INVESTORS SHOULD TAKE OWNERSHIP OF THEIR INVESTMENTS

POWER POINT

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The world of investing and wealth creation is full of opportunities and challenges. It therefore needs strategic and deep thinking to grow and prosper. One needs to go beyond academic learning and straitjacketed thoughts to find superior and sustainable solutions.

Regrettably, many individuals cease their pursuit of knowledge upon completion of their formal education, assuming graduation or professional certification as the culmination of the process of learning. This highlights a systemic issue with our educational framework, which often prioritizes exam outcomes as the end goal. For this reason, most people stop reading as soon as they clear their graduation or professional course.

The simple activity of reading books has a multiplier effect not only on one's career but also on their wealth. The ability to consume knowledge at a high rate accelerates mental and professional maturity resulting in superior decision-making ability. A writer invests a copious amount of time to write a book, doing in-depth research, expressing his feelings, storytelling, and showcasing a larger picture. The beauty of reading books is that you can absorb knowledge from different fields, assimilate the knowledge, and create mental frameworks using different thought processes. This leads to lifelong learning and evolution of thought process.

This also has many parallels with the world of investing. Just investing in traditional products, buying a house for self-consumption, or buying life insurance is not wealth creation. Investment is a complex activity, and finding the right investment solutions is even more challenging in current times. If one does not have an investment background, the DIY (do it yourself) approach will not only impact returns but may also lead to capital loss.

In today's world, the most preferred way to get any information is through social media. People spend a lot of time on various platforms to consume information and, within a short span of time they start believing in the so-called 'influencers', without knowing their background, educational qualifications, experience, and expertise.

Some influencers use marketing tactics to attract people's attention, and people who lack investment knowledge blindly trust the advice given by these so-called 'experts' without even looking at the basic investment parameters like risk, liquidity, and safety. They therefore tend to fall for these 'quick money' schemes.

Human beings have been risk-takers from time immemorial. The recorded history of various bubbles over the centuries highlights the basic human character of winning quickly rather than patiently.

The fundamental principles of investing get ignored in the zeal of getting rich quickly. 'This time it's different' is the most common phrase used in every scam/bubble. Investors end up making losses in the race to do things by themselves from things they

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don't even understand completely. Within a few trades, people have lost their lifelong saving, and retirement money. It is surprising that most investors do a lot more research on buying consumables like electronics, vacations, clothes etc. than on their investments, which have a lot more long-term effect on their financial well-being.

Investors should do simple things when it comes to investment and wealth creation:

1. Invest hard-earned money with the help of a fund manager who has the required qualifications, background, and track record. Look at the past performance for a better understanding of the risk-return matrix.

2. Look at the fee structure (fixed fee or performance-based fees). Ideally, the interest of the fund manager should be aligned with the investor.

3. Diversification should be done at multiple levels like mutual funds, portfolio management schemes, real estate and alternatives. Within this, it should be in equity, fixed income, commodities, quant, private credit, etc. As investors evolve over time, they can add more sophisticated products to their portfolio.

Investors often overlook fundamental principles in their rush for quick wealth

4. Investors should continuously enhance their knowledge by reading books and meeting quality people. This helps them to constantly look for better investment opportunities/solutions.

5. Keeping abreast of market trends and economic indicators will help in making informed decisions. This includes staying informed about geopolitical events, central bank policies, industry developments, and emerging market trends.

Finally, while it's important to stay informed and adapt to changing market conditions, investors should maintain a long-term perspective. Short-term market fluctuations and volatility are inevitable, but maintaining a disciplined approach and focusing on long-term investment objectives can help investors ride out market fluctuations and achieve sustainable wealth creation over time.

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