

Undergrad learns to cut losses fast in mock trading

He is also a firm fan of diversification after he turned \$125,000 into \$723m in the game

► **Leong Chan Teik**

IN THREE weeks of hectic day trading during his recent university vacation, undergraduate Tan Boon Long turned \$125,000 into \$723 million.

That's no typo – he made that mountain of (virtual) money in a contest that simulated real-life share trading.

The electronic game was organised by OCBC Securities and the three local universities.

Mr Tan, 22, who is studying accountancy at Nanyang Technological University, beat 2,500 participants from junior colleges, polytechnics and universities to win the top prize of \$2,000.

Scoring big in mock trading seems easy. Mr Tan's closest rival ended with more than \$200 million while the winner from the junior college category chalked up more than \$2 million.

The unassuming and soft-spo-

ken Mr Tan told how he became hooked on the game from the word "go" during a chat with The Sunday Times over coffee at a Clementi coffee shop.

"I started off on the second day in seventh place," he said. "I was excited as there would be a \$80 prize for seventh placing. I didn't want to lose it."

Q Can you describe what you did during the three weeks of competition?

A I stayed home on most of the trading days. I'd switch on my computer at 8.45am and check the buying and selling queues for some stocks.

After trading started at 9am, I would track the top 20 most traded stocks and select what to buy.

Every day, I'd do the maximum 30 transactions allowed.

Q What real-life experience did you have in investing?

A My university friends told me about the profits they were making, so last July, I decided to open an investing account.

Since then, I have been investing my own savings and my mother's, totalling about \$30,000.

I helped my father monitor prices and bought and sold stocks



PHOTO: NG SOR LUAN

for him because he doesn't know how to use a computer. He's a lorry driver and sometimes he would call me or my sister to check the prices of his stocks.

Q In the game, when did you reach your first \$10 million?

A Around the ninth day.

Q And your first \$100 million?

A Early on the 14th day. At the market closing on that day, I was approaching \$200 million. On the last day, the 15th day, one warrant I bought – I can't remember its name – with all my money doubled in value. That, and a few other trades, helped me zoom past the \$700 million mark.

Q What was your fantastic trading strategy?

A I went mainly for stocks and covered warrants that cost a few cents and which were heavily

traded. In percentage terms, their rise was huge. When prices fluctuated a lot, I could rotate in and out of the stocks.

Q What was your psychology during the game?

A I found I was risk-neutral. I placed very big bets I wouldn't have dared to in real life. And I put down all the money I had.

Q What are the best three lessons you learnt that you can apply to real life?

A First, I have to cut losses quickly. Don't hang on to a stock if it goes down beyond a certain level.

Second, even though I made big bets in the game, in real life, I wouldn't. I would diversify to spread my risks as I have seen how volatile stocks can be.

Third, stocks are a great place to invest instead of savings accounts.

Q In real-life investing, what has been your best pick?

A United Test and Assembly Center (Utac). My mother and I jointly bought 14,000 shares at 69 cents last year-end. We sold at 80.5 cents a week ago.

The rest of the stocks weren't so great. The profit was a few hundred dollars only on each.

My mother and I have gained around 6 per cent since last July.

Q Do you think you will ever become super-rich on stocks?

A I don't think it's easy. It's partly because of human emotions. In the game, I cut losses very quickly. In real life, it's difficult. And there are a lot of brokerage fees to pay for frequent trading, which I didn't have in the game.

Q What's your career ambition?

A The normal route for accountancy

Growing rich through investing

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Planning for future career

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

A I was thrifty, and saved what I could. I remember in primary school, I would skip recess and save pocket money.

In Bukit Panjang Government High, I'd play sports such as soccer after school, instead of hanging out at shopping malls and spending money.

My mother is a housewife and we live in a four-room HDB flat in Choa Chu Kang with my two sisters aged 17 and 20.

My elder sister and I have taken study loans for our university studies, and will have more than \$15,000 in debt each after we graduate.