"Precious lessons." —Hou Wey Fook,
chief investment officer, DBS Bank

Simply Invest

NAKED TRUTHS TO GROW YOUR MONEY

GOH YANG CHYE

"Yang Chye's *Simply Invest* is a succinct guide for investors to help them understand the key principles of long-term investing and the value of working with an adviser and goals-based investing."
DAVID BOOTH, executive chairman and founder, Dimensional Fund Advisors

"Essential knowledge for investors. Armed with his many years of experience, Yang Chye has written a very interesting and well researched book. It has lots of gems on investments and the financial markets. This is a must read for anyone investing in the market, a good resource of fundamentals for beginners and an equally important reminder for seasoned investors."
NG KENG HOOI, group chief executive and president, AIA Group

"An insightful view of investing from an industry veteran, expounded in a refreshing way. Well written and engaging, with wise insights... this is a good primer to investing. Technical concepts are presented clearly and simply, with astute advice for beginners to investing and even seasoned professionals. Yang Chye wisely takes the emotion out of investing and focuses on the facts and fundamentals that matter."
THIO BOON KIAT, chief executive, UOB Asset Management

"*Simply Invest* imparts discerning knowledge to succeed in achieving one's financial goals, in a market clouded by excessive noise and information overload. It is written in simple language, making it an easy read for all types of investors."
SUSAN SOH, managing director and country head, Schroders Singapore

"This book is a pleasant read and draws precious lessons of past crises. Being a fund manager for the past thirty years, I couldn't agree more with the author that at the end of the day, three simple principles govern the success to investing: discipline, commitment and ability to wait."
HOU WEY FOOK, chief investment officer, DBS Bank

"A highly readable book for anyone interested in investment, whether you are a novice investor or seasoned financial adviser. Yang Chye has the gift of making complex ideas simple. I am sure you will find useful tips and practical insights."

GILBERT TAN, associate professor, Lee Kong Chian School of Business, Singapore Management University

"Finally, a well-researched, insightful and relevant contemporary investment bible. A must read for investors. A wake-up call for financial industry practitioners. A persuasive and enlightening testament to all on the importance of goals-based investing."

GOH KEAT JIN, CFA, chief executive, Maybank Asset Management Singapore

"Simple to read and easy to relate to. I hope through reading this, investors will come to appreciate that investing can be as simple as you want it to be, as long as you are disciplined, committed and patient."

MADELINE HO, head of Wholesale Fund Distribution, Asia-Pacific executive managing director, Natixis Investment Managers

"From helping investors understand how difficult it is to outsmart the market to the value of advice—*Simply Invest* by Yang Chye is an insightful guide that lays out the challenges and opportunities investors face on their journey to a successful investment experience."

