

Never Fully Invest at All Times

By: Dr. Tan Chong Koay, Founder and Chief Strategist of Pheim

Q: Can you depict your first-hand experience of how market turmoil slowly unravelled and your team was monitoring market movements through screens and phone calls back then? How did it feel? How was the situation? Were you facing immense pressure from investors at the same time?

A: Covid-19 was viewed with some concerns when the news of cases in Wuhan first came out, but it wasn't until news of the lockdown of Wuhan on 23 January 2020 that the seriousness and enormity of the problem hit many of us. For participants in stock markets, the shock came when the major indices plunged on 12 February 2020 and the days after.

That hit investors hard. Although, fortuitously, Pheim had earlier reduced its equity exposures, we were not spared the impact of the market fall. We saw the price plunge as throwing up opportunities to make some investments at attractive prices. Our investment team went into overdrive mode. We monitored the price movements of companies in our short-list, and reviewed their business and operations to assess how they would be impacted by the pandemic. We extended our search and monitoring also to other companies, focusing on companies that meet our investment criteria of having focused management, low gearing, high margins and earnings growth, particularly those whose share prices had seen sharp falls to new lows.

When we find that the price of a stock that meets our investment criteria has hit new lows, we would buy it to add to our portfolio. We recognized that we may not always be able to buy at market bottoms, and that share prices can often go down further before they come up, we are comfortable with it as we would have invested at much more attractive prices than the level they had been trading previously. We are willing to bear with temporary underperformance, as we are confident that the company's business and share price will turn around. Subsequent events have proven us right.



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