

Take business approach
 "Always focus on protecting your capital and the returns will follow. Approach the stock market like a business. Always have an exit strategy with either a profit goal or loss potential. When your position begins to lose value, honour your loss target and do not look back."

MRS MACWILLIAMS (right), who says a person's investment philosophy should allow him to sleep at night

Have a plan
 "No one cares more about your money than you, so have your own trading plan."

MRS MACWILLIAMS, citing the lesson she learnt from a bad investment recommended by a financial expert



ST PHOTO: SHAHRIYA YAHAYA

Options trainer plays it smart

Savvy trader has made a fortune, but still parks wealth in fixed deposits to fund her daily needs

Lorna Tan
 Finance Correspondent

Between 1999 and 2001, Mrs Miriam MacWilliams made more than US\$2 million from various trades in the stock market with an initial investment sum of just US\$10,000.

Not bad for someone who considered herself at the time a "complete market idiot" and bought her first counter only when she was 38.

Mrs MacWilliams, 51, now trades via "options", which involves buying a "call option" if she expects a certain stock to rise and a "put option" if she is bearish or expects the stock to fall.

The American's foray into the stock market was not, however, an instant success.

In 1994, eager to learn the ropes of options trading, she forked out US\$32,000 to attend training courses and seminars for a year while still holding a full-time job as vice-president of investor relations at a Latin American firm, Panamco Bottling Company, that bottled Coca-Cola drinks.

She made some gains when she started to trade in late 1995, but lost nearly US\$20,000 over the next few years. Her breakthrough came in 1999 when she made nearly US\$100,000 from an initial investment amount of US\$10,000.

"In three months, I made almost my yearly salary of US\$112,000. That was my turning point," she said.

She quit her job at Panamco and went into options trading full time. Since 2003, she has been the chief options trainer at training firm Wealth Mentors here. She visits Singapore four times a year to run four-day options trading seminars which cost over \$5,000 a head.

Born and raised in New York, she graduated from New York University in 1979 with an economics degree.

She lives in Miami, Florida, with her husband Wayne MacWilliams, 51, who buys and sells yachts. They have been married for 22 years and have no children.

Q What financial planning have you done for yourself?

Because I am someone who does not like to ride out market fluctuations, I have 70 per cent of my monies in certificates of deposit (which are like bank fixed deposits), presently yielding 3.75 per cent per annum. While the return appears small, it is a guaranteed rate of return in a safe environment.

When the market conditions become suitable for a longer-term investment, I will place 20 per cent

of my capital in the market, buying exchange-traded funds that track the Standard & Poor's 500. The balance of 10 per cent is what I use for options, futures or currency trading.

Q What are your money habits?

Aside from the mortgage on my house, my goal is always to remain debt free. Since we have no children, my husband and I always believe in paying ourselves first. The bulk of my wealth was generated through the trading of options which I buy and sell after holding anywhere from three hours to three days to three weeks. As my money builds up, I set aside a portion for holidays or other needs and invest the rest in additional certificates of deposit.

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Q Your best investment to date?

Taking US\$10,000 and investing in options on home retailer Home Depot in 1999 and then leaving for five weeks to Papua New Guinea and New Zealand. When I returned, I realised that after three weeks into the trade the position was closed out with a US\$22,000 return. How cool to be paid to go on holiday.

After that, I invested US\$18,000 in Yahoo. The stock went up US\$100 from my point of entry. The US\$18,000 investment increased to US\$75,000 in two weeks.

From then on, my subsequent trades in firms like Amazon, JP Morgan, Lucent and Cisco consistently made net gains and by end 2000, my profit had grown to almost US\$1 million, and it was doubled a year later.

This means I'm not fully invested in the stock market. Once I generate wealth from the stock market, I park it in deposits and use the interest that I earn to fund my living.

Q What about insurance planning?

I have a term life insurance policy in the amount of US\$2 million with annual premiums of about US\$2,000 (\$3,020). The monthly premiums for both my husband's and my health insurance are about US\$800.

Health insurance in the United States can be expensive but the cost of not having it when it is needed most can be catastrophic. I also have mortgage insurance on my present property of about US\$700 a month.

Q What's your investment philosophy?

You should be able to sleep in the night. The bulk of my capital has to be in an environment that can yield sufficient interest to fund all my living expenses.

Always focus on protecting your capital and the returns will follow. Approach the stock market like a business. Always have an exit strategy with either a profit goal or loss potential. When your position begins to lose value, honour your loss target and do not look back.

Q Do you have any property investments?

My husband and I own a 2,000 sq ft house in Miami worth US\$500,000 and it is rented out. We generate on average a net annual return of 3.6 per cent on that investment. We bought it 25 years ago for US\$100,000 and we paid off the mortgage when I quit my job.

We live in a 4,000 sq ft home in West Palm Beach, which we bought three years ago for US\$1.2 million.

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

I came from a fairly poor home. I have two sisters and a brother. Both my parents worked. Dad was managing an electrical firm while my mother was a fashion designer. We lived in a rented three-bedroom apartment in New York.

Money was always tight since my parents believed in providing us with the best possible education. About 25 per cent of their income went to their children's education. We were all sent to private missionary schools which cost more than public schools. Education was so important we were not allowed to go on dates until we graduated from high school.

Education proved to be invaluable in my pursuit of a professional career. The lesson here is to be willing to invest in yourself and your education.

Q What has been a bad investment?

When I began trading options in the US stock market, I subscribed to the services of a financial "expert" who recommended buying an option on a US technology stock, RMBS.

The investment on the option was US\$18,000 when the stock was trading at about US\$300. His recommendation was that the stock should go up to US\$500. It didn't.

I proceeded to lose a significant portion of that capital. Lesson learnt: No one cares more about your money than you, so have your own trading plan.

Q And your car is...

A gold 2005 Lexus SC400 convertible. When I am in Singapore, I take cabs.

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