MARK GOCHNOUR, CFA, head of Global Client Services, Dimensional Fund Advisors

Simply Invest

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Simply Invest

NAKED TRUTHS TO GROW YOUR MONEY

GOH YANG CHYE

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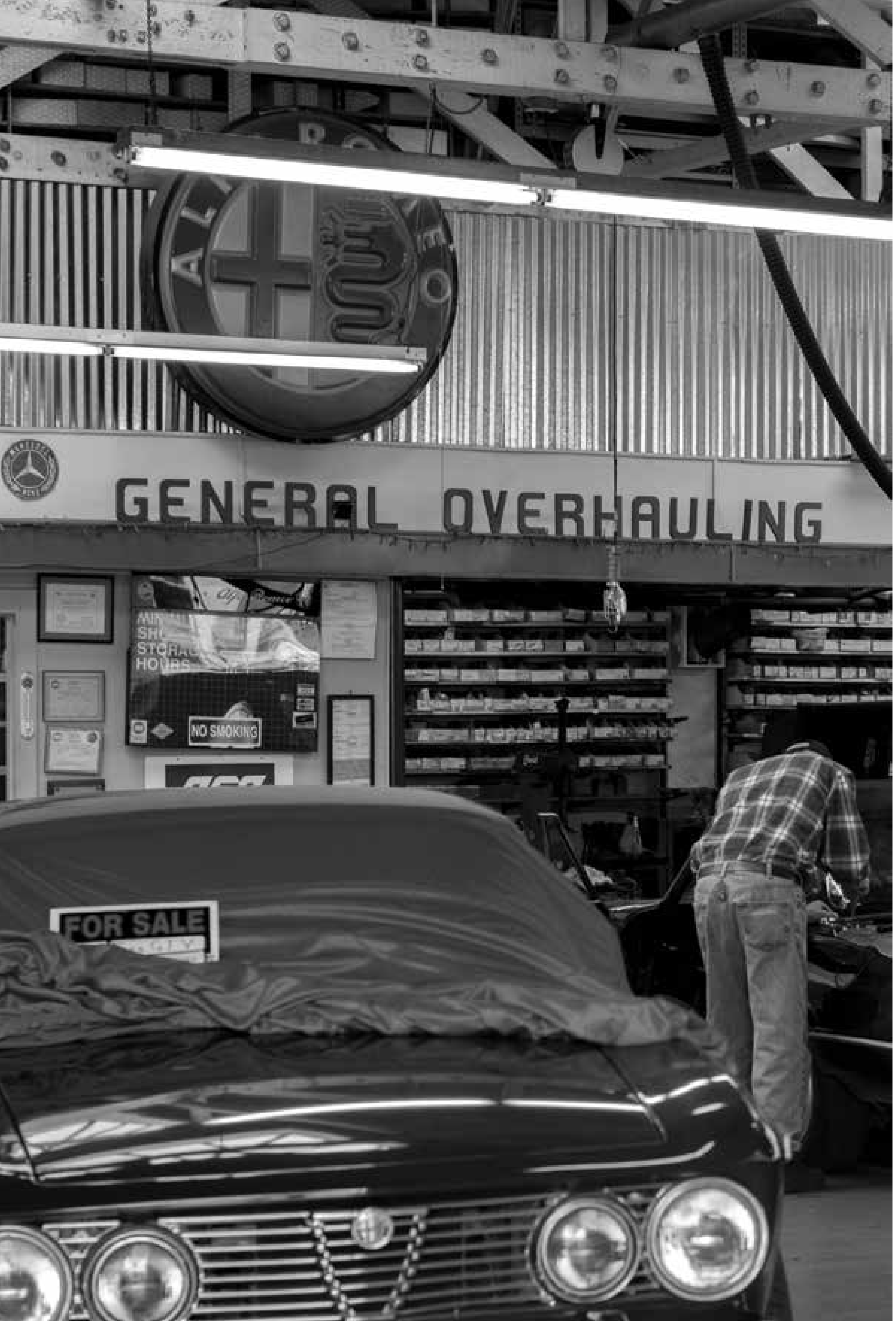


INTRODUCTION

A BETTER WAY TO INVEST

Have you ever wondered if there was a simpler way to invest? Investing is often presented as deeply complicated, risky, and accessible only to the sort of crazy-rich people who can afford to gamble away millions on the wildest ventures.

Buy this stock! Sell everything now! Follow this hot tip! Investment advice is endless, yet endlessly contradictory. From financial gurus proclaiming the secrets to ultimate wealth to salesmen pushing a baffling array of investment products, how can one possibly know what to do?

Yet investing doesn't have to be this way. Over the two centuries of the financial markets, the combined power of data analysis and financial science has revealed several naked truths about investing. This book will bring you on a journey to discover those truths and how to use them to successfully and simply invest.

It will reveal why conventional investing methods fail and yet remain popular. It will explore some of the greatest theories of modern finance backed by decades of empirical research—which have also revealed the specific factors that drive investment returns. It will show how these can be optimised in a portfolio for the best possible return at a given level of risk. It will examine how to respond to market scenarios, the dangers of human instinct and the problems with alternative investments like cryptocurrencies and property. Finally, this book will discuss how to effectively integrate all these insights into a portfolio to realistically achieve your financial goals.

This book ultimately hopes to reveal that investing—and *succeeding* at it—is nowhere near as complicated or expensive as the financial industry may want you to believe. You don't need to be rich, fearlessly reckless or a seasoned investor with multiple degrees in finance.

All you need are three simple things: discipline, commitment and the ability to wait.

PART I

REVEALING THE FOLLIES OF FORECASTING

We all know that we cannot predict the future. Yet the world of investing, as we know it, is riddled with questions that seek to defy this universal truth. Will the market crash soon? Which stocks will do best this year? Is this a good time to start investing, or should you wait until next year?

Perhaps we can blame the media for convincing us that such questions can be answered (or at least guessed at, with a reasonable degree of accuracy) by men in expensive suits seated behind an array of screens.

What gets far less media coverage are the studies through the years revealing that investors who follow their advice *consistently and significantly* underperform the market. That is, all that meddling around produces far worse returns than if they had bought a "dumb" index fund and just left it alone. (An index fund consists of a large basket of stocks that tries to duplicate a market index such as the S&P 500, which represents the 500 largest companies in the United States.) In fact, most opinions on the market are so often wrong that some even joke that they are a reliable contrarian indicator—i.e. whatever most investors think, the opposite is likely true.

