THE STRAITS TIMES

SAVE & INVEST PORTFOLIO SERIES

'No' to options trading after bad experience

Mr Getty Goh with his wife Eleanor Chia, 36, and their two children – Zachary, eight months, and Natasha, three. Mr Goh spends most of his time running his real estate crowdfunding site, CoAssets. ST PHOTO: ONG WEE JIN

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Lesson for real estate investor: It's best to do what he knows and know what he does

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This is the second part of our year-long Save & Invest Portfolio Series, where The Sunday Times will feature the simulated portfolios of three real retail investors.

The series started last week with a young working adult, 25-year-old Shona Chee, and the investment portfolio devised by our panel of four professionals from the CFA Society Singapore (CFAS).

Today, we look at Mr Getty Goh, 38, who is married with two young children, and his customised simulated portfolio built by the panel.

As the Portfolio Series is intended only for illustrative and educational purposes, it will not involve actual money. All three portfolios are limited to Singapore Exchange-listed instruments to keep them easy to monitor, simple and accessible, as well as Singapore Savings Bonds, which can be bought via automated teller machines.

There will be similarities in the three portfolio holdings, but the allocation for each profile will differ, depending on the individual's risk-return objectives and preferences. The simulated portfolios are constructed for an ideal investment time horizon of five to 10 years.

The three portfolios, which went live on Monday, will be tracked by The Sunday Times each month until the end of the year.

Mr Getty Goh's simulated portfolio

Age: 38

Investable sum: $200,000

Asset class	Security	Weightage (%)
Domestic equities (40%)	ComfortDelGro	6
	OCBC	5
	SATS	6
	Singapore Airlines	6
	Singapore Exchange	6
	Singtel	6
	Wing Tai	5
Global ETFs (40%)	DB x-trackers Euro Stoxx 50 UCITS ETF	9
	DB x-trackers FTSE China 50 UCITS ETF	10
	DB x-trackers MSCI USA Index UCITS ETF	7
	Lyxor ETF Commodities CRB Non-Energy	7
	SPDR Gold Shares	7
Reits (10%)	A-Reit	5
	CMT	5
Bonds (10%)	CMA 3.8% Jan 22	2
	CMT 3.08% Feb 21	2
	iShares Asia Credit Bond ETF	4
	Singapore Savings Bonds	2
Total		**100**

NOTE:

- As the Portfolio Series is intended for illustrative and educational purposes only, it will not involve actual money, investments or solicitation of funds for actual fund management by CFAS or the advisory panel.
- You are advised to seek independent financial or other professional advice for your own investments.
- CFAS and the advisory panel may provide information and recommendations on investments which they have an interest in.
- All views or recommendations made by the advisory panel are to be attributed to CFAS.

Source: CFA SOCIETY SINGAPORE ST GRAPHICS

MORE AGGRESSIVE PORTFOLIO

Getty has the financial buffer to take on more risk. His savings and properties are already giving him yield, so he can stomach more risks compared with Shona.

"THE CFAS ADVISORY PANEL, on Mr Getty Goh. After setting aside $150,000 in emergency funds, he has $200,000 in investable funds.

Save & Invest Portfolio Series

The year-long Save & Invest Portfolio Series will feature the simulated portfolios of a young working adult, a married couple with two young children and a retiree.

It will guide retail investors in basic investment techniques and how to build a portfolio in accordance with their investment goals and risk tolerance.

This initiative involves the Singapore Exchange collaborating with CFA Society Singapore and MoneySense, the national financial education programme.

WHAT GETTY GOH WANTS

A bad experience in options trading taught entrepreneur Getty Goh a valuable financial lesson - to do what he knows and to know what he does. "I dabbled in stock options trading when I was 25 to try and accumulate some quick cash," Mr Goh recalls. "When (Hurricane) Katrina struck in the US (in 2005), I saw my trading value drop by more than $10,000."

Since then, he has not speculated in stock options, which give investors the right but not the obligation to engage in a future transaction on an underlying security. He also stays away from share investing, as his time is spent mostly on running his Australian-listed real estate crowdfunding site, CoAssets.

It is an online platform where investors who seek financial returns put their cash into deals.

His company has offices in Singapore, Malaysia, China and Australia. Since 2014, it has raised $42 million for more than 30 crowdfunding deals.

An avid real estate investor, Mr Goh bought his first property - a one-bedroom condominium unit - when he was 24, after graduating with a bachelor's degree in building estate management from the National University of Singapore.

