Invest

Jacqueline Woo, unfazed by market rout, starts her investment journey. B19

Entrepreneur Grace Cheng used to be a forex day trader. B16

Save&Invest

'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

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

Lorna Tan
Invest Editor

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.

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.

MORE RISK continued on B19

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

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.

Panellists' rationale for global ETFs and Reits selection

SPDR GOLD SHARES

The largest physically backed gold exchange-traded fund (ETF) in the world, SPDR Gold Shares, offers investors a relatively cost-efficient way to access the bullion market. With less supply being added every year in coming years, and perhaps permanently, the scarcity value of gold is set to increase.

The global stock market has stagnated while the overall economy is relatively weak. Amid a flat currency environment, gold is deemed to preserve wealth. It also serves as an inflationary hedge.

On the demand side, China continued to add to its gold reserves. It bought 103.9 tonnes in the second half of last year. Global market anxiety and nervousness are also boosting gold's safe haven appeal.

LYXOR ETF COMMODITIES CRB NON-ENERGY

This ETF tracks the Thomson Reuters/Jefferies CRB Non-Energy Index. It is a commodity futures index that includes aluminium, cocoa, coffee, copper, corn, cotton, gold, lean hogs, live cattle, nickel, orange juice, silver, soya bean, sugar and wheat. It is designed to provide dynamic representation of broad trends in non-energy commodity prices.

Agricultural commodities are sensitive to weather events like El Nino and La Nina in the short term, but from a longer-term perspective, demographic trends are of paramount importance. In 1959, there were fewer than three billion inhabitants on earth. Today there are over 7.4 billion, which means there are more than double the number of mouths to feed. The chance of adverse weather conditions this year potentially resulting in poor harvests and a reduced supply of crops motivates us to look at agricultural commodities and add this ETF as a form of diversification and opportunity.

DB X-TRACKERS FTSE CHINA 50 UCITS ETF

This tracks the performance of the FTSE China 50 Index. China remains an important market. It accounts for 15 per cent of global GDP but 40 per cent of global GDP growth and 20 per cent of global capital expenditure on physical assets such as equipment, property and industrial buildings.

China has been making the painful transformation from an industrial economy to a service economy. China has also moved from export-led growth to domestic demand-driven growth.

The economic transition should bode well for long-term growth sustainability. China still has a lot of room to expand its service industries, reform its state-owned enterprises and reduce the income disparity between cities and rural areas.

Its economy should post healthy growth of 6.7 per cent this year, despite jitters over the yuan's depreciation. Though the number is down from 6.9 per cent last year, it is still high compared with other countries. While we should be cautious and monitor the developments in China closely, there are opportunities to capitalise on its long-term growth.

DB X-TRACKERS MSCI USA INDEX UCITS ETF

The ETF tracks the performance of the MSCI USA Total Return Net Index, which holds about 600 constituents. The US Federal Reserve expects the economy to grow 2.4 per cent this year while US consumers are expected to contribute 70 per cent of GDP, continuing to be the bright spot of the economy.

Reasonable credit availability for borrowers and faster wage gains are drivers of US growth. After all, wages are critical for household purchasing power. Unemployment has dropped to 5 per cent and is expected to fall to averages of 4.8 per cent this year and 4.2 per cent next year.

Nationally, in December alone, employers increased payroll by 292,000, well above what Wall Street had expected. The economy is not as bad as market sentiment is suggesting.

DB X-TRACKERS EURO STOXX 50 UCITS ETF

This tracks the performance of the Euro Stoxx 50 Index, which includes the shares of 50 sector-leading euro zone firms.

Europe has been troubled by headwinds both internal – such as sovereign indebtedness, "Grexit" and political discord – and those outside of its control such as the refugee crisis, Ukraine and the slowdown in China and emerging markets.

On the bright side, Europe is set to have accelerated growth as policies remain supportive and corporate and economic fundamentals appear to be improving. Credit data, manufacturing activity and business confidence have all shown signs of improvement. Corporate earnings in the euro area delivered 3 per cent growth last year, and we expect favourable earnings this year.

European equities will be supported by a more proactive European Central Bank, continued high levels of mergers and acquisitions and continued banking system repair. The disconnect between depressed sentiment and resilient fundamentals offers attractive buying opportunities.

ASCENDAS REIT (A-REIT)

A-Reit owns a total of 102 properties in Singapore, 27 in Australia and two business parks in China.

It is trading at 12.5 times its earnings with an expected yield of 6.75 per cent. A-Reit's weighted average lease term to expiry is expected to increase from 3.83 years to 3.85 years.

CAPITALAND MALL TRUST (CMT)

CMT owns 16 shopping malls here, including Tampines Mall, Junction 8, Funan DigitaLife, IMM Building, Plaza Singapura, Bugis Junction, JCube, Clarke Quay and Bugis+. It is trading at 12 times its earnings with an indicative yield of 6.2 per cent. Price-to-book is at a reasonable multiple of 1.03 times. We believe the management's strong track record and its focus on necessity spending will allow it to better weather the challenges.

Published and printed by Singapore Press Holdings Limited. Co. Regn. No. 198402868E.

A member of Audit Bureau of Circulations Singapore. Customer Service (Circulation): 6388-3838, circs@sph.com.sg, Fax 6746-1925.