After a number of false starts and much research, an amateur investor’s perseverance finally pays off, **FELDA CHAY** reports

**Learning by trial and error**

Unfortunately, their winning streak did not continue. Six months after their first options trade, the two lost all the profit they had made, as well as 30 per cent of their start-up.

“We realised then that the Australian stocks were going nowhere, and the guy who was teaching us was also going nowhere,” he said.

That realisation prompted the two to stop investing in the Australian market.

The next three months saw Jeremy reading more books on stocks and investment, before chance upon another opportunity to invest, this time in the United States. A family friend who was a full-time options trader in the US came to Singapore for a visit, and knowing that he had made “made quite a bit of money”, Jeremy’s father seized the opportunity and made a request for him to conduct a course on options trading in the US. After attending the course, Jeremy and his father began trading options on the Chicago Board of Trade.

“We thought that since he was a trader, his way was the way to go,” said Jeremy.

Once again, things did not work out. “We realised that the way you trade options on the floor and the way you trade as a retail investor is very different. As a professional investor trading on the floor, you enjoy advantages like lower clearing fees, which investors like us do not enjoy,” Jeremy said.

These differences mean that the strategy that works for a professional may not work for a retail investor, he said.

With these two failed attempts, his father decided to quit. “I felt that it was possible to make money consistently.” He did, however, stop trading options and tried trading shares in the US instead.

“At least for shares, you won’t lose so much money,” he said candidly.

He also started to analyse the profitability of the stocks on his own. He uses the data that he gets from Bloomberg and CNBC to brush up on his knowledge on the industry going on.

“Six months later, an opportunity came knocking. Jeremy and his father went for an American options trading course, and were told that all they had to do to make a profit was to use a formula created by the course conductor when making investments in the American options market.

“The guy who conducted the course said that all we had to do was to follow his formula and we’d definitely make money,” said Jeremy. “I was very excited, so I guess I believed him.”

That prompted his dad to open an account there with a start-up of US$10,000 (S$12,634), which Jeremy traded on his behalf. Their first trade went well. Using the formula they had gotten from the course conductor, the two made a profit of more than US$1,000.

**Consistent returns key to investment**

After a number of false starts and much research, an amateur investor’s perseverance finally pays off, **FELDA CHAY** reports.

“I was holding naked options for about a week, then one day it just opened and within ten minutes it just dropped and I saw it in the red. I sold it after ten minutes. It was just too much to bear.”

Yet, in spite of scares like these, his perseverance has paid off. To date, he has made a profit, though he declines to tell you exactly how much.

“I think it’s pretty convincing,” he said.

“Winning ways: Instead of blindly following the advice of others, Jeremy analyses the profitability of the stocks on his own.”

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