23-year-old made $400k from stocks

Global financial crisis was good for SMU student who owns a financial consultancy

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For managing his personal finances prudently, Mr Sam Goh won the Money Sensible Youth Excellence Award organized by the Asian financial literacy MoneySense programme in 2006. Back then, he was pursuing his diploma in accounting and finance at Temasek Polytechnic.

The award turned out to be a turning point in his life, and played a part in his decision to venture into his current profession. He graduated from the polytechnic in 2007 and joined Singapore Management University (SMU) last year after serving his national service.

While still in his first year at SMU as a business management student, Mr Goh set up financial consultancy firm Wisdom Capital with a friend. It provides financial and investment planning workshops and seminars to corporations, schools and individuals. The 23-year-old is currently in his second year of studies.

To date, Mr Goh has invested $90,000 in the business. The firm broke even in the middle of this year. It has a team of 20 undergraduates running its training programs.

Although Mr Goh lost some money in his first attempt at stock trading, when he was 18, he has managed to turn his performance around by doing his homework before investing. During the global financial crisis, when markets were volatile, he made close to $400,000 trading stocks.

For instance, he invested in Osim when the counter was 9.5 cents and made about $80,000 when it hit 65 cents to sell per share. Another good investment was in Golden Agri in 2008 when the share price was averaging 28 cents. He made about $60,000 when he sold his shares at about 58 cents apiece.

He interested at a financial advisory firm as an investment planner during his third year at poly and worked there part-time last year before setting up Wisdom Capital.

Early this year, Mr Goh completed the certified financial planner (CFP) programme and is now studying to become a chartered financial consultant (ChFC). He is single.

Q: Are you a spender or saver?
I think I am more of a saver than a spender. I usually save up to 40 per cent of my monthly income. The savings are allocated proportionally to various asset classes ranging from stocks to fixed-income mutual funds so that I can accumulate and grow my personal wealth.

Q: How much do you charge to your credit cards every month?
I do not have any credit cards. The reason is there will be an urge to splurge with a credit card. Besides, it comes with high interest rates. I go to the ATM weekly, withdrawing $200 to $300 each time.

Q: What financial planning have you done for yourself?
I usually channel 30 to 40 per cent of my monthly income into investments. I invest in a variety of asset classes, including stocks, mutual funds and derivatives products like futures contracts and forex.

I have two portfolios – one for stocks and the other for mutual funds. The stock portfolio has been averaging an annualised return of about 23 per cent. I have bought shares in mining companies, banks, property developers and real estate investment trusts across different markets, including Singapore, Malaysia, the United States and China.

My Singapore stocks include SPDR ETF Gold, Golden Agri, CapitaLand, Sembcorp, CapitalMalaysia Asia and Suntec REIT.

My mutual funds portfolio has been averaging an annualised return of 10.5 per cent over the past two years. I am close to 80 per cent invested in Asia and emerging markets, with the balance being global equities. I am satisfied with the portfolio’s performance, given that it is made up of mostly fixed-income and global equities funds such as Aberdeen Pacific Equity, Pru Asian Balanced Fund, Legg Mason SIA Special Situations and Aberdeen Global Emerging Markets.

Occasionally, I engage in futures trading. I also own a medical and an education policy.

WORST AND BEST BETS

Q: What has been your worst investment to date?
The first stock I bought when I started investing in 2005. Back then, my investment knowledge was rather limited and I was not aware of the risks associated with stock trading. I bought the stock on the recommendation of a good friend who had been pretty successful in the stock market. I invested my savings of $8,000 in a local water treatment and biotechnology firm. It proved to be a bad investment decision as the share price of the company plunged by more than 40 per cent after a series of negative news announcements associated with the company’s business operations. All this happened in one month. It taught me that I needed to do my homework before investing.

Q: And your best investment?
In 2008, I invested close to $15,000 in a US health-care company. Within two years, the share price has more than tripled. The reason for this is the strong business model that the experienced management team has shaped over the years. Today, the unrealised profit from this investment stands at $100,000.

Q: What property do you own?
In December last year, I bought a 1,100 sq ft, three-bedroom, freehold condominium in the East Coast area with a friend. It cost $900,000 and I put in about $450,000 cash. I didn’t take a housing loan because I didn’t like debts. It is rented out at $8,000 a month. The current value is $1.2 million.

Q: What’s the most extravagant thing you have bought?
I spent $800 on a Louis Vuitton belt on impulse during a shopping trip at Orchard Road one year ago.

Q: What is your retirement plan?
Achieving financial freedom before the age of 40 is one of my life goals. I aim to have a flow of regular passive income from property rentals and investments. However, I do not intend to retire and hope to continue working as I am passionate about what I do.

As long as health permits, I will want to expand both my business and, in the process, educate and create awareness for more people in the area of financial literacy.

Q: Home is now...
I live in a five-room HDB flat with my family in Tampines.

Q: I drive...
I do not drive a car.