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Mr Lim Ding Jun, 26, believes strongly that it's not where you come from that shapes you. "It boils down to our personal choices... and our discipline to stay committed to those choices," he says. PHOTO: TIFFANY GOH FOR THE SUNDAY TIMES

Me&MyMoney

Heartland boy is happy to invest and make losses

He cites his grandfather, who started off as a rag-and-bone collector, as the greatest influence in his investment decisions

Tan Fong Han

His pals at school and university complained that getting rich was not possible if you were not from the "cream of the crop" but oil industry worker Lim Ding Jun had no time for that fatalistic view. He told The Sunday Times: "I believe all of us have plenty of chances to grow and to accumulate our own wealth... independent of our financial background."

Mr Lim, 26, a settlement executive at PetroChina International, believes strongly that it's not where you come from that shapes you, nor is it a matter of family wealth. "After all, he grew up in a middle-income family and lives in an HDB flat in the heartland."

"It boils down to our personal choices - spending, saving and investing - and our discipline to stay committed to those choices," says Mr Lim, who cites his grandfather as the greatest influence in his investment decisions.

His grandfather, who started off as a rag-and-bone collector, invested his earnings until he had enough to open a minimart. "My grandfather is now able to sustain himself just through equities, which is something you'd want to look forward to at the age of 83," he says.

Despite having studied "in one of the lowest-ranked secondary schools in Singapore," Mr Lim graduated from Singapore Management University (SMU) in May last year with a double major in finance and information systems management.

With a keen interest in business, he took various internships with companies like Phillips 66 and Allianz as an undergraduate before joining PetroChina once he graduated last year.

He has been working as a settlement executive at its finance department, a job that entails liaising with traders and brokerages on trades in products like petrol and crude oil.

Mr Lim began investing when he was in the army by saving his allowances, and built a portfolio worth \$170,000 between 2009 and this year, investing in financial, real estate and logistics companies. Under the influence of his friends - and what he calls his "young appetite for risk" - he ventured into foreign exchange (forex) and contra trading three years ago.

While he has incurred losses in his forex investing, he sees it as a counter-intuitive "investment", a way to understand how world events like political instability and natural disasters affect currencies and the economy.

A little extravagant for a life lesson, but Mr Lim finds it worthwhile and plans to continue experimenting with currency trading.

Moneywise, what were your growing-up years like?

A I think I was a compulsive saver when I was younger. My parents led a frugal lifestyle, and prudent saving and traditional investments were the ways we accumulated wealth. I did not enjoy many of the luxuries my friends got; my brother's and my savings were al-

ways locked in by our parents into an account. It was only when I learnt more about short-term investments that I started becoming less conservative with my money. I grew up listening to my relatives talking about the stocks they invested in. There were many stories about how they burned themselves playing with stocks. I guess I understood then that it was natural for investments to have these risks.

How did you get interested in investing?

A My grandfather started investing in blue-chip firms and penny stocks when he was around 50. Seeing him build up a portfolio inspired me. He's a very conservative investor and sells his shares only if he needs the money urgently. I started investing in the same manner, using the savings I had from my army allowance and placing it in SingPost. I still have it in my portfolio and receive a 4 per cent dividend on average annually.

When I entered SMU in 2012, I met other friends who shared similar investment interests and started diversifying my portfolio to include currency and contra trading.

Describe your investing strategy.

A I accumulate my dividends through my long-term investment in stocks, before reinvesting them in contra trading on equities and currency trading. I hope to leverage on the market fluctuations and gain some new experiences. I primarily use fundamental analysis when I start "shopping" for suitable stocks. I pay attention to the general industry outlook, company business model, corporate governance and more importantly, upcoming plans.

When I was studying finance at university, we also learnt the dividend discount model - a way to calculate the true value of the stock by discounting predicted dividends from its present value.

I also rely on technical analysis tools like the exponential moving averages for my short-term investments like forex trading. But theory is only one thing. In practice, I talk to my friends to get information on industries that I am unfamiliar with.

Also, when it comes to investing in volatile markets such as forex, I close off my account when I am unable to monitor it because these markets fluctuate a lot.

Most of the time, I try to minimise my losses. I have break-even points for all my investments - which is arbitrary - one that I am comfortable with, and when my

share prices fall rapidly, I will sell them off by their reach that point.

Some people may hold on to the stocks, hoping that the price changes for the better, but I don't believe in that. After you decide on something, you should not waver.

What is in your portfolio?

A My investments are mostly based in Singapore and 80 per cent of my investments are for dividends and 20 per cent are based in speculative investments. I receive, on average, 4 per cent dividend yield per year. I hold 30 lots of 1,000 shares in SingPost, five lots in OCBC and 20 lots in Cogent, a small and medium-sized enterprise (SME) that handles logistics, transportation and warehousing. It started off at 10 cents in 2011 and its price has grown to 57 cents now.

I have 25 per cent of my portfolio in real estate investment trusts (REITs) - it is my only investment in property and I enjoy about 6 per cent in dividends annually.

I recently started investing in the United States stock market. After interning at a US oil company, Phillips 66, I learnt about the patterns of the US stock market from my colleagues and felt more confident investing in it.

For US oil companies, I take into consideration their oil reserves, the refining capacity and their market share in the industry.

What is the most extravagant thing you have done?

A The most extravagant thing I have done is to go into forex. I have lost about \$10,000 since I went into it three years ago. I traded in currencies such as the Australian and US dollars. I have been recovering my losses in the past year and have recovered around 50 per cent of it.

What are your immediate investment plans?

A I plan to continue trading in forex. I've invested around \$10,000 so far and will continue. I am learning to gather more information, manage my risks better and make better decisions.

I don't have any markets I am averse to venturing into at the moment. The only industry I have evaluated and decided not to go into is shipping. The maritime industry is not doing that well. Smaller shipping firms may also have weaker management teams.

Home is now...

A A five-room HDB flat. I live with my parents.

tanrh@sph.com.sg

Worst and best bets

What was your worst investment?

A I lost about \$15,000 in four days under contra trading because of a silly mistake. It was Christmas Eve in 2009 and the stock market closed half-day but I didn't realise that. The stock price plunged straight down. I couldn't do anything until the market opened the following Monday. I had to pay up then. I kept expecting it to turn around, but I didn't expect the loss to go beyond \$10,000.

It was a stock for a company involved in the developments for the Iskandar Malaysia project. I went into it because there was news that the sultans were coming in (to invest) and everyone else was buying it. But the sultans changed their minds, and the Singapore and Malaysia governments could not come to a consensus on the permits for the development.

I learnt that politics played a role in investment, through this experience.

What was your best investment?

A My best investment was in Glan. Then, in 2011, the stock was priced at \$1. People felt it didn't have a good credit rating too. But I saw that it was one of the largest coffee makers in the world and believed it was too big to fail. Hence, I bought into it.

The stock price increased quite quickly after Temasek Holdings raised its stake in the firm. I sold it at about \$2 per stock and made about \$5,000. I held the stock for about three to four months.

This stock went against market expectation. It felt like my most fruitful trade. The rest of my investments were usually in blue-chip firms that were bound to bring in returns. For the decision made based on my intuition, I was proud that for once, I was right.

Tan Fong Han

EARLY LESSONS

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MR LIM DING JUN, on his learning experience from a young age.