Even the few investors who know this are often undeterred in their search for the best money manager or investment guru who can share their secrets and tell them where to invest to make the most money. It is always tempting to think that you might be the exception to the rule, and perhaps you might be lured by the thrill of being praised for your investing prowess when you succeed where so many others have failed. It is easy to think that you are smarter or more resourceful, and have access to market secrets that no one else has. That's why many investors continue obsessively reading the news, searching and tracking the market, looking for the "best" stocks and investments, and then shifting their funds around whenever they think they have found a better deal.

Ultimately, the only consistent thing most of them accomplish is racking up a series of extra fees from all that trading that is likely to cancel out any minor gains. More dangerously, they could unknowingly end up taking risks they would not be able to afford if their investment were to come crashing down.

This first section of the book will show you how:

- market predictions have been wrong far more often than right;
- there is no systematic way to predict which investments will perform well; and
- frequent trading from following market forecasts generates huge amounts of unnecessary stress and fees.

CHAPTER ONE

The Predictable Failure of Market Predictions

"You make more money selling advice than following it. It's one of those things we count on in the magazine business— along with the short term memory of our readers."
—STEVE FORBES

Headlines! They are the first thing our eyes are drawn to, with their huge fonts and shocking statements screaming for our attention. Catastrophe, crime and chaos rule the news. The bolder and more audacious a headline, the more our interest is piqued.

Financial news is no exception. Business journalists are masters at conjuring headlines that can strike terror into the hearts of even the most seasoned investors—or whip them up into an excited frenzy. Take, for example, "Wild day caps worst week ever for stocks", which appeared on *The Wall Street Journal* in October 2008, or "Local IPO market looking to a better 2019", from *The Edge* in December 2018.

Financial headlines constantly try to tempt investors into the losing game of outguessing the market. You'll never see any of them declaring, "The stock market is functioning normally, like it has for the past 90 years", or "Nobody knows what the Straits Times Index will look like next Monday. Do you?"

Instead, what you'll find are brash predictions capitalising on our innate fear or greed. "Energy stocks set to soar," one headline might say, and another, "Why markets are still heading for a crash".

The year 2016 was a perfect example of why we should never let such predictions drive our decision-making. In the beginning of that year, as the stock market was correcting in earnest (a correction is a drop of 10 per cent or more from a recent high), market pundits and economists had all but announced the end of the bull market. Citing high debt, the devaluation of the Chinese currency and the end of oil, investors were advised to run away from stocks.

George Soros was one of the prominent figures who proclaimed that it was the beginning of the 2008 crisis again. Highly respected hedge-fund managers Carl Icahn and Stanley Druckenmiller sounded the death knell for stocks midway through 2016. BlackRock CEO Larry Fink warned that stocks might fall another 10 per cent. Citi described the global economy as trapped in a "death spiral". The Royal Bank of Scotland even went as far as concluding that the market was in for "a cataclysmic year" ahead, and told all investors to "sell everything".

Just the thought of the terrible bear market of the Great Financial Crisis repeating itself made many investors panic and sell their assets. After all, those billionaires with all their wealth, time and money invested in the stock market would surely know what they were talking about.

In the middle of the year, the outlook only worsened as experts predicted that Brexit would be very bad for markets. That sparked a flight to safe assets, like cash, and much turbulence in risky assets.

Following that, prior to the US presidential elections in November 2016, the market consensus was that Donald Trump would be disastrous for markets while Hillary Clinton would have a positive effect on them. As such, many banks and investment brokerages issued client

reports detailing the level of disaster to portfolios and investments should Trump be ushered into the Oval Office. Some even went to the extent of quantifying the exact loss:

> "We believe that if Trump wins, markets are likely to fall further." —JPMorgan
> "The S&P 500 could potentially fall 11 to 13 percent if Trump wins the election...if Clinton wins, the index could rise 2 to 3 percent." —Barclays
> "The tail risks of a Trump victory or a Democratic sweep could result in a market correction in the 5 percent range (similar to Brexit)."—Citi

Eventually, markets did react badly to Brexit—but for only two days, after which it promptly made back any losses! Likewise, Trump won but markets rallied, and 2016 ended the year on a record high.

Why do experts get it so wrong? *How* can they get it so wrong, with their armies of analysts, years of investing experience, market smarts and access to a massive array of data? How must they have felt when their forecasts ended up so far off the mark? Embarrassed?

Hardly. They merely revised, edited and removed their earlier predictions, and it was back to business as usual. Unfortunately, that was not the case for the investors who had followed their advice only to find themselves grappling with losses to their portfolios.

