

# Wealthy ideas

An investor education initiative

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## The secret of creating wealth is to behave like 'average'

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- You do not need to be a financial wizard to create wealth.
- Most people who think they are above average are actually 'below average'.
- In the investment world, to do less is equal to doing more. It means, being average is 'above average'.



## Buy Protection

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Always have adequate insurance cover. At times, it may seem like a worthless expenditure but you should know that it is the foundation of a sound investment plan.



**Start early**

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You can become wealthy even if you start late.  
However, it will be very difficult to beat those who start early.



## Focus on your savings rate, not just the investment returns

Building wealth has little to do with your income or investment returns, and a lot to do with your saving rate.

Typically, during the first 10 years of saving/investing, the investment component is 70-75% of the total portfolio value. The returns/appreciation constitutes just 25-30%. Then why focus too much on returns?



## Increase Your Time Horizon

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Never ask – How much returns I will get.  
Always consider – How long can you stay invested.



## Invest in products that you understand

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Never invest in products you don't understand for yourself. It is better to settle for a 'so called' lesser return than regretting losing money in a product you didn't understand. There is nothing called 'high return product'. They always come with conditions.



**Don't put all your eggs in  
one basket.**

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Margin of safety or diversification doesn't mean lower returns. It can actually give optimum returns by reducing the overall risk. Follow proper asset allocation at all times.





## SIP – Rupee Cost Averaging

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For most investors, SIP (Rupee Cost Averaging) could be the simplest and most effective investment strategy for creating long term wealth.



## Avoid bad decisions...

Don't experiment too much with your investments. To create wealth you don't need to make many good decisions. You need to ensure you do not make too many bad decisions.

If you don't lose money, you probably will end up having a lot of money.



## Investment returns depend on your own behavior

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In the long term, the returns you make is mostly a factor of how you manage your own behavior in good and bad times.



## Timing the investments

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Buying low and selling high is a fictional thought. It doesn't exist in real world. If you want to make money, your best bet is to stay invested.



## Single most powerful thing

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If you want to do better as an investor, the single most powerful thing you can do is increase your time horizon. Compounding works best when you don't have to work again and again on your investments.

$$A = P \times (1 + r)^t$$

## Highest returns

Aim for financial independence, not highest investment returns.

Financial independence will give you the ability to do what you want, when you want, for as long as you want. When you achieve this, it is equal to achieving highest returns on your investments.



## The best investment

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The best investment is not to identify a stock or a mutual fund but to find the person who can guide you well. Once you have that person by your side, your investment journey would see lesser bumps.



## Reviewing investments

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Review is important. However, if you have to spend a lot of time going over your investments, you perhaps need a simple portfolio.

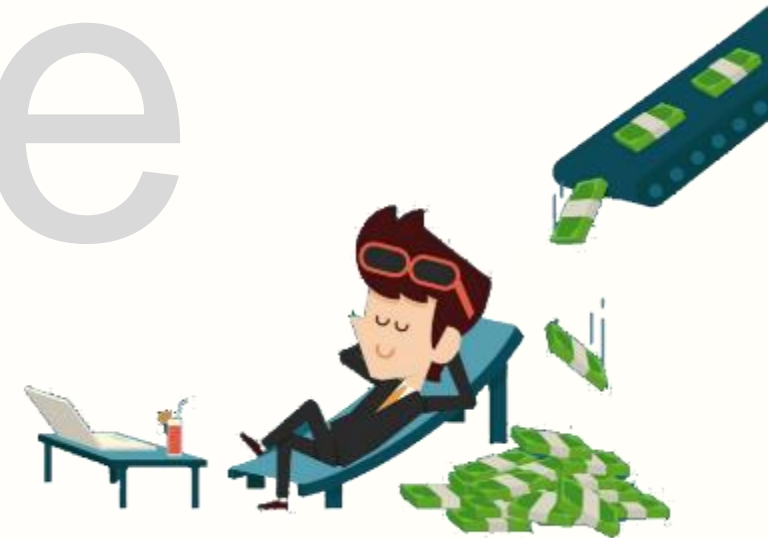




**Sleep**

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Manage your money in a way that helps you  
sleep well at night.



## Things never worth risking

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1. Freedom
2. Reputation
3. Family
4. Health





**Happy Investing!**

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**Thank You**

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