STARTING YOUNG

Take calculated risks & read a lot

Raghav Gupta tells TAM YU LING that he thinks the construction and power supplies industries in Japan have great potential.

At 18 years old, Raghav Gupta is probably one of the youngest investors to be featured in this series. However, the first-year business undergraduate at the Singapore Management University (SMU) is confident that his love for money is here to stay, having subscribed to his own brand of Calvinism by making his first trade when he was 15.

However, it is not all work and no play for this member of the SMU Equity Investment Club. A self-proclaimed gadget lover, he rewards himself by using some of the profits generated from successful investments to buy his favourite gadgets from Apple Inc.

Q: How did you get started investing?
A: I was introduced to the world of investing when I was ten years old and living in India. My grandparents had retired at that time and were mostly at home. They monitored the stock market closely through CNBC and this influenced me to do the same. When I was 12, I got so interested in the stock market that I started making notional trades – where I imagine that I had bought a certain stock at a certain price, and started monitoring its share price. It was only at the age of 15 that I made my first investment, using my grandfather’s account (the age requirement for opening a trading account is 18 in India).

Q: Do you use any credit cards?
A: As I am 18 this year, I am now eligible to sign up for a credit card. However, I do not use one as my living expenses are not that high. I rely mostly on cash and debit cards for my day-to-day cash transactions.

Q: What was your worst investment?
A: My worst investment was in Moser Baer, an optical storage media manufacturing company with manufacturing plants based in India. I bought it at 80 rupees and it rose to a high of 110 but has since fallen to 40. However, as I believe that this company has the potential to grow, I am still holding on to it.

Q: What is your current portfolio like?
A: As I am currently based in Singapore, I have decided to park most of my funds into blue chip companies in India. This will allow me more time to concentrate on my studies as I do not have to monitor stock prices on a day to day basis. Right now, my money is in Reliance Industries, Reliance Power, Satyam Computer Services and Moser Baer. My investment ratio is 60 per cent for the first two and 40 per cent for the last two.

Q: Would you describe yourself as a fundamentalist or a technician?
A: I do think like a fundamentalist but as I will only be investing during the summer vacation, I will be going towards technical analysis for such short term investments. Hence, I would like to think of myself as a mixture of the two investing styles.

Q: How would you describe your risk appetite?
A: Back home in India, I have the financial backing of my parents, so I do feel that I can take more risks now as I will not be impacted in a big way even if I make some poor investment decisions.

Q: What advice would you give to a young investor?
A: My advice would be based on three points. First, start young. Warren Buffett, who also happens to be someone I look up to, started investing when he was only 14. Likewise, I started investing when I was pretty young. When you invest when you are young, time is on your side and there will be more opportunities to learn.

Second, read extensively. Read from books, magazines, newspapers and financial journals to gain knowledge on what is going on in the world. The knowledge gained can then be applied to make wise investment decisions.

Third, do not be afraid to take calculated risks. When you are young, you can afford to take more risks as you have less financial responsibilities. Even if you make bad investments, I do think that one would rather learn from one’s mistakes now than to learn from it later.

Savvy investor: As Mr Gupta is currently based here, he has parked most of his funds in blue chip firms in India. They are Reliance Industries, Reliance Power, Satyam Computer Services and Moser Baer.