Perhaps the better question to ask is: What do experts gain from making such big, brazen statements in the first place? Could it be that they have a hidden agenda and have built up positions that would benefit them when people follow their public advice, as some banks did in the Great Financial Crisis?

More likely, it could be because the world is so flooded with such financial "talent" that the pressure to stand out is immense. If their predictions pan out, they could become famous and highly sought after by the many financial institutions hungry for rising “stars”. What better way to be heard, and reported on, than to say something outrageous enough to grab the headlines? After all, if you predict a bear market (where prices fall more than 20 per cent) every year for the next ten years, it is bound to happen eventually!

The sheer frequency of failed predictions can be frightening. An independent statistician, Salil Mehta (formerly the director of analytics for the United States Treasury’s Troubled Asset Relief Program), found that forecasts provided by the major investment houses do *far worse than random chance*. Surveying forecasts issued since 1998, he noted that these forecasters were “actively adding negative value”—essentially *destroying value* by issuing false predictions.

Real GDP Growth vs Survey of Professional Forecasters (Based on Quarterly Data from 30 Sep 1970–30 Sep 2017)

Survey of Professional Forecasters’ Mean Responses for Real GDP Growth Looking Four Quarters Ahead (Smoothed Annualised Quarterly Change) vs Real GDP (Year-to-Year)

Percentage of 7 recessions (defined according to the National Bureau of Economic Research) that were predicted by the professional forecasters = 0%

Percentage of quarters since 2001 where GDP growth was equal to or above the consensus forecast = 14.5%

Year	Predicted	Actual GDP
1970	4.0	−0.1
1975	3.0	−2.4
1980	1.2	−1.6
1982	3.9	−1.8
1991	2.2	0.9
2001	2.9	0.3
2009	2.8	−4.0

Source: GYC. Data from Ned Davis Research Inc.

Forecast Accuracies of Financial Gurus

Best and worst forecasters from 1998 to 2012. The remaining 66 experts had forecast accuracies ranging from 24% to 67%.

Source: GYC. Data from William F. Sharpe, “Likely Gains from Market Timing”, and CXO Advisory Group.

Ruchir Sharma, chief global strategist at Morgan Stanley, similarly observed how leading economists have consistently missed big market turns. For starters, *not a single person* has accurately predicted an economic recession in almost fifty years. They have also missed many market recoveries, including the unusually broad and global expansion of 2017.

What about well-known investment newsletter writers and strategists who claim to have tactical strategies to time the markets? They don’t do any better.

In economist William Sharpe’s 1975 study “Likely Gains from Market Timing”, the Nobel laureate showed that investors would need a forecasting accuracy of 74 per cent to outperform a diversified buy-and-hold portfolio. Remarkably, when CXO Advisory Group analysed 6,582 public forecasts that well-known experts had made from 1998 to 2012, they found that the most accurate among them had a rate of only 68 per cent—not enough to beat the benchmark! The average accuracy was a much lower 47.4 per cent.

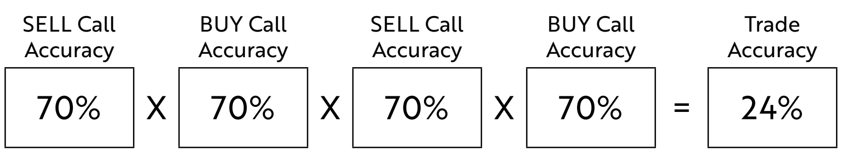
David H. Bailey, Jonathan M. Borwein, Amir Salehipour and Marcos López de Prado did a follow-up study in 2017, noting that the CXO results weighted all forecasts similarly regardless of how specific the forecasts were or how far ahead they were trying to predict. Their new study analysed the same CXO dataset, but this time distinguished between vague and specific forecasts, and gave greater weight to forecasts with longer time frames. While this resulted in several changes in the ranking, the top forecasters still had an accuracy rate below 70 per cent.

Nevertheless, in light of these studies, it would still be erroneous to suggest that investors would never be able to beat the market with a well-established market-timing strategy. The difficulty, however, is in being able to do so *consistently* over a period of time. This is simply because the mathematics of market timing is against them from the very start: for every market-timing decision requires not just one call, but two.

When timing the market, an investor has to decide not just when to sell, but also when to buy back into the market. Let's say that a spectacular new investment guru manages to consistently get a "Sell" call correct 70 per cent of the time and a "Buy" call correct also 70 per cent of the time. The chance of executing *both* a market exit and a re-entry at the right time then becomes 70 per cent of 70 per cent, which is 49 per cent. Those are worse odds than flipping a coin!

