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My biggest lesson from 12 years of investing

Chetan Bhattacharji
Senior media professional, Delhi

44 year old Chetan Bhattacharji, a Delhi based senior media professional, candidly admits that just like all of us, he too does get influenced to some extent by news headlines. But, knowing this human tendency which often results in poor investment decisions, Chetan has wisely crafted a solution for himself which ensures that while the larger portion of his savings remain immune to market headlines, a small kitty is available to dabble in the odd stock that is making news. Chetan began investing with an advisor 12 years ago - and if there's one lesson he has learnt in this journey, its never go overboard - either with pessimism that engulfed us back in 2008 or unbridled optimism that's all pervasive now.

Should have started systematic investing earlier

I began systematically investing through an advisor about 12 years ago - in my early 30s. Until then, my investments were ad-hoc - I had some LIC policies, some mutual funds, but it wasn't really planned and organized. I see the significant benefits over time of adopting a systematic investment approach with specific goals that I am investing for. My regret is that I didn't start this systematic approach earlier in my life. Its not that this is coming back to haunt me in any way - its just that I could have done much better if I had started early enough with a systematic approach.

Dividends have many pleasant memories for the family

About 4-5 years into this systematic investment approach, I began getting some dividends. These dividends have fond memories for us in the family - some dividends paid for the odd vacation, a new PC at home came in courtesy another set of dividends and so on. Its like actually experiencing the fruits of our disciplined investment approach from time to time - instead of only seeing account statements which show you how your money is growing.

2008 was scary - and my biggest learning phase

2008 was a scary period - for all of us, I guess. By then, I had accumulated enough money for me to get really worried about markets and what they were doing to my savings. There was a crisis of confidence all around. I really didn't have the time nor the inclination to get into a detailed study of markets - and as such, I too got influenced by all the headlines I was seeing - world markets falling, rupee crashing, fears of contagions and so on.

This was the time that my advisor's steady hand was invaluable. He was rock solid in his convictions, in his outlook. He first made me comfortable that he is willing to make any changes in my portfolio that I felt necessary, and then went on to give me his view on why he thought it wasn't a good idea to change anything. He took me through how investments behave in different parts of market cycles, how it is important to ride through market cycles to really get the benefits of the investments we are making and why the 2008 episode is also just another part of the ongoing cyclical behaviour of markets. We didn't make any changes to the portfolio, I held on to my equity investments and I continued with my SIPs through that period - all of which have turned out in hindsight to be wise decisions!

Most of my savings are in this systematic investment mode with my advisor. He suggests course corrections from time to time where necessary, but broadly, we've just stuck to our plan for all these years. Returns are not extravagant - not the 30% and 40% numbers we see in news headlines - but healthy - well above inflation rate, over long periods of time.

Small kitty for stocks - we are all human!

But I must admit, I do have these occasional urges to buy stocks, for which I have set aside a small portion of my savings. Call it curiosity or heightened interest or whatever when I see some headlines around some stocks - I do get interested in some stocks that are making news and I buy some that look promising. Now I know that I don't really do the kind of independent homework that one ought to, when buying such stocks. But I make it a point to invest only small amounts that I think I can afford to lose. Some of these work out well - which is great, some don't - too bad. I try to learn from both kinds of experiences. Buying stocks is risky, more so for someone like me who doesn't do the level of independent research that such activities warrant.

My biggest lesson from 12 years of systematic investing

Its easy to get carried away in the current bullish market - just as it was so easy to get petrified back in 2008. My 12 years of systematic investing has however taught me one lesson - never go overboard, either way. Hold steady - that's the best way forward. I have no urge to put extra money into equity funds - I limit those urges to the small amount I have kept aside for buying stocks - but I have no plans to increase that kitty either. Its important to maintain one's sanity in these bullish times - just as it was in those bearish times in 2008. Most of us investors are really low involvement investors - we don't have the time, the bandwidth and often the inclination to try and become market experts and then try to get more out of the markets. Systematic investing over the long term is what's ideal for low involvement investors. And, having a good advisor who can help you stay on track makes it that much easier when tempted to go to either extreme of bullishness or bearishness.

Advice to young investors

My advice to investors who are beginning their investment journeys now is simple:

1. Get onto a systematic approach early - don't try your hand at anything exotic unless you are an expert. The faster you get onto systematic investing, the better off you will be in the long run.
2. Ask questions - make sure you understand what you are investing in, understand costs, understand how the returns come in, understand dividends, NAV movements, understand market cycles. Its only when you have adequate knowledge of where you are investing, can you expect to maintain your equilibrium when you see a variety of news flow on markets, on funds, on costs, returns and so on.

Chetan Bhattacharji's advisor: Ashish Chadha, Chadha Investments, Delhi

Ashish Chadha (3rd from left) receiving the Tarakki Champion 2017 award in the regional distributors category from Nimesh Shah (4th from left), CEO - ICICI Prudential AMC and Vijay Venkatram (far right), MD - Wealth Forum.