

Equity Investment: Patience and ignoring noise is the key to wealth creation

As per Peter Lynch investing your stomach is more important than your brain. Markets are and will always be very volatile. In 95 years of US market journey there has been 53 declines of 10% or more which is around once every two years. Out of these 53 declines 15 were of 25% or more which is considered as bear market. So, there are 15 bear markets in 95 years.

Noone knows when these bear market may happen. I have not seen anyone predicting market accurately in terms of bull or bear phase. If you are investing in equity markets then you should have stomach to digest this volatility and stay invested longer in case of profits.

Ignoring noise around you while taking investment decisions will make you a wise investor. Every time market falls due to one

reason or another the very same day there are news in media that today investors lost so many billions and there may be further declines. This actually effects investors decision making and many of us sell in panic to buy at lower levels. Majority of the time when you sell markets start coming up. You will never be able to buy the same again as either it would have gone up than your selling price or you expect it to further go down. When last bull become bearish that is when market starts coming up.

Let's take very recent example of Indian markets where during covid outbreak in India during March 2020 Nifty 50 went down from high of 11433 to a low of 7511. It was a black swan event for us as a economy and every one was in panic. Everyone was in fear of survival and media were adding to the chaos. Although people

were having money but instead of buying stocks first preference was to sell the portfolio and sit on cash. Everyone expected covid to have a huge impact on markets and our lives. When US was struggling with covid in that scenario nobody gave a chance to India and in march 2020 alone there was a withdrawal of 9 billion USD from cash markets by FII.

As per Warren Buffet:



Finance

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Be fearful when others are greedy and greedy only when others are fearful.

India did quite well to deal with covid and under the leadership of our beloved prime minister we developed our own covid vaccines. Mr. Warren Buffet words of wisdom helped us in advising our clients to invest when everyone was fearful. In this chaos when everyone was in



panic, we called our clients to take position in stocks with 3 years view. Our clients were mentally prepared for further declines. Approx three years after this decision when our Nostra Wealth family looks back Nifty 50 has moved up from a low of 7511 in March 2020 to a high of 22040 as on 16 February 2023 which is 193% in less

that three years. Many of fundamentally good stocks which we picked up during this phase have moved up by 5 to 10 times and many of our suggested mutual funds have given more than 200% returns. One right decision has made life beautiful for our Nostra Wealth family members.

Equity markets are never going to give us

easy returns. At times we may see those bear phases which will shake our confidence but if you are confident about the businesses you are invested in then you will never lose money. These words of wisdom from legend investors are part of their learning in difficult phases and we should abide by the same.

Making money in

equity market is not easy and most of the time we make premature trade exists because of our trading psychology, recency bias, improper trading processes and poor understanding of market realities, past experience on life and our weak psychological mindset which can be influenced very easily by others.

If you are able to overcome above mentioned problems and stick to your investment goals then nobody can stop you from creating wealth and achieving your financial goals.

About Nostra Wealth Pvt Ltd.

We are 10 year old financial product distribution company based out of Ahmedabad, India, Nostra Wealth aim is to create wealth for its clients by focused and disciplined approach. Our company is built up on pillar of transparency and ethics and we would like our clients to understand every phase of their wealth creation journey. We believe journey is equally important while achieving goal.

We would be delighted to help you in your wealth creation journey.

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