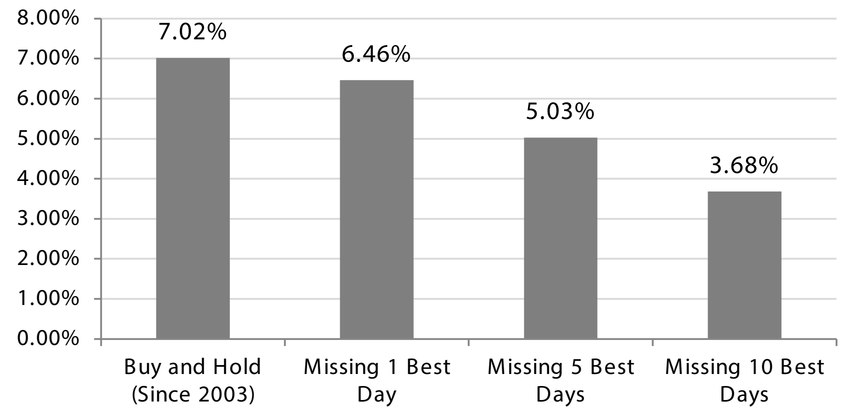
This only worsens when taking into account the other decisions that need to be made: for example, whether to be invested in stocks only in your home market versus those abroad. What if this strategy requires you to buy and sell a second time? Mathematically, your likelihood of success goes down to a dismal 24 per cent. If you had to string even more trades

It Gets Worse the More You Trade!



Source: GYC. Data from William F. Sharpe, "Likely Gains from Market Timing".

Long-Term Return vs Missing Best Days



Source: GYC. Data from MSCI All Country World Index in SGD.

together, well…you can see where I'm going with this. The unfortunate reality is that each subsequent trade gives you ever-decreasing odds for success, and yet this is something that many investors seem oblivious to.

Furthermore, by following forecasts and outlooks, investors do not just risk losing money by buying into the market at the wrong time. They *also* risk being left out on the days when the stock market is generating most of its positive returns—which, as Chapter 12 will show, usually occur shortly after a crash.

Missing those periods of positive returns can be extremely damaging to your portfolio. In the chart above, you can see the drastic effects on long-term return if an investor had missed out on just the one, five and ten best days of the market in the past 15 years, compared with holding a portfolio throughout the same period.

An investor who missed those best days would need to chase an incredible amount of return just to catch up with the buy-and-hold investors. They would also have to wait for the next crash or crisis to buy in, and at that point, the courage and fortitude needed to go against the crowd and invest when everyone else is selling make this very difficult.

All of this goes to show that heeding the market predictions of investment experts is almost a sure-fire way to lose a lot of money. No one can predict market movements with sufficient consistency to beat a diversified buy-and-hold portfolio in the long run. Yet fear, greed and pride can fool us into believing otherwise. Financial headlines prey on those emotions and can pose a constant challenge to staying calm and disciplined, so it may be best to reduce your exposure to such news where you can. Should a real crisis occur, you will find out eventually.

Research and evidence tell us that big bear markets are caused by only two main factors—the economy heading into a recession, and a financial crisis. It is important to keep this in mind and to examine claims of impending market crashes from that perspective.

As long as these two conditions are not evident, there is no sense in panicking, and you should ride through the volatility that comes as part of investing. Maintain a long-term perspective, and remember that financial speculation usually turns out wrong.

Key Takeaways

- Financial headlines are designed to shock you into making impulsive decisions, and their market predictions are notoriously inaccurate. Following them will be detrimental to your portfolio.
- Top investment gurus have never managed above a 70 per cent forecast accuracy rate. Their average accuracy was 47.4 per cent. You need an accuracy greater than 74 per cent to beat the benchmark.
- Even a 70 per cent forecast accuracy translates at most to 49 per cent in practice, because market timing requires both deciding when to sell and when to buy.
- Market timing risks missing the best days of the market when the majority of gains occur.
- The only certainty is uncertainty.

CHAPTER TWO

Nobody Can Forecast Winners

"A blindfolded monkey throwing darts at a newspaper's financial pages could select a portfolio that would do just as well as one carefully selected by experts."

—BURTON G. MALKIEL,
A Random Walk Down Wall Street

Warren Buffett once bet a million US dollars that no investment professional would be able to choose a basket of high-fee, complex hedge funds that could outperform a simple, broadly diversified equity index fund over a ten-year period.

Only one person stepped up to the challenge: Ted Seides of Protégé Partners. To cut a long story short, Seides conceded defeat in May 2017, six months before the ten-year deadline. At that point, Buffett's chosen index fund, the Vanguard S&P 500, was up over 80 per cent in returns, while Seides' basket of selected hedge funds was only up around 20 per cent.

