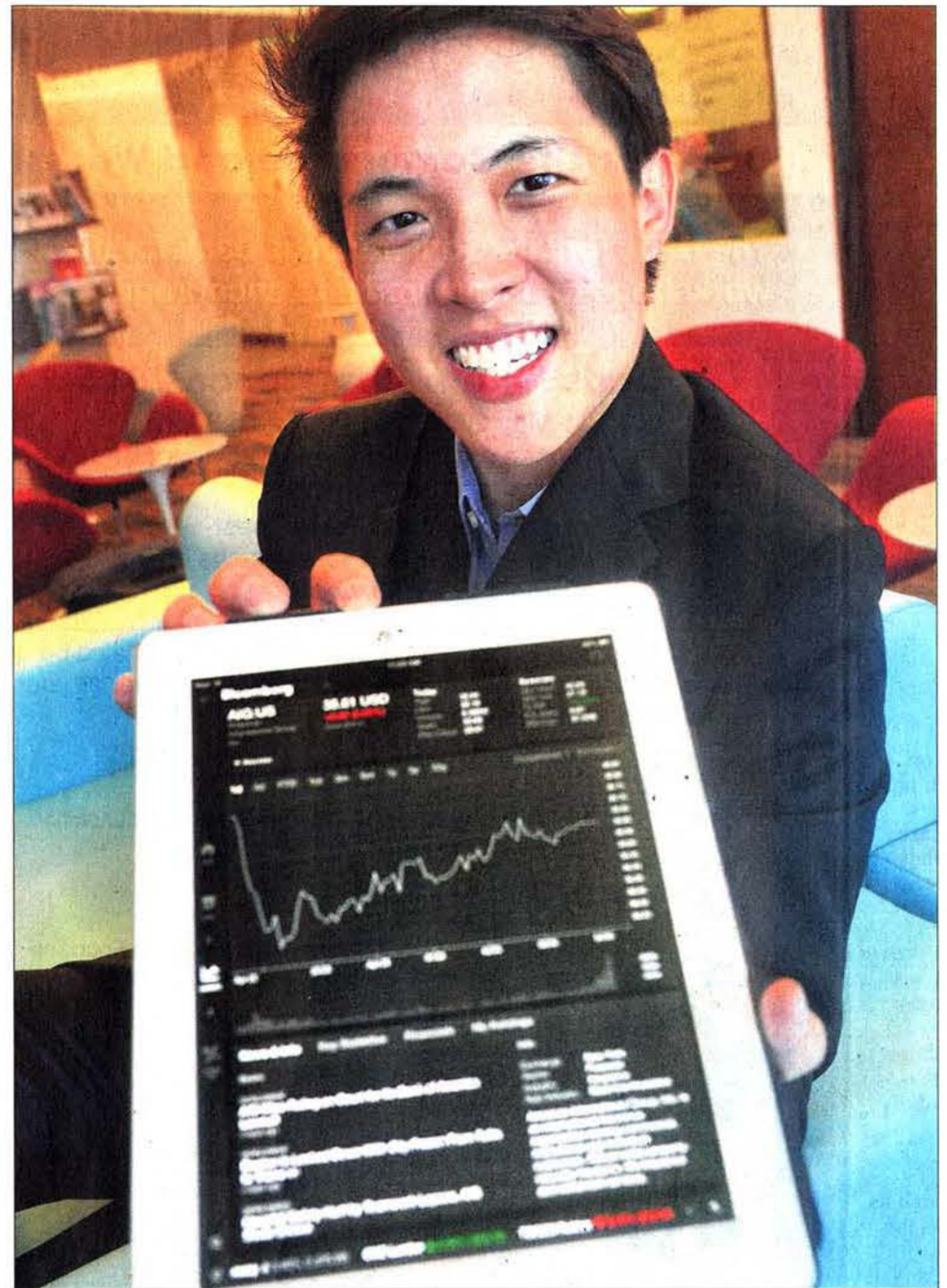
I have Singapore equities, like SingTel, which used to anchor my portfolio and give me a fair amount of dividend yield. For US stocks, I have good exposure to the financial sector, and I do look at tech companies also.

Investing in the US is quite a feasible option for us students, because there's a lot of information available. You can get research reports online easily compared to the Singapore counters.

Q: What have your best and worst investments been?

A: Citibank was the best. I entered into the position early last year, my first year of school. I found that it had low price to earning valuations, and at that point of time the market sentiments were quite bad – people were not confident about the market.

But that's when I entered Citibank. At that price I thought it was a very attractive



Vincent Lee: "Forex is a good starting point for traders because it emphasises a lot of technical analysis," says the SMU second-year student. PHOTO: ARTHUR LEE

buy. It was a bet that clearly turned out well. I entered at US\$27 and today it's US\$45. Generally the financial sectors in the US did quite well over the past year due to the market recovery efforts.

I recorded one investment loss, which was Apple. I bought it at US\$540, and it rose to over US\$700 before it went down, and I closed my position at around US\$496. On hindsight I should have sold at US\$700, but it's not easy to spot the market timing.

For every position I had a fixed loss strategy, so when Apple fell below US\$500, I closed my position immediately. That's one of the rules I follow.

Q: What plans do you have for your future?

A: I have internships with some financial firms over the summer, and I hope to pursue a trading role when I graduate from school.

Q: If you were a millionaire, what would you buy?

A: I think Microsoft has potential. I actually have a position there now, I entered at US\$27. I think it's getting more competitive compared to its peers, and there might be potential for the years ahead. Their current valuation is priced pretty attractively as well.

Q: Do you have any investment advice to share?

A: Start young. I started when I was 19, and every year I compounded my returns by about 9.7 per cent. When I hit 25 and graduate, I'll have significant compounded returns in my portfolio.

You must have the discipline to stick to your trading strategy. Even in periods when there is no signal, you must be disciplined enough not to enter a position, if it doesn't follow the rules of your trading system.