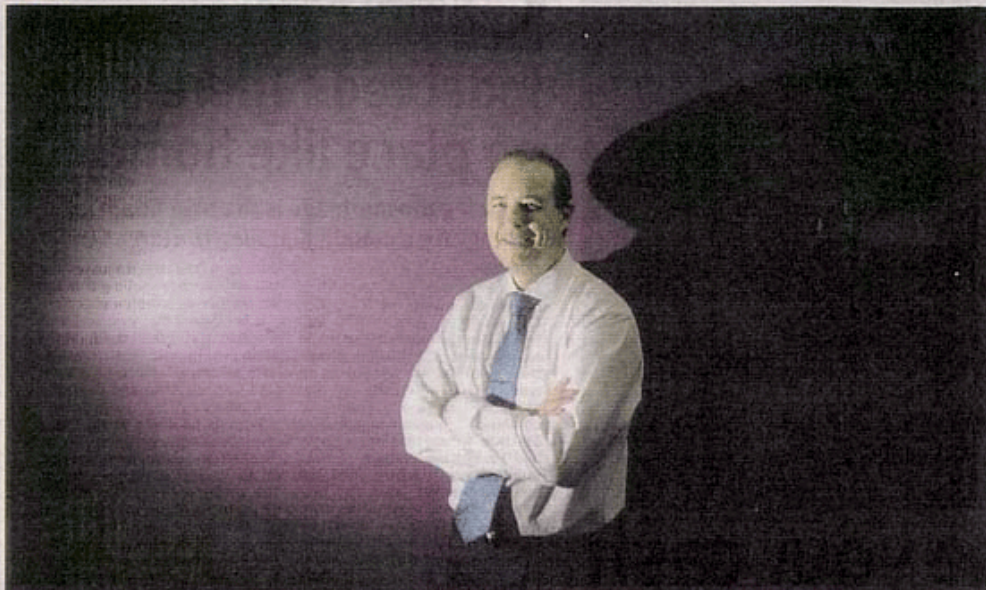


## TRUE CONFESSIONS



Picture: Ian Munro

# Banking on every ingot having a silver lining

Perth businessman Kym Illman's first investment experience helped him buy his first car

#### What happened?

At age 19 I was working at the ANZ Bank in Park Hoime, South Australia, when the branch accountant suggested I buy some silver as an investment.

I acted on this rather flimsy piece of advice and purchased a 1kg bar. Although my father urged me to sell it numerous times, I held out until it quadrupled in value. I used this windfall as a deposit on my first car, a new Mitsubishi Sigma.

#### What are your investment goals?

To make enough money to allow me and my family to live the lifestyle we enjoy now, until I die.

#### What's the best investment decision you ever made?

Ploughing the profits from my business, Messages On Hold, back into the business. One dollar invested in my company in 1988 would be worth \$180 today.

The turnover was \$50,000 in my first year and is now close to \$9 million. I also bought a rare Rolex stainless steel Daytona from a dealer a few years back that someone else had failed to pick up (so it was a fluke!). It is not only a delight to wear, but it has

doubled in value. I bought it for \$6900 and it's now worth about \$15,000.

#### What about the worst?

I bought a serviced apartment complex overlooking Scarborough Beach (in Perth), held it for four years and then sold at the same price I paid for it, in effect a loss given the rise in property values in the area.

The management was poor and many owners were in dispute with them. I've also bought several speculative shares in companies that were later liquidated, resulting in me losing the total investment.

#### What's the best piece of investment advice you have ever received and who was it from?

My father was a finance broker and has always been conservative in his investments. I remember him drumming into me that I "should always leave something for the next person".

By this he meant not trying to pick the top of the market, not being too greedy, thereby leaving the buyer with an opportunity to make a profit too.

#### What advice would you give to an investor who is just starting out?

It's always a question of risk versus rewards. Big returns require big risks. Spread your money over a number of investments, it's almost always less stressful that way.

#### How do you react when markets get rocky?

Like most people I get panicky. When the share market dropped a while back I was on to my stockbroker regularly asking if I should sell?

He'd paint the bigger picture for me and I'd hang up satisfied, until the next round of bad news emerged, when we'd repeat the exercise.

#### What's the biggest investment risk you have ever taken and did it pay off?

I invested a sizeable whack in a private company called RentSmart a few years ago. The company has been growing at an impressive rate and whilst all the signs are positive and there is plenty of "blue sky", I have yet to see a return.

#### What would you never do with your money?

Invest in "get rich quick" schemes. I have associates who enthuse about various money-making opportunities, from Nigerian scams to computer software systems that monitor sports betting. "You can't lose," or "This is a sure-fire winner" are phrases I hear often.

I'm smart enough to realise that: a) If I'm making a profit, someone must be making a loss; and b) if it was a sure-fire winner, why would you tell anyone about it?

#### Where do you source most of your investment information/research?

My stockbroker and accountant are my two main sources. I also hear things from those in my circle of friends, however I would always run it past these two.

#### What, for you, are the most important attributes of a good financial planner?

I don't use a financial planner. Most of my advice comes from my company's general manager, a chartered accountant whom I trust implicitly, and my personal accountant, Geoff Kidd of Grant Thornton.

If I did appoint a financial planner I'd want them to be a whole lot wealthier than me in order to feel confident about taking their advice. I want to learn from someone who's made a fortune, not someone just out of university who's studied what others have done.

#### What are your views on socially responsible or ethical investment?

I particularly despise tobacco companies and would never invest in them. Apart from this, I don't think too much about it, although I can't recall investing in any "touchy" fields.

#### Would you feel comfortable running a portfolio of individual direct shares?

I used to do it myself but wasn't very successful. So for the past three years I have been doing it through a broker who has proven to be quite astute.

Because he has been good, I have been quite happy to follow his recommendations when he phones them in. I have about 17 stocks in the portfolio.

I quite like the thrill of checking the paper each day and monitoring a few of the more speculative stocks.

About 10 to 15 per cent of my portfolio is speculative — it's a punt and a bit of a game.

#### How do you feel about investing overseas?

In 2002, I bought a similar company in Singapore to the one I own here. It has proved to be an outstanding investment, even though it has suffered a bit lately due to the strength of the Aussie dollar.

Anna Fenech