PHIL EQUITY CORNER
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Ten Unconventional Investment Strategies
For the Year of the Brown Cow

You are feeling drowsy. You are slipping slowly into a dark tunnel that is warm and inviting. You assume a fetal position to get more comfortable. You hear a heartbeat. A faint light beckons to you as you move closer and closer to it. You pop out into the sunshine and feel…reborn. You are invincible and leap over tall buildings in a single bound. You can stop a speeding bullet. You are a man of steel and ready to deal with the world again. You are the super investor.

In this moment of reincarnation as a brown cow (or Earth Ox), here are ten unconventional investment strategies to guide you in this new lunar year.

1) **Re-compute your portfolio to Day 1**. You can forget acquisition cost and just leave behind the sorrows of 2008 as well as the joys and exhilaration of the paper or real gains you made in 2007 (which you put back in the market). Look at your investment portfolio and mark it to market *today* or if your funds are in HK or Singapore to the first trading day of the lunar year. This value will be the new reference point for all your future paper (or real) gains and losses. In one fell swoop, you can make more intelligent decisions on your portfolio as well as be more realistic about the prospects of recovery. Your attachment to the original cost of your portfolio is gone. The burden of that acquisition cost, even adjusted to the average price as you chased your favorite stock on its swan dive becomes irrelevant at this point. This is the first day of the rest of your investment life. You now accept the fact that you have a different net worth today than the same time last year. So, suck it up and be a man (or woman).

2) **Forget diversification**. Warren Buffet famously counseled the investor against over-diversifying and therefore to “put all your eggs in one basket, and then watch that basket.” The Sage from Omaha is still a billionaire after all and his words of wisdom will be proven right in the coming months, especially if you follow strategy number 1 above. But convergence rather than divergence is the name of the game. Whether property, bonds, or stocks, focus is critical.

3) **If you can’t understand what you are being asked to invest in, don’t**. Too often we explain our inability to understand complex investment instruments like “accumulators” and “say-goodbye-to-your-money-now” to our own ignorance and pathetic lack of financial savvy. (Can’t you read a pie chart?) Hey, it’s our money so we should know what we’re buying. Would you buy a dress with no washing instructions? If an instrument cannot be explained to you in an ordinary

sentence with a subject and predicate, forget it. Put your money in pleated pants. At least you can wear that.

4) **Cash is *not* King**. I know it's not a complicated thing to just sock your money in a savings or current account or put it under your pillow. But look to the Gospel. You're not supposed to bury your talents. You still need to strive for yields and make your money grow. It's just a matter of picking the right investment. Besides, if cash is king, guess who the slave is.

5) **Do not be envious of other investors**. It's a casino rule that you only talk about your winnings. So, those who boast about making money usually hide their other misadventures from others. And what about those boasting about their losses (my loss is bigger than yours)? Any form of "Pennies Envy" should be avoided.

6) **Concentrate on what you still have**. It is unproductive to think of the millions you lost, even if you just have hundreds of thousands left. This remainder still needs to be nurtured and invested too. Sure, the numbers are much smaller and less exciting. But anything larger than zero or a negative number is cause for celebration. Besides, it keeps you busy.

7) **Take care of living expenses**. Investments should only involve funds left over from tuition fees and breakfast. It is not wise to dip into operating expense for investment. By definition, investible funds are subject to being locked in or even lost no matter how much you follow these unconventional strategies.

8) **Do not look back**. It's better to look through the windshield than being obsessed by the rear view mirror. You can get into accidents that way. It's time to move on and even if you will still have problems, they should at least be new ones. It's a new year and what can be worse than 2008? (That's a rhetorical question. So, Sir, please bring down your hand.)

9) **You don't have to wait for the bottom**. The concept of a price floor is relative. It's fine to buy above the bottom if the price can still appreciate. The bottom is not an absolute amount. The rule still applies that if you sell at a higher price than you bought, does the bottom really matter?

10) **There's nothing wrong with being an optimist**. The prophets of doom make a living preaching the end of the world. History seldom repeats itself anyway, so we can look forward to something different in the future. Sure, we can study our mistakes so we shouldn't repeat them, but hoping for better days is not a bad attitude to have. Besides, you make a better coffee companion with a sunny disposition.

You should still enjoy life after the meltdown. This sounds like a chicken soup type of advice but what the heck. This is the time to count your blessings. It's better than moping over the fewer digits in your bank book.

My friend Joseph advises that if the year of the ox doesn’t work, then you can try to invert it and have a drink. Okay, you’re allowed only five seconds to get that.

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