

# WHATSINIT

## 4me

### **10 commandments for investment success**

■ THERE are great expectations. The markets are in a tizzy. Sensex and Nifty are feeling exuberant. However, the general sense is that it is the start of a multi-year bull run. Most investors at present are overexposed to fixed income, real estate and gold and underexposed to equities. Now it seems that it was a no-brainer to have invested in equities about a year back. "Duh, why didn't I?" you think. It is natural. However, if you have not entered so far there is no need to get bamboozled into it now without a clear head on one's shoulders.

Yes, it is a time to invest in equities, though one should understand what one is doing. We have put together the 10 commandments to help you cross this turbulent, thrilling, tsunami.

1) Thou shalt not take directional calls on the markets, politics, and macro-economics (i.e. interest rates, exchange rates etc.).

2) Thou shalt not listen to tips from brokers, brother-in-laws, uncles, friends and free or paid subscriptions.

3) Thou shalt not invest in insider information from a "reliable and trusted" source.

4) Thou shalt look at the facts as shown on the balancesheet and income statement of each company which is a potential investment. (If thou doesn't trusteth the balancesheet, thou shalt not invest in that company).

5) Thou shalt estimate the intrinsic value of each company based on the facts.

6) Thou shalt estimate the discount to intrinsic value, based on the current market price and intrinsic value.

7) Thou shalt strictly buy on significant discount with a "margin of safety" and sell at close to the intrinsic value.

8) Thou shalt invest for the long-term.

9) Thou shalt diversify.

10) Thou shalt hold a global portfolio.

**Vikas V Gupta**

*Executive VP, traded markets & investment research,*

*ArthVeda Fund Management*

mail to:

[mymoney@mydigitalfc.com](mailto:mymoney@mydigitalfc.com)