Besides the three-bedroom condominium unit in Tanjong Rhu that his family lives in, he has four other properties - a three-bedroom apartment in Singapore, one-bedroom apartments in Melbourne and Krabi, Thailand, and a corner terrace house jointly purchased with a friend in Iskandar, Malaysia.

These properties provide a source of passive rental income for him and his wife, who is the vice-principal of a secondary school.

"People may say endowment insurance plans work, and we do have some of those, but you need to pay premiums periodically and they don't appreciate in value," Mr Goh says. "For properties, you buy one and pay a fraction as deposit.

"To me, that's good for a mid- to long-term plan. Every month, it pays for itself (assuming it is rented out) and at the end of 10 to 20 years, the likelihood of capital appreciation is high."

The Gohs have outstanding mortgages of $800,000 and a loan of $80,000 for a BMW 325.

His monthly expenses amount to about $6,000, including insurance premiums for a $2 million term policy on his life, his children's education plans and other health and endowment plans.

Apart from his properties and a one-third shareholding in CoAssets, he has no other investments. After setting aside $150,000 in emergency funds, Mr Goh has $200,000 in investable funds.

He told The Sunday Times that his financial objective is to diversify his investments and accumulate wealth. He has a mid- to long-term investment horizon.

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Panellists' rationale for global ETFs and Reits selection

WHAT FINANCIAL EXPERTS SAY

Given Mr Goh's diversified real estate portfolio and stable income, he can have a more aggressive investment portfolio.

This means more of his savings can be parked in riskier assets such as equities. A risk-profiling exercise indicated that he is open to a significant level of investment risk with his funds.

As such, the asset allocation of Mr Goh's customised portfolio reflects that of an aggressive risk profile with 40 per cent in domestic equities, 40 per cent in global exchange-traded funds (ETFs), 10 per cent in real estate investment trusts (Reits) and the balance 10 per cent in bonds.

The CFAS advisory panel says: "Getty has the financial buffer to take on more risk.

"His savings and properties are already giving him yield, so he can stomach more risks compared with Shona."

Just like Ms Chee's simulated portfolio, each domestic equity is kept at 5 per cent to 10 per cent to diversify concentration risk.

Reits give good yield and are a natural hedge against inflation, and global ETFs will provide diversification from the domestic market.

There are two stocks in Mr Goh's portfolio - Singapore Airlines (SIA) and Wing Tai - that replaced Raffles Medical, which was in Ms Chee's portfolio as she wanted some exposure to the healthcare sector.

The panel highlighted that SIA would benefit from lower energy prices, while Wing Tai has a healthy balance sheet and strong fundamentals with experienced management to benefit from recovery in the real estate sector.

Mr Goh told the panel that he was concerned about his simulated portfolio's exposure to China in the light of poor market sentiment and plunging share prices this year. The panel has allocated 10 per cent of his investable sum to an ETF that mirrors the FTSE China 50 index.

Panellist Simon Ng says: "Our entry point at this juncture is great... China's growth is still intact, albeit having moved down from 9.5 per cent in 2011 to 6.9 per cent last year.

"It's growth that you don't see in other nations. It's the new norm. The era of double-digit growth is gone. The economy is still growing pretty well and substantial."

He added that while there is short-term risk, the potential upside can be rewarding.

"At 10 per cent, it's a fair amount of risk we would like to stomach with that upside," Mr Ng says.

The panel believes that Europe is likely to have potentially more quantitative easing (QE) initiatives that the region's economies would be able to capitalise on than the United States.

This explains why 9 per cent is allocated to European ETFs and 7 per cent to US ones.

The panel is looking at annualised returns of 8 to 10 per cent a year for Mr Goh's portfolio.

In the light of recent market gyrations and the portfolio's large equity exposure, the advisory panel and Mr Goh agreed to split the investing into two tranches.

The first tranche was carried out on Monday where 10 per cent or $20,000 was "invested" in bonds and 50 per cent of the "funds" meant for domestic equities, global ETFs and Reits were outlaid. The balance will be deployed later with the panel's recommendation.

Last week, we highlighted the panel's rationale for domestic equities. Global ETFs and Reits are covered today while we will look at bonds in greater detail next Sunday.

Meanwhile, you can check out SGX StockFacts (www.sgx.com/ stockfacts) as a tool to analyse SGX-listed stocks. The first seminar on the Save & Invest Portfolio Series is on Feb 20 at SGX. To register, visit www.sgx.com/academy.

Send your queries on this series to lornatan@sph.com.sg

Mr Getty Goh's simulated portfolio