Buffett has long been an opponent of hedge funds and other high-fee investment businesses, saying that they provide no value to investors. At the 2016 Berkshire shareholders' meeting, he said: "There's been far, far more money made by people in Wall Street through salesmanship abilities than through investment abilities."

Let's not forget that Buffett himself is a great active manager. He has beaten stock market indices for many years in a row and has a good eye for value when he sees it. He says that it *is* possible to beat the index, but he knows only a handful of top investment professionals who are able to do so. The ordinary investor simply does not possess the guile or behavioural capacity to do the same.

But is that true? Let's look at the evidence.

For 24 years, the independent market research firm DALBAR has published an annual report known as the QAIB, the Quantitative Analysis of Investor Behaviour. This report looks at how ordinary investors fare when buying funds, and aims to show how investment performance can be easily improved by simply managing some of our common behavioural biases.

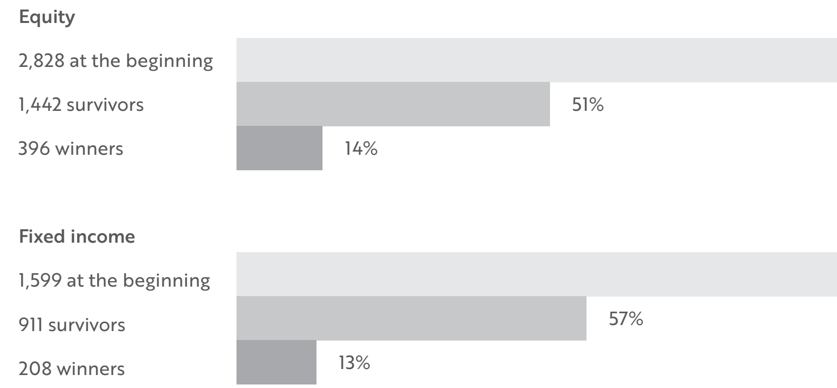
The QAIB reported in 2017 that the average stock investor saw a 7.26 per cent return over the previous year. This was significantly less than the 11.96 per cent of the S&P 500 index. Whether you take recent one-year data or data from the past thirty years, the average investor underperformed broadly diversified stock and bond indices by 4 to 6 per cent.

Percentage of Active Funds That Underperformed a Benchmark

Country	Benchmark	1 Year (%)	3 Year (%)	5 Year (%)
USA	S&P 500	66	93	88
Canada	S&P/TSX Composite	83	81	70
Europe	S&P Europe 350	80	74	74
Mexico	S&P Europe 350	76	85	70
Chile	S&P Chile BMI	86	86	89
Brazil	S&P Brazil BMI	82	70	72
India	S&P BSE 100	66	31	55
Japan	S&P/TOPIX 150	64	60	74
Australia	S&P/ASX 200	76	68	70
South Africa	S&P South Africa DSW	80	74	74

Source: GYC. Data from SPIVA.

US-Based Mutual Fund Performance, 2003–2017



Source: Dimensional Fund Advisors. Data from Mutual Fund Landscape 2018.

The investors who performed well were those who had allocated sensibly to broadly diversified instruments and did not try to time the market. Short-term trading, picking a handful of stocks out of thousands and guessing the outperforming asset class every year all led to poor outcomes.

Similarly, S&P's 2016 SPIVA Scorecard illustrates how poorly US equity fund managers fared against a comparative S&P benchmark in the short and long term. Even in emerging markets like Brazil, where the common assumption is that active managers would be able to do better, only 18 per cent of active managers were able to meet or beat the index over the year. The remaining 82 per cent did worse.

When we look at longer time frames, the effect is amplified. Based on US stock market data, only 14 per cent of equity mutual funds and 13 per cent of fixed income funds both survived and outperformed their benchmarks over the past 15 years. Even the odds of selecting an investment fund that would simply still *exist* in 15 years were as low as 50/50.

The conclusion is clear: it is not possible to pick the funds that will successfully outperform the market, and those which do succeed rarely sustain this success. Research shows that most funds that had remained in the top 25 per cent over a period of five years lost that ranking in the following year. Only 23 per cent of equity funds and 27 per cent of fixed income funds managed to stay there. As the disclaimer goes, past performance is not indicative of future results.

One reason it is so hard to pick winners is described in a study by Dr Henrik Bessembinder, "Do Stocks Outperform Treasury Bills?" Using data on the US stock market from 1926 to 2016, he found something stunning. Out of the 25,300 companies which existed at some point during that time period, only 4 per cent—or around 1,000 companies—were responsible for the *entire returns of the stock market*. The other 24,000 companies had zero to negative returns!

