

Savvy students play the stock market



By ARTHUR POON

AN UNDERGRADUATE reviews his notes as he waits for a bus or a train. These days, it may not be quite what it seems.

He could be one of a new breed of financially savvy students devouring a research report on a stock he wants to buy.

Share investors are becoming younger and more sophisticated about the ins and outs of the market and local brokerages say they are noticing a trend of undergraduates signing up to trade.

Far from just following the latest craze and leaping in blindly, these young people are clued-up.

Not for them punting on a hot tip. They scrutinise financial reports in newspapers and on TV, as well as analysts' insights, trade magazines and online discussion forums.

"We have seen a general increase in the number of young investors, especially undergraduates, opening trading accounts in the last few years," observes OCBC Securities managing director Leong Mun Wai.

They are mostly undergraduates in their early 20s, he said. Unlike older investors, they prefer to trade online rather than phone up a broker or remisier.

"More than 80 per cent of accounts opened by undergraduates have do-it-yourself trading access via the Internet, as they are more knowledgeable about investing and are generally IT savvy," said Mr Leong.

Phillip Securities was reported recently as having 5,000 undergraduates with trading accounts with it — a jump of 21 per cent over the last two years.

One student share investor is Alvin Huang, 23, a second-year Singapore Management University (SMU) business student.

He discusses investing ideas with people he meets online at www.shareinvestor.com and, sometimes, participates in face-to-face discussions to learn from others' mistakes.

To upgrade his investment knowledge, he has attended financial analysis courses organised by the Singapore Exchange (SGX).

His benefactor is mum Irene Ong, 47, managing director of Serene Nursing Home. She paid the \$300 fee for his first course, a 10-day SGX workshop.

Ms Ong anted up the \$8,000 for her son to start a \$10,000-trading account with Phillip Securities two years ago.

The result: He has now grown his portfolio value to about \$11,000, which is a return of 5 per cent per annum.

It's a rate he describes as decent because he only enters trades every two months, averaging \$5,000 a time.

He admits that it has been a learning curve. With classic beginner's luck, his first trade, on Horizon — an e-business and e-learning solutions provider — made a profit.

"Making money on my first trade emboldened me to take up a bigger position and unnecessary risks," he said.

Now he is more cautious and spends about an hour each night downloading stock prices and plotting charts for 10 of his frequently traded stocks.

Not every student investor has a mum like his.

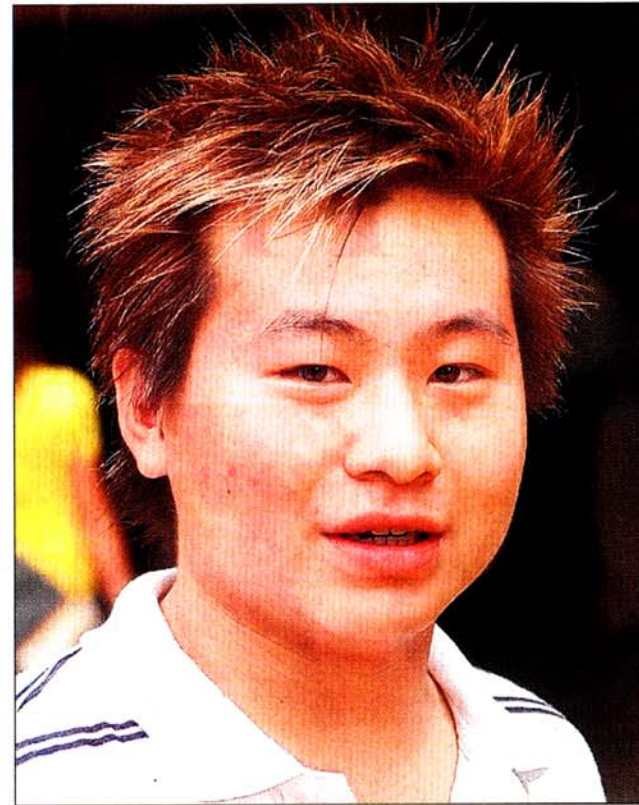
The parents of Mr Goh Chuan Yong, a third-year business undergraduate at Nanyang Technological University (NTU), are unaware of his investments, currently valued at about \$10,000.

"They have no idea that I am an investor," he says and justifies it by adding that, because he doesn't discuss such matters with them, it isn't necessary to tell them.

Besides, he says, he makes many decisions about himself on his own, so he does not need their approval, although he lives with them in a five-room flat.

His dad, 63, is a delivery driver and his mum, 58, a homemaker.

His three older sisters do not live with him and his parents as they are married.



BUMPY RIDE ON THE MONEY TRAIN

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MR ALVIN HUANG, 23, second-year SMU business student. More cautious now, he spends about an hour each night downloading stock prices and plotting charts for 10 of his frequently traded stocks.

Other student punters do not consult their parents because they feel their parents simply do not have the wherewithal to discuss investment ideas.

"They don't really understand what investing is about but they trust my judgment," said Mr Ernest Lim, a 24-year-old student investor at NTU.

His father, 57, is a businessman, while his mum, 53, is a homemaker.

Studied and thoughtful they may seem, but the instinct that galvanised them into trading shares is not uncommon: They simply want to make money, lots of it, as much as possible.



PHOTOS: DESMOND WEE

MOVING TO MORE STABLE GROUND

"My losses have made me more risk averse and this has made me look at alternative investments, such as unit trusts and endowment policies."

MR RIC KONG, 26, SMU undergraduate who lost \$500 in two years

to a "five-digit" figure.

The trades were done via accounts he has with two bank-linked brokerage firms.

The straight-A commerce student from Hwa Chong Junior College thinks his knack for digesting the numbers and a book he read by international financier George Soros detailing investment strategies are the secrets of his success.

To find the money for the start-up, he worked during school vacations doing photocopying jobs at a stationery shop and in a consulting firm as a research associate.

Titillating as these success stories appear to be, investing hard-earned dollars in the

buying and selling of shares can result in losses.

Mr Ric Kong, a 26-year-old SMU undergraduate who has an account with UOB Kay-Hian, has lost \$500 in two years.

SMU's associate dean at Lee Kong Chian School of Business, Associate Professor Francis Koh, says the university discourages its students from investing in stocks.

"They are not quite ready," he says.

"Instead, we want them to learn from the professors and test out investment strategies in simulation exercises without incurring real losses."