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Education the best investment to make, says financial services exec

It opens doors to success if utilised properly; he also believes in returns from private equity



Choo Yun Ting

Hitting the books can be a slog for anyone, but moving up the learning curve can be the best investment decision you could ever make, reckons financial services executive Sam Lee.

"Education is one of the most valuable tools in life and it can open the doors to success when we utilise it properly," says Mr Lee, 33.

"The lesson here is that it is always better to teach someone how to fish than to fish on their behalf."

Mr Lee's life and career are testament to that approach.

He cites his parents' commitment to education as the key reason for his success today, which is underpinned by his bachelor's degree in business management from Singapore Management University (SMU).

"My parents focused and spent a lot on our education, which I will always be grateful for."

He began his career in the mergers and acquisitions (M&A) industry before starting financial services firm Paloe in 2016.

Mr Lee, the firm's chief executive, works with small and medium-sized enterprises and start-ups, providing guidance to their finance teams or taking over the teams' functions.

Paloe, which employs 15 staff in three countries and works with about 10 freelance professionals, aims to become a regional player in the coming years.

Helping companies navigate the up and downs of the business world has given Mr Lee valuable insights into how individual investors should approach their own financial decisions.

The watchword is caution: Assessing your risk capacity is an important consideration, Mr Lee says. He encourages investors to be mindful of their job security before jumping into an investment.

This is especially important during the coronavirus pandemic, he says. "You should take into account the runway needed to tide you and your family over, especially if you have been significantly impacted by Covid-19."

He considers it fortunate that he did not work in a high-paying role in the first few years of his career, as it may have prompted him to make more risky financial decisions.

"With a lower income, I had to plan my spending wisely. If I had started with a career at an invest-

ment bank, I believe that my spending power would have been stronger, but I would not have been so careful and conscious with my money."

Mr Lee is married to a civil servant. They have a one-year-old son.

Q What's in your personal portfolio?

A Most of my family's investments are in insurance and funds. Our direct equity investments are small, and we have allocated a portion to invest in young businesses with strong management teams.

The majority of my personal investments are in young companies and are in the form of convertible notes.

I also have some insurance investments to ensure my family's financial security in case of any unfortunate events.

Unlike most investors, I have little exposure to equities or the stock market. One of the main reasons was restrictions during my internship and early career – as an M&A professional, I was required to declare any investments I made.

Personally, I believe that the only reason value investing still works is that a large group of people still believe in fundamental analysis.

However, I believe the greater driver for stock price is demand and supply of shares. It has nothing to do with company performance.

For example, Mr Warren Buffett's investment style works only because he took control and/or had a certain level of influence over his company. Thus, as small investors, we will have no influence.

Coming from the private investment industry, I tend to believe more in the returns from private equity. However, the issue is its illiquidity.

Q What are your immediate investment plans?

A I would be keen to explore further deployment of capital in small traditional businesses if the right opportunity comes along.

Q How did you become interested in investing?

A My father was the reason why I became interested in investing – he gave me a small amount to test the market and make some investments.

With this interest, I joined SMU's student-managed investment fund club, where I had further exposure to equity investments.

It was only when I went into private investments that I realised the importance of non-public information in making good investments.

Q Describe your investing strategy.

A I believe that I am a risk-taker, and I look at investment from a holistic angle, taking into considera-



Mr Sam Lee, chief executive of financial services firm Paloe, which he started in 2016, encourages investors to be mindful of their job security before jumping into an investment. ST PHOTO: NG SOR LUAN

tion my family's and my salaries.

At the moment, I prefer to invest in industries that I am familiar with or industries that a close friend has recommended and is confident in.

Q What else is in your financial plan?

A I have normal savings plans in place, and have had discussions with my wife about putting some money into index funds for our son.

Q How are you planning for retirement?

A I will most likely need \$500,000 in my retirement years. This assumes a small monthly allowance. I am a simple man and do not expect to have large expenses.

I am hoping to reach financial freedom by 57 years old – my son would have completed university by then.

However, I plan to continue working then. Just like how I am lucky to have many prominent individuals

as mentors, I am hoping to mentor and coach the younger generation when I am older.

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

A I have two younger siblings. My second brother is working in the healthcare industry, and my youngest brother is doing his PhD at the Massachusetts Institute of Technology now, on a scholarship.

My family never spent lavishly, but we love good food. We have always hunted for good food at hawker centres and restaurants around Singapore, and continue to do so.

Q What does money mean to you?

A Money is not the most important thing in life. After all, we are only stewards of our wealth. I believe that God provides, and he gives us the resources for a reason. Thus, I hold money with loose hands.

Worst and best bets

Q What has been your biggest investment mistake?

A My biggest investment mistake was when I failed to take the advice I gave to a friend.

A few years ago, I was asked about Neptune Orient Lines as I was working at Maersk Group then. My response was that I saw a greater potential in the intra-Asia lines and told them to look at an undervalued stock called Samudera.

A few of my friends acted on it and the stock price jumped more than two times. Unfortunately, I did not act on it myself.

But while it was a missed opportunity, I do not really regret it, as I believe there are other opportunities to look forward to and I believe in future chances.

Q What has been your best investment?

A I would say it has been education. My parents are firm believers in education and sent me for various tuition and enrichment courses.

I was part of a pioneer batch of students exposed to accelerated learning in Singapore, and I believe this set the foundation for who I am today.

After graduation, I saw huge potential in the digital space and decided to go for many different courses related to digital marketing and innovation.

Looking back, this has contributed to my work now with tech start-ups.

My biggest investment return was on Citi. I was in my first year of university then when the 2008 sub-prime crisis happened. I went in on Citi's stock price when it dropped to US\$1, and I got a good return on it.

However, looking back, I might have taken too high a risk then; it could have backfired.

From a career standpoint, I feel my best investment was joining KPMG's corporate finance team.

Its head of mergers and acquisitions and capital advisory, Mr Benjamin Ong, was a fabulous mentor whom I look up to, and he is one of the reasons why I had the confidence to set up my own practice.

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