Given this, the fact that active managers manage to pick stocks with any returns at all is remarkable in itself, and perhaps speaks to their skill or intelligence. Unfortunately, it proves all the more that even all that talent is nowhere near enough to save them from failure. Trying to pick winning stocks is a losing battle that is heavily biased against investors from the start.

This persists even on larger scales, such as the annual returns of an entire country.

The next diagram shows how a few countries performed in each calendar year from 2008 to 2017, ranked according to returns.

You will instantly notice that the best performer changes almost every year, and there is no systematic way to predict what the next ranking would be, or which would be the overall best country to invest in. Note, for instance, that while the USA took the top spot for four of those years and was never at the bottom, its total return was only 48 per cent—less than that of Australia (62.1 per cent) and Japan (64.5 per cent), both of which took the bottom spot twice.

Ranked Annual Total Returns by Country (2008–2017)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Best	Japan −26.9%	Australia 70.8%	Singapore 13.2%	USA 3.1%	Singapore −23.3%	USA 36.8%	USA 19.3%	Japan 17.7%	USA 14.3%	HK 29.5%
	USA −37.1%	Singapore 70.5%	Australia 5.7%	UK −1.7%	HK −20.2%	Japan 35.2%	HK 10.4%	USA 8.4%	Australia 13.0%	Singapore 22.0%
	HK −46.1%	HK 53.1%	USA 5.1%	Australia −9.4%	Australia 14.7%	UK 25.1%	Singapore 9.5%	HK 2.7%	Japan 8.2%	Japan 16.1%
	Singapore −47.4%	UK 38.0%	Japan 2.4%	Japan −9.9%	USA 9.3%	HK 9.9%	Australia 1.3%	UK −0.2%	HK 6.3%	UK 13.3%
	UK −47.4%	USA −23.7%	UK −0.6%	Singapore −14.6%	UK 8.6%	Australia 6.8%	Japan −0.1%	Australia −2.0%	Singapore 3.8%	USA 12.5%
Worst	Australia −50.6%	Japan 15.7%	HK −1.1%	HK −16.6%	Japan 6.1%	Singapore 2.9%	UK −0.6%	Singapore −11.4%	UK 1.9%	Australia 11.8%

Source: GYC. Returns have been rebased to SGD.

What about more complex (and supposedly superior) funds? Why do they also not perform as expected?

The answer has to do with simple mathematics, as William Sharpe explains in his 1991 paper, "The Arithmetic of Active Management". Broadly speaking, there are two types of investors: passive investors and active investors.

Passive investors hold every security available on the market. They would simply receive the market return, no more and no less. If the market goes up 8 per cent in a year, they will receive 8 per cent, minus some fees.

Active investors hold portfolios that are very different from those of passive investors. They have specific opinions about which securities will do well, forecast how markets would move, and then selectively trade according to these predictions in hope of beating the market.

As investing is a zero-sum game, this means that for every active investor who does better than the market, another would do worse.

ABOUT THE AUTHOR

Goh Yang Chye is the chief executive and founder of GYC Financial Advisory Pte Ltd. He graduated with an engineering degree from the National University of Singapore (NUS). He is an affiliate with the Australian and New Zealand Institute of Insurance and Finance, as well as a Chartered Financial Consultant (ChFC) and a Fellow Chartered Financial Practitioner (FChFP).

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POSTSCRIPT BY AW CHOON HUI, DEPUTY CEO OF GYC FINANCIAL ADVISORY

With over three decades of experience in financial advisory, Goh Yang Chye is widely acknowledged to be one of Singapore's pioneers in comprehensive financial planning.

Having graduated from NUS in 1987 with an engineering degree, he shunned a promising career with a large real estate firm to instead become one of the first engineering graduates to enter the insurance industry as a commission-based agent. Armed with the logic and process-oriented discipline of his engineering background, he sought to transform what was then the lowly-perceived insurance industry into a respectable vocation.

His perseverance eventually paid off. Yang Chye rose through the ranks to become one of the top insurance professionals in Singapore, running a 150-strong team and generating premiums well in excess of half a billion dollars. His personal sales were simultaneously enough to qualify him for a lifetime membership and Court of the Table status with the internationally prestigious Million Dollar Round Table.

Yang Chye soon won every conceivable award in the field—including beating 20,000 insurance advisers in Singapore to clinch the coveted Life Insurance Practitioner Award of the Year in 2000. His foresight and expertise were recognised by DBS Bank, Citibank and the Lippo Group, which invited him to train their first batches of relationship managers.

