

This is a transcript of an interview conducted by Ms Lorna Tan, as published in The Sunday Times 12 December 2010.

me & my money

Insurance whizz, savvy investor

Patience and a contrarian mindset propel accountancy grad to success

By Lorna Tan

Instead of opting for the corporate route, accountancy graduate Philip Loh decided to pursue another calling—that of a financial adviser—after his graduation in 1998.

It helped that he was already a part-time insurance agent at Great Eastern when he was studying at Nanyang Technological University from 1995 to 1998.

He told The Sunday Times that he could have joined one of the Big Four auditing firms but he did not like an office job and he enjoyed meeting people. Back then, financial planning was still alien to many people, but he saw the huge potential for the advisory business to evolve.

Mr Loh, 36, was Great Eastern's top senior executive life planner in 2008 and last year for new business sales. He became a manager of financial services this year and runs a team of seven agents. For the past 10 consecutive years, he has qualified for the prestigious Million Dollar Round Table (MDRT), and made it to the Court of the Table (COT) —a higher tier of membership of the MDRT—for four years. This year, he achieved COT within the first nine months.

His investment portfolio comprises cash, life insurance plans, investment-linked insurance plans (ILPs) and stocks. He has more than \$500,000 invested in futures and currencies. The latter include S&P futures, Nasdaq futures and Singapore Stock Exchange Index Futures.

Mr Loh believes that a huge dose of patience and a contrarian mindset are critical ingredients for success in investing. He is married to teacher Bridget Koh, 34, and they have three children—Jan, eight; Gerard, four; and Joy, one.

Q: Are you a spender or saver?

I am a personal saver but a family spender. I save about 40 per cent of my income, spend about 20 per cent and the rest is invested in my business to ensure that my clients are well taken care of.

Q: How much do you charge to your credit cards every month?

I charge an average of \$4,000 a month to my credit cards, including petrol charges. I withdraw about \$1,000 a week from the ATM.

Q: What financial planning have you done for yourself?

My biggest investment is in my financial advisory practice. On a personal level, I invest in professional managed funds, stocks, futures and currencies. I am holding quite a fair bit of cash now, out of which more than half a million is being used as collateral to hold my derivatives and currency positions.

My insurance portfolio consists predominantly of ILPs and I have a small unit trust portfolio with Fundsupermart. About 30 per cent to 40 per cent of my investments are in a mix of Asia and global funds and the rest are in bond funds. It is a relatively defensive strategy as I am not convinced that we are seeing compelling values in the markets. I have less than \$100,000 in stocks.

I also have two whole life and one hospitalisation plans. My life cover is \$1.2 million. The annual premiums for my whole family are close to \$50,000. The annual return for my investments has averaged about 12 per cent to 13 per cent over the past 10 years.

Q: Moneywise, what were your growing-up years like?

I grew up in a humble family. My father is a cab driver and my mum was a factory worker. I have a younger sister. The four of us lived in a four-room HDB flat in Bedok.

My maternal grandparents were hawkers. I learnt a lot about running a business when I helped out at their food stall in Outram during weekends and school holidays. I helped out when I was between the ages of seven and 16. Life was comfortable nevertheless, especially with doting grandparents.

Q: How did you get interested in investing?

I remember reading some investment classics during my national service days. In 1996, while at NTU, I read a book about the investment philosophy of Warren Buffett. Other books included Extraordinary Popular Delusions And The Madness of Crowds, Manias, Panics And Crashes—A History Of Financial Crises and Reminiscences Of A Stock Operator.

These books got me thinking about the whole concept of investment. In my childhood days, I used to dream of running my own business, like a factory or shop. I guess what I am doing now does fit my childhood dream of having my own set-up, apart from the fact that I am selling intangibles rather than physical goods.

Q: What property do you own?

I have little inclination for property investments and do not own any other property apart from the one I live in. In my view, properties here are too overpriced. In fact, property prices are eight to 10 times that of household income.

Fundamentally, I'm a stocks and bonds person, so I prefer financial instruments other than property, unless the value of property is very compelling.

Q: What's the most extravagant thing you have bought?

I guess it is the one-carat diamond ring I bought for my wife for our 10th wedding anniversary in June. It cost \$10,000. I believe I should really learn how to spend my money more generously to bless my loved ones and the people around me.

Q: What's your retirement plan?

With no outstanding mortgage, I believe my wife and I could live very comfortably on \$12,000 per month. I aim to be financially independent by the age of 40.

Q: Home is now...

I live in a three-bedroom, 1,200 sq ft condo in Chua Chu Kang, which I bought in early 2007 for \$500,000. It is now worth about \$800,000.

Q: I drive...

A silver 2.4L Honda CRV. On weekends, I drive my family around in a baby blue Toyota Picnic that I bought for my wife last year.

WORST AND BEST BETS

Q: What has been your worst investment to date?

I invested a total of about \$250,000 in a China counter listed here, buying the shares at various times from 2006 to last year. The stock price continued to plunge due to the firm's poor corporate governance. I sold the stock towards the end of last year at a loss of \$60,000.

I could have used the money to pick up other cheap stocks. Fortunately, my other share transactions made money, so I still achieved more than 50 per cent returns during the recent economic crisis.

Q: And your best?

It sounds a bit like a cliché, but my best investment to date is definitely my three children, Jan, Gerard and Joy. This investment transcends monetary terms to include time, love and many personal sacrifices. The returns and reciprocation are also priceless, and they include peace, joy and hope.

My other good investment is my career. I'm a numbers person, so I enjoy being involved with financial instruments. Monetary-wise, it is also rewarding. If I had been an auditor or accountant, I could be earning \$150,000 to \$200,000 a year, but I'm currently earning much more than that.

I've had some good stock investments. In 2008, I was holding a fair bit of cash which allowed me to pick up many bargains in the stock markets during the credit crunch period. For example, I bought DMX at an average price of about 12 cents, Ellipsiz at 3.5 cents, Kingboard at 11 cents and Macquarie International Infrastructure Fund at around 29 cents. I sold them at about twice the purchase prices at the end of last year.