It's all discipline and dedication

An early start and robust trading system anchor a young trader's strategy, writes NATHANIEL CHEW

Q: What got you interested in investing?
A: In 2009, my first year in National Service (NS), my uncle came over to my house on Chinese New Year and introduced me to foreign exchange (forex) trading. He opened a forex charting programme and showed me some trading techniques. He also introduced me to Forex Factory, an online community for forex traders.

Forex is a great starting point for traders because it emphasises a lot of technical analysis. One can say that forex is 90 per cent technical analysis and 10 per cent fundamental analysis. It's good for any trader to have some background in technical analysis.

Q: What was your first investment?
A: My first real cash investment was a Lion Global Korean equity fund, which invested primarily in South Korean company stocks like Samsung and Hyundai.

I had around 6 per cent returns when I closed my position after around five months, then moved on to invest in riskier asset classes.

Q: Do you do a lot of market research?
A: Before I entered SMU, I spent quite a lot of my time watching the screens and trading the major pair of currencies.

I spent about 1.5 hours a day doing that. I slept during the Asian session and stayed up during the Europe session all the way to the New York close session. I read a book that said any trader would need to have 10,000 hours of charting time to become proficient. I'm slowly working toward that target!

During National Service, I read widely. I printed a lot of 60 books, and I cleared it. After you read a lot, all the theories in these individual books synthesize and form the basis for your trading in the future. I read widely and formed my own opinions on the best strategy to use.

Now I'm in a business school, and the semesters can be very packed, so I can't really afford a lot of time to read about the market. But because I'm a finance student, I have a lot of discussions in class. At SMU there are some people who trade a lot, like in E.Y.E, my investment club. It helps to reinforce the market sentiments that I see - I have a consistent feel for the market.

Q: Would you say you are a cautious investor?
A: I actually have quite a risky appetite. I invest in quite a few stocks like financials, which tend to be more volatile compared to the defensive stocks.

For any investment though, my expected returns must be at least thrice the amount of risk I undertake to make them.

Q: What is your current portfolio like?
A: In terms of number of counters I probably have eight or nine. I have a position in US, Singapore, and Hong Kong. I hope to pursue a role in trading when I graduate from school.

In terms of number of counters I probably have eight or nine. In terms of position size, I have quite a risky appetite. In terms of time spent watching the screens, I spend quite a lot of my time day trading on forex. I was at home during the Asian session and stayed up during the Europe session all the way to the New York close session. I read a book that said any trader would need to have 10,000 hours of charting time to become proficient. I'm slowly working toward that target!

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Q: If you were a millionaire, what would you buy?
A: I think Microsoft has potential. I actually have a position there now. I entered at US$27, and I think it's getting more competitive compared to its peers, and there might be potential for the years ahead. Their current valuation is priced pretty attractively as well.

Q: Do you have any investment advice to share?
A: Start young. I started when I was 19, and every year I compounded my returns by about 9.7 per cent. When I hit 25 and graduate, I'll have significant compounded returns in my portfolio. You must have the discipline to stick to your trading system. Even in periods when there is no signal, you must be disciplined enough not to enter a position, if it doesn't follow the rules of your trading system.