

Don't pretend to be an expert when you are not one



Promila Suri, Architect & Educationalist, Delhi

"Some of us investors burn our fingers with investments because we pretend to know what we are doing, while in fact we don't." 76 year old Promila Suri, who continues to pursue her first love - teaching at the School of Planning and Architecture, Delhi, is clear about where her expertise lies, where it doesn't and the prudence in seeking advice on matters outside her area of expertise.

I didn't get involved with managing money until 2010 - until then, it was my husband who managed our finances and I chose to blissfully stay away from money talk. He was a practicing architect and took a keen interest in investments, but had to scale back on his practice when he fell ill in 2000. Around that time, he called our advisor Ashish Chadha home for a chat and expressed a desire to consolidate and simplify his financial matters, even if it meant reducing the returns potential of the portfolio. Ashish protested earnestly about sacrificing long term returns by selling out on stocks and equity investments. I then had to gently let Ashish know that my husband was doing this to make matters simple for me to manage independently, after his time. Ashish finally got the picture - but rather than

selling, he assured my husband that he will take full responsibility to manage the portfolio judiciously and do the best he can for me.

My husband died in 2010 and honestly in the intervening 10 years, I didn't really make a big effort to understand finances and investments - it is not a subject that fascinates me. I am a teacher - that's what holds my interest, more than money. I called Ashish home and asked him to explain the portfolio to me - which he did patiently. I understood clearly Ashish's point about the need for my portfolio to fight inflation over time even as it generated regular cash flow, since the portfolio is my primary source of income.

State your objectives clearly to your advisor

I spelt out my objectives to Ashish very clearly as follows:

1. Monthly expenses to be provided for
2. No dependence on children for any financial matter, ever
3. Ability to meet medical expenses as and when
4. Ability to make some lifestyle purchases occasionally, like buying a new car or taking a holiday abroad
5. Principal should not erode

Ashish put 33% of the portfolio into equity and the rest into debt to meet my objectives. When I wanted to buy a car, he made sure I had the money for it. When I remodelled our house and converted it into flats where I could continue living independently and yet provide flats for my children, he made sure I had the money to completely remodel the house, the way I wanted.

Its been 7 years since I have been interacting independently with Ashish. I understand what he recommends and why he recommends, but to be honest, I don't try to independently manage my money. I trust my advisor, I trust he will act in my best interests, and I go along with his suggestions. Sometimes, I get calls from my bank about investments - I run these thoughts past Ashish. We have honest conversations on where we think something needs to be done just to oblige them, which we then do, knowing fully well why we are taking such decisions.

We need to do our bit too, in the fight against inflation

My portfolio has grown from a little over Rs.1 crore in 2010 to over Rs. 2 crores now - Ashish has ensured that I get money whenever I needed it and yet, the portfolio has grown over time to fight inflation. Some amounts have been added by me into the portfolio from time to time - in fact, out of the cashflow I receive every month, I re-invest 1-2 lakhs every year back into the portfolio from savings from my monthly amounts. You can't expect either the market or your advisor to do everything for you - you need to do your bit too in the fight against inflation.

My learning as an investor

As investors, I believe our first responsibility is to have a clear understanding of where our expertise lies and where it doesn't. Some of us burn our fingers with investments because we pretend to know what we are doing, while in fact we don't. I see that in many professions - a financial advisor is not the best equipped to become an architect for the house he builds - that's where architects come in. Likewise with money and investments - that's where financial advisors come in.

What's worked for me as an investor is very simple:

1. I don't pretend to be an expert on investments. I work with a good quality advisor whom I trust.
2. I don't ever try to do random buying and selling of shares on tips.
3. I make sure my advisor knows what I want from my portfolio, and then leave it to him to figure out how to deliver.
4. I don't get swayed by ads and promotions - I sound out my advisor on any idea that anybody gives me - and I go by his judgement on what makes sense for my portfolio and what doesn't.

Promila Suri'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.