

Young tsunami

The waves of the recent financial tsunami have engulfed investors from all walks of life, including “student investors”, some of whom have paid out as much as hundreds of thousands dollars and confidence in the stock market they earned with their investment skill a year ago, while the rest are still keen on dabbling in the treacherous waters.

Lau, who refused to give his full name, lost more than HK\$10,000. “I’m worried about the economic downturn,” the second year public administration major at the City University of Hong Kong said.

“My investment pool has shrunk by about 40 per cent,” said Lau, who mainly invested in stocks and derivatives. His initial capital was around HK\$20,000 and doubled after his investment two years ago.

With his capital originating from savings from part-time jobs, Lau said he often felt anxious about losing his money.

Lau said he used to think that investing was an easy way to earn money. Yet, after his recent experience of losing it, he has become more careful in using it. “I buy fewer non-necessities such as clothing now,” said Lau.

But Lau said he still wants to stay in the stock market, even he has to narrow the amount he spends on some items. He persists even though he has been advised by his family not to waste too much money and time on investing.

“I am keen on investing because it is a proper and legal way to earn money,” Lau said. He said he has spent even more time on the market since the financial tsunami occurred. “I gained experience, so I keep buying new shares,” he added.

Yet, he said he would be more prudent in making future investment decisions. He said he would fulfil his wish of gaining back all he had lost by using more time and effort in watching the market and doing research.

“I need to stick closer to the market,” Lau said. “Especially in times of drastic oscillation, I would have to change my investment portfolio accordingly.”

Lau still has some derivatives in hand. He said he has earned something from them despite the collapsing market.

“I want to retrieve my loss in the market and I have confidence in achieving it,” Lau said. He describes his investment style as “striving for

“strugglers”

by Tanna Chong

a victory despite taking risks”. “I’m not afraid of doing so,” he added.

Most investment of Lau, such as derivatives are highly risky, according to analyst in Goldman Sachs Angel Lee Shan-shan.

Like Lau, Matthew Ho Chun-hin, a business administration student from the Chinese University of Hong Kong, is also a risk taker.

“I lost about HK\$300,000 during the height of the crisis,” Mr Ho, who started to invest about two years ago, said. He added that things became chaotic and he started to lose money from May 2008.

Ho said he did not regret for his decision. “I think the money is meaningless if it is simply put aside,” he said. He has suffered a loss of around HK\$200,000 from May to November in 2008. Yet, he said he still believes in himself.

“I may pour the whole lot of my seven-digit capital into the market,” Ho added. The sum of money was originally saved by his parents for his overseas study.

Ho’s experience in buying a put warrant, meaning to predict when the Hang Seng Index (HSI) would decline, built up his confidence and he started to like short-term investments.

In October 2007, there was a surge in the HSI up to around 30,000 points. Ho’s warrant was devalued to zero because he had predicted a drop of the HSI. Despite his loss, he was happy to see the HSI slump after two weeks. “I think my prediction is accurate,” Ho said.

Ho added that since then, he thought that short-term buying and selling is a worthwhile thing to do. “It (with short-term buying and selling) is easy to make money,” said Ho, with his current investment period on a stock being four to five days.

Due to his short investment period for each stock, Ho spends a maximum of five to six hours a day keeping pace with the stock market. He bought a mini-laptop particularly for keeping track of the market situation during classes.

Even in face of losses, Ho said his family has been very supportive. He said his mother knew that he had lost money, but she did not scold him.

“My mother takes my investment loss as a learning process and treats the money lost as paying for a lesson,” he explained.

Though he does not have any pressure from his family, Mr Ho still feels sorry for his parents when he

suffers a loss. He also said that it is like riding an emotional rollercoaster when the stock market goes up and down.

Lau Ka-ho, a first year student of business administration at the Hong Kong University of Science and Technology, also wonders whether the stock market will keep on getting worse. “I feel frustrated,” he said.

Lau has lost a large part of his five-digit capital; he said he could not estimate the exact loss. He has stopped investing at the moment as he said it is not a suitable time to re-enter the market. “I will re-enter the market when it is more stable,” he said.

Echoing his view is Larry Hung Lung-chuen, an English major at the Chinese University.



William Mok Fung-yeung says he will take every gain or loss as a chance to learn.

“I will wait until at least March (2009). The market is so unstable now,” said Hung, who could be considered as a “survivor” of the financial tsunami as he can still manage to maintain a profit despite the catastrophe.

Hung said it is terrifying to witness the drastic drop of the HSI. The HSI was around 12,000 points last October while it was at around 28,000 points in the same month in 2007.

Yet, Hung was not very much affected by the recent economic recession. He added that this is because he mainly targets stable stocks, aiming for long-term returns.

“I’ve not counted the exact amount of how much I’ve lost. But it does not matter as I will keep the stock for a long time to ensure a stable return,” said Hung.

Hung started building up his investment portfolio two years ago, after becoming the champion of the Stock Challenge Program 2004 organised by Citigroup.

His virtual capital of HK\$1,000 increased over 10 times during the competition. While in real life, he has turned his grandparents’ HK\$300,000 savings into HK\$2,000,000.

Hung is less a risk taker. He said he only invests in stocks and has put half of the capital in Chinese currency, *Renminbi* (RMB) savings, in order to reduce risks. To him, other investment products are too risky.

Accountancy student William Mok Fung-yeung invested only in stocks as well. He did not face any dire consequences on his six-digit investment pool from his own savings and his family’s.

“I have suffered a loss (now) compared to October 2007,” Mok said. “But the overall gain throughout the past five years has outweighed this loss.”

To Mok, he will take every gain or loss as a chance to learn. “I think I have learnt how to manage my emotions, whether I gain or lose,” he said. “This is the greatest lesson I have taken from investing.”

“Losing money is not good, but I will see it as a chance to improve,” Mok added. “I feel that I understand myself better and have become more mature.”



The Hang Seng Index has been fluctuating since the financial tsunami.



Some of the young investors are still keen on dabbling in the treacherous waters and continue their investment in the financial market.