

Putting their money where their mouth is

Three SMU undergraduates and their two friends have set up a club to discuss investing strategies as preparation for a career in investment, reports **JAMIE LEE**

"RICH sounds like a bad word, but everyone wants to be rich," says 22-year-old Nigel Lauw.

That's why he and his group of friends are wasting no time in picking up investment knowledge by setting up a club known as the Investment think tank.

Part of the research arm of SMU's E.y.E. Investment Interactive club, the Investment think tank is made up of three SMU freshmen from the business school — Lam Zhao Bin, Nick Wee and Russell Tan — as well as Dennis Hui and Nigel, both still serving their national service.

The club was formed before the three freshmen entered SMU and began as Russell's idea.

"Beginning this year, we became actively interested in investing in the financial market and I thought, wouldn't it be better if we had a team-based learning approach to investing, rather than just going on our own?" says the 20-year-old.

After coming up with an operating structure which helped to get the club focus, he then approached his like-minded friends.

"I pitched my ideas to my friends to get their support," he says.

The pitch worked. Since the club's start-up, they have been meeting every Saturday, travelling to a different member's home each time. Each member takes on a topic to research, and at the weekly meetings, presents it to the group, while inviting his peers to challenge and probe further.

The group, which believes in long-term investing, has discussed topics such as the difference between fundamental and technical analysis, and the foreign exchange and equities market.

Their passion is evident: their discussions usually last three

hours, typically ending when the clock strikes twelve.

"Sometimes we get engaged in discussions, someone might ask a random question and everyone starts throwing in their ideas and opinions," says Russell.

He adds that one hotly debated issue was whether to take a more macro approach towards investing such that they identify growth sectors before they pick the companies or zoom in straight on companies based on their book performance.

But they are in consensus, and that goes beyond theory — they will put the research into practice when they turn investors.

All of them hope to avoid a nine-to-five job and make money out of investing instead.

"Investing will help me take control of money," says Zhao Bin, 20, who cites Benjamin Graham as one of his role models.

"I really dislike the idea of handing my money over to banks or fund managers who actually go and invest your money, but don't really give you a detailed report of what they do with your money. I'd rather take that into my own hands," he adds.

Dennis, 20, agrees: "For me, it's a career choice; there are sacrifices and risks involved in investing, but I like the financial freedom."

And ugly stories of bad investments do not faze them. "You can do a 40 per cent bad trade and 60 per cent good trade — you'll still make money," says Dennis, who is enrolled in next's year accountancy class at NTU.

In response to critics who scoff that they are taking this too seriously, they say it's a short-term loss but a long-term gain.

"This is very relevant financial knowledge that we all have to acquire no matter what; it's just a matter of time. So we'd rather



ARTHUR LEE

Five on a hunt for riches: (clockwise, from bottom left) Dennis Hui, Nick Wee, Russell Tan, Lam Zhaobin and Nigel Lauw feel teamwork will pay off much better than individual effort

spend some time acquiring it now," says Zhao Bin.

"If you have to wait until you gain capital, then won't it be too late to gather information?" says Nick, 21. "We want to gain the knowledge now, so that we become investors, rather than speculators."

From its start as a resource-sharing platform, the club has now moved into screening stocks, using their own methodology that involves among other comparisons calculations for price per earnings ratios.

Each has an eye for a particular sector as well, hence they will pick hot stocks from sectors that interest them and share with the others

why they should look out for them.

When tested on their pick of the week, Nigel recommended Hyflux because at the point of the interview it was at its 52-week low; Dennis favoured OCBC's price-to-book ratio; and Nick saw the potential at SC Global despite the company's current bull run.

Eventually, they will set up a mock portfolio with thirty stocks and monitor the progress.

While they will not pump money into their portfolio due to "insufficient capital" for now, Zhao Bin says that it might change later.

"After one year, if the mock portfolio does well, then we'll definitely think about putting \$3,000 to \$5,000 per person to start up the

fund," he says.

If their methodology proves successful, they hope to set up a partnership and attract investors.

As part of SMU's E.y.E. Investment Interactive Club, they will also share their research through presentations with the other members.

This follows E.y.E.'s mission to spread financial literacy, says club president Chan Ying Jian.

He adds that, beginning this school semester, the research department of the club has been beefed up to cater to the more advanced members, some of whom have already tried their hand at investing in stocks and options.