Yang Chye went on to speak at international financial events including the esteemed Million Dollar Round Table in the United States, the LIMRA Oceanic Financial Advisers Conference in South Korea and the All China Broker's Association Conference in Beijing. He lectured at Singapore's Institute of Banking and Finance and at the Singapore Insurance College for their Chartered Financial Consultant (ChFC) Programme. He additionally shared his expertise at internal events hosted by Bank Negara Malaysia, NAMLIA Malaysia, IFPAS Singapore, and LUA Hong Kong, Indonesia and Philippines. He was on the founding board of directors of the Board of Society of Financial Services Professionals (Singapore) and the Board of Securities Investors Association Singapore (SIAS) Research Pte Ltd.

All in all, Yang Chye trained thousands of advisers and managers over the years, and helped set the foundation for Singapore's current wealth management industry. He developed principles and concepts that are still widely used today by many practitioners.

He has been featured in *The Straits Times*, *Business Times*, *Zaobao*, *Today*, *Smart Investors*, *Financial Planners*, *Fundsupermart*, *IFPAS Coverage*, the *Asia Financial Planning Journal* and the Singapore International Chamber of Commerce's economic bulletin, *Wealth*, as well as on TV's Channel NewsAsia and the radio station 93.8FM.

Yang Chye's current standing belies his humble beginnings. As a young boy, he spent his childhood helping out at his father's drinks stall, sharing in the successes and failures of the family business and witnessing creditors seize their possessions when his father was declared bankrupt.

I first met Yang Chye in 1984 when we were studying for our engineering degrees. He was an avid sportsman, full of energy and always seeking to better himself. We were both in the Christian Fellowship, and it was there that I once asked him why he always volunteered to head the less popular committees. He replied, "Because this forces me to improve on what I am not good in."

This, I believe, is what drives him, and is an attitude he has continued to carry over all these years.

Yang Chye became my insurance agent soon after I graduated. He spoke in a language familiar to engineers—using sheer logic, charts and numbers to illustrate and make simple what were previously complicated insurance and financial planning concepts. He showed me how these concepts could help me and my family, and for that, I am indebted to him. He helped me buy the right type of insurance at a young age, and I am now seeing the fruits of the plans I bought those 25 to 30 years ago.

Yang Chye is a person of uncompromising integrity and dedication to his craft. I have had the privilege of working with him since 2004, the year he convinced me to switch careers after 17 years in engineering and property development. That was also the year when Yang Chye left the insurance industry to run GYC Financial Advisory. This long-planned move allowed him greater latitude in advising on almost all types of investments compared to what he was previously allowed. It also meant forfeiting an amazing $10 million in commissions, which *The Straits Times* (22 Feb 2004) and other media outlets reported on in awe.

"Not everything in life is about money," Yang Chye explained in an interview with *Fundsupermart* in 2004. "In order for you to climb the next mountain, you must be willing to come down from your current mountain."

Yang Chye quickly climbed that new mountain. Following his unparalleled success in insurance, he proved himself an astute investor with an uncanny sense of the markets. He transformed GYC Financial Advisory from a distribution-based financial firm to a client-centric wealth management firm, repeatedly breaking new ground by developing a proprietary online platform, collaborating with UOB Asset Management to launch a new ETF retail fund (that, in 2017, became the first in Singapore to gain access to the renowned Dimensional Fund Advisors' enhanced index funds), and creating the revolutionary Risk Matrix alert system in 2016.

Yang Chye has always been passionate about his work, generous towards his staff and advisers and appreciative of their loyal dedication in delivering their best to clients. Despite his busyness, Yang Chye is also a devoted family man who enjoys spending time with his wife, Sok Lee (also an engineer and an accountant), and their two sons, whom he calls his greatest achievements and who have just started exciting careers in the US and the UK.

Yang Chye was initially reluctant to publish this book. He has always shunned outright publicity and preferred to concentrate on the business of helping friends and clients.

He only assented to create this book when convinced it would have a far greater potential to reach and help more people in their quest for financial independence. He hopes and believes that most young people will be able to accumulate at least a million dollars by the time they retire, just by making use of the concepts in this book.

It is his way of giving back to society and to provide everyone, regardless of their socio-economic status, with a chance to level up in life: by investing simply, and simply investing.

More about Yang Chye at gyc.com.sg/group/p_yangchye.htm. Follow him on LinkedIn at www.linkedin.com/in/yang-chye-goh-41770a2.

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GOH YANG CHYE is the chief executive and founder of GYC Financial Advisory. A veteran in Singapore's financial services industry, he has developed many financial management models in use today.

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