

Wealth Creation Is An Outcome Of Staying Invested With Patience

Arnab Chakraborty overcome his hesitation based on a previous bad experience, to build a portfolio that has stood the test of time and helps him meet his financial goals

Arnab Chakraborty, 42, is the co-founder of a tech startup that he started with his technocrat wife. The couple has a 10-year-old child. When Arnab was 20 years old, his father had invested in a technology fund that saw a 30 per cent drop in its principal value during the 2000 dotcom bust. Having seen this, Arnab's initial impression about investments in mutual funds was not a good one, and which had its impact on him as he eschewed mutual funds. But that changed after he met Sajal Roy, a Kolkata-based mutual fund distributor and founder of Anjali Investments.

Sajal explained many concepts about equity investments and mutual funds to Arnab. He also talked about the importance of investing in inflation-beating instruments from an early age and how mutual funds tend to offer risk-adjusted returns while helping in creating long-term wealth.

Given the unpleasant experience that Arnab had with his father's investment in a technology fund, Sajal educated Arnab about market cycles and that one needs to be patient and goal-oriented and have a diversified investment portfolio without timing the market. Arnab had two goals. He wanted to build a corpus for his child's higher education and wanted to start his own venture in future. Sajal understood his client's requirements and presented an

executable plan that would enable Arnab to achieve his goals.

To start with, Sajal made him aware about the benefits of systematic investment plans (SIPs) and how with little but systematic investment several goals can be achieved. Having learnt the basics of investment and gained confidence after understanding the

basic concepts, Arnab initially started with a monthly SIP of Rs 1,000 in 2003. This was about 10 per cent of his monthly salary. "Sajal recommended an executable plan to achieve what I wanted," says Arnab. With every increment and incentive that he got, Arnab kept increasing his investment in mutual funds as years passed.



Investment Learnings From Two Decades Of Investing

Arnab sums up his learnings during many years of investment and ups and downs as follows:

- 1) Making Money Is Different From Creating Wealth:** Arnab, after seeing how wealth can be created even with small investments, agrees that making a quick buck is not the same as wealth creation. Short- to mid-term gains by investing in thematic funds can help make fast money but these funds may not be suitable for long-term wealth creation, which is where 'old school' diversified equity funds like large-, multi- and flexi-cap schemes come into play.
- 2) Act According To The Situation:** Life is all about facing situations and taking decisive action to accomplish goals by being focused and not getting perturbed by short-term blips and crises.
- 3) Don't Hide Anything From Your Financial Advisor:** A financial advisor is more like a doctor for your good financial health. So an investor, who has goals to achieve, must trust his advisor and open up. If an investor hides critical information, he is causing self-damage by not letting the advisor prescribe a suitable plan to achieve financial goals.
- 4) Have Patience And Stay Calm With Goal-Based Investments:** Arnab says that Sajal told him that a long-term financial journey is like your life. The way we have bumps in our life, there will be many ups and downs during the course of investments. "I learnt that volatility is an important part of the market and should not be a reason to become impatient and panic. Staying invested, irrespective of market movement, is the real success mantra for wealth creation. Patience does pay well in the long run," says Arnab.
- 5) Don't Get Carried Away By Advertisements:** Staying put with the advised investment portfolio is the best way to achieve goals. "Since all investors have different needs, risk profiles and goals, one product can't suit all. As a doctor's prescriptions are different for different patients, so is the case with investors. Your advisor understands this," says Arnab.
- 6) A Perfect Portfolio Is Required To Fulfil Goals:** The most suitable portfolio can be constructed only when there is trusted financial advisory, clearly defined tenure to achieve goals and schemes chosen accordingly. Absence of even any one of these factors may lead to failure in achieving the desired results. "A combination of all these factors makes investment successful," adds Arnab.

Aligning Investments With Goals

"During the course of investments, Arnab aligned my recommendations with his life's milestones like marriage, his desire to start his own venture and his child's education," says Sajal, who changed his prescription at every event in his client's life, as per the requirements and tenure, like increasing investments as per the goals. He also kept prompting Arnab to save more so that higher sums can be invested.

Given the changing market scenarios, various tools such as flexi SIPs, booster systematic transfer plans (STPs), lump sum investments in thematic funds were used to ensure the portfolio remained balanced and could give the maximum benefits of the investments.

Sajal and Arnab successfully navigated through two catastrophic events in terms of investments—the 2008 Lehman Brothers-led financial crisis and the 2020 pandemic. These were two phases during which most investors lost their patience and panicked. But Sajal's client-centric approach and handholding meant that he managed not only Arnab's investments but also his behaviour by reminding him of his long-term goals.

Planning and investing strategically over two decades, Arnab could see the wealth creation taking place. So, he has been systematic and patient with his investments. "Starting with a minuscule investment and increasing it gradually, I could build a sizable corpus. Not only have I successfully created an adequate

corpus for my child's higher education, funds required to start my venture were also available. The generated corpus allowed us to decide to forego the luxury of monthly salaries in a job and get into bootstrapped entrepreneurship," says Arnab. ■



Sajal Roy, Mutual Fund Distributor and Founder, Anjali Investments