

STARTING YOUNG

Investing to achieve the goal of financial freedom

SMU's Benny Khoo tells **LINETTE LIM** about his financial planning and investments

BENNY Khoo is not your average freshman student. While studying for a double degree in business management and accountancy at the Singapore Management University, the 22-year-old finds time to keep an eye on his own five-figure portfolio.

Apart from that, he is an executive committee member of the university's finance investment club.

The undergraduate – who has an elder brother working in a bank – also intends to pursue a career in the finance industry upon graduation.

Q: What sort of financial planning have you embarked on?

A: I save half of my money, with some going to a savings account and some going to a fixed deposit.

In addition, I make sure that not more than half of my money is locked in trades at any given time.

Q: Are you a spender or a saver, and do you use credit cards?

A: I'm more of a saver, and I don't use credit cards. I currently use a debit card.

Q: What got you interested in investing?

A: It started in the army. I saw my friends doing it so I went to read up about it.

I used a remisier that was recommended to me by a friend.

Q: When and how did you get started investing?

A: After I left the army, I landed an internship on the trading floor at DBS Bank. Shadowing traders and watching them execute trades for a living piqued my interest in this as a possible career.

My parents – who were investing in equities before I got interested – were initially rather apprehensive about me starting young because they held a more conservative attitude towards it.

Right now, I use the same remisier as them and even discuss trades with them.

Q: What do you currently invest in?

A: Mostly equities. These are limited to those traded in Singapore.

I look at small and mid-cap companies, especially those in the oil and gas, and technology sectors. I believe these two industries will thrive in the short term.

This summer, I am also thinking of venturing into options and forex investing.

Q: How would you describe your risk appetite?

A: Low to moderate. I am limited by capital,

so at the moment, I don't trade on leverage but on a cash basis.

As I am only a year into my investments, I believe that there is much to learn and playing it safe would be a wise option.

Having said that, though, I think I have a higher risk appetite compared to my parents.

Q: What has been your best investment so far?

A: Ezra, during the five-to-one rights issue. The earnings amounted to about 5 per cent of my portfolio value.

Q: What has been your worst investment so far?

A: Ezra as well. The stock tanked after the Libyan crisis. I cut my losses and sold the shares, losing about 10 per cent of my portfolio value.

Q: Any tips to share from your experience in investing?

A: Pick stocks based on fundamentals – such as P/E ratios – and growth prospects.

Investment requires a great deal of discipline. The crux is in finding a system that works, and then following it strictly.

This will rule out the emotional parts of investing, which often plagues the average investor.

Q: Any advice for people who are currently not investing their money?

A: I would like to tell them that investment is key to good money management, and that it is worthwhile to put some money in developing a stream of passive income.

We are all limited by the same amount of man hours a day, so if you want to outperform others in terms of cash flow, it would be important to invest – even if it is in something with low risk and low returns, like a fixed deposit.

If you do not intend to invest aggressively, it is still important to have an idea of how much money you have, how much you want it to grow, and what you intend to make it grow.

Q: What are your long-term investment goals?

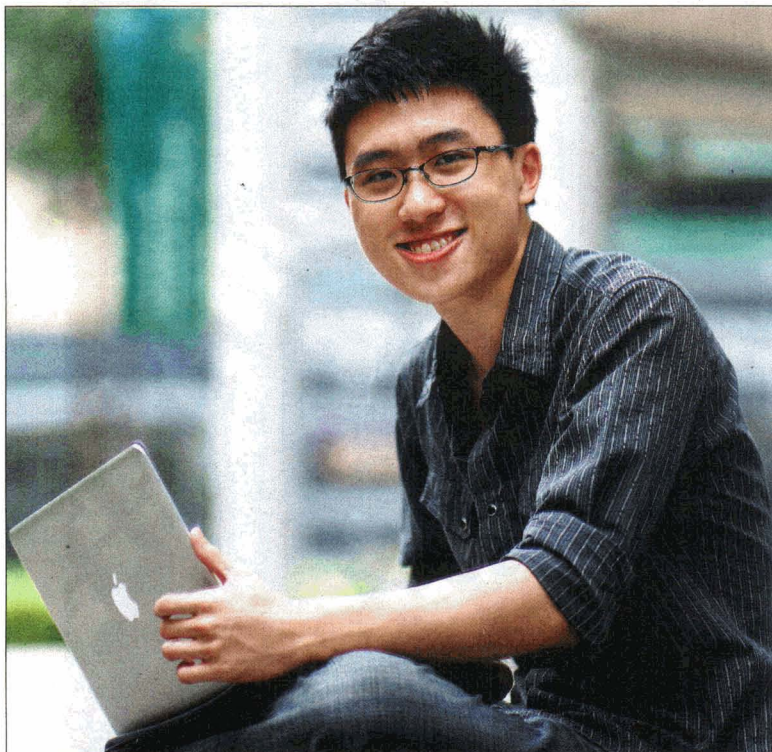
A: My ultimate goal is financial freedom. The ability to actually generate returns with the notion of achieving financial freedom one day is very compelling, and keeps me fascinated about investing.

When I have enough capital, I would like to diversify my portfolio and invest in property and small businesses as well.

Q: If you were a millionaire, where would you put your money?

A: I would like to actively manage a short-term portfolio that comprises risky asset classes such as currencies and options, while maintaining a position in hedging instruments such as precious metals and bonds to diversify my risk.

In the longer term, I would turn to venture capitalism as a means to encounter a positive black swan event.



A piece of advice: Investment is key to good money management, and it is worthwhile to put some money in developing a stream of passive income, says Mr Khoo