

Behind every success,
there's a teacher who believed.



Happy
Teachers' Day
Thank you for being there.

M-FinBytes

The Teacher Who Didn't Want His Birthday Celebrated

What teachers can teach us about becoming better investors

When Dr. Sarvepalli Radhakrishnan became President of India in 1962, some of his admirers wanted to celebrate his birthday on 5 September.

His response was unusual.

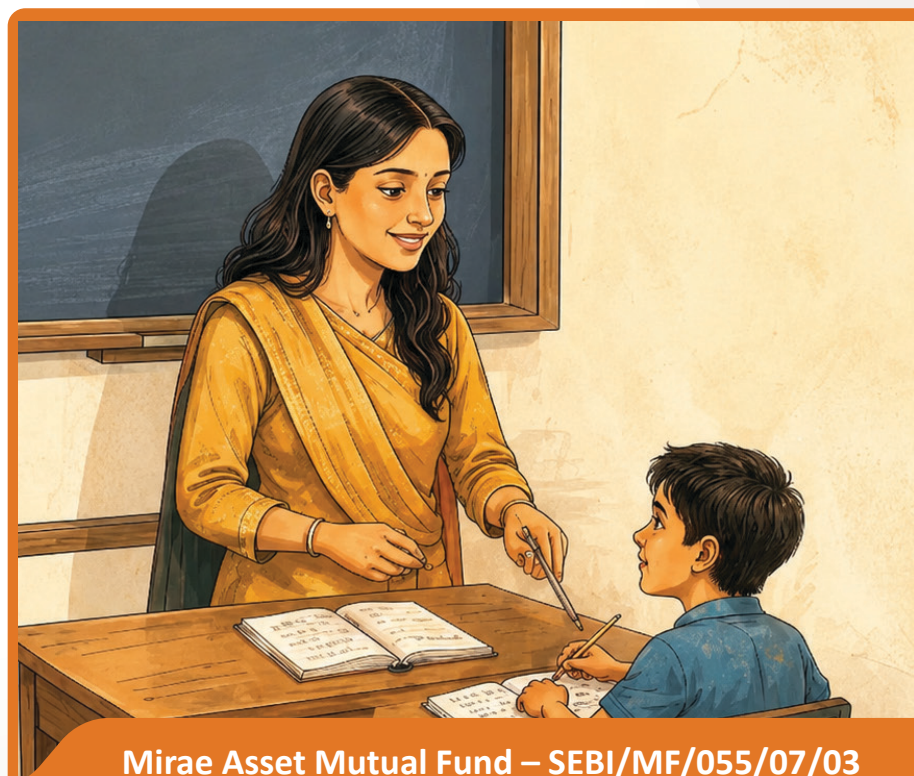
Instead of celebrating his birthday separately, he suggested that the day be observed as Teachers' Day.

A personal celebration became a celebration of an entire profession.

There is something fitting about that story.

A teacher's greatest contribution is rarely the answer they give you. It is the ability they leave you with after the lesson is over: the ability to think, question, judge and eventually find your own answers.

Investing works the same way.



The goal of financial education should not be to tell you what to buy every time the market moves.

It should help you understand **why you are investing, what you own and how to make decisions when circumstances change.**



The First Lesson: Understand Before You Act

Think back to school, you could memorise an answer and still score well. But a slight twist in the question phrasing, and memorisation stopped being useful.

Investing is no different. You can remember that equity is meant for long-term growth, that debt is generally less volatile than equity, or that SIPs encourage disciplined investing

But what happens when the market falls sharply?
Or when inflation rises?

What happens when you suddenly need the money earlier than expected?

More often than not you would rush to act before understanding the depth of the problem. A better investor understands the reason behind a decision.

The Second Lesson: Don't Copy the Answer Sheet

A teacher can explain the subject. A friend can share their study notes. Someone can even tell you which questions are likely to appear.

But when the exam begins,
you still have to write your own answers.

You have plethora of advice and information coming to you from all angles. Your friend may have invested in a particular stock. An influencer may recommend a fund. A colleague may tell you about an investment that has delivered impressive returns. Your advisor may suggest a portfolio suited to your financial situation.

Yet none can suffice your situation as it doesn't account for your own financial situation. When markets fall, it is your money that experiences the loss.

So instead of focusing on "What's trending", focus on solving your own problem statements,



The Third Lesson: One Test Does Not Define the Student

Imagine getting 65 marks in one examination after usually scoring 90. Would that single result mean you suddenly became a poor student? Not necessarily.

Investments should be seen from the same lense. A fund's returns tell you very little by itself.

You need to assess,



Over what period?



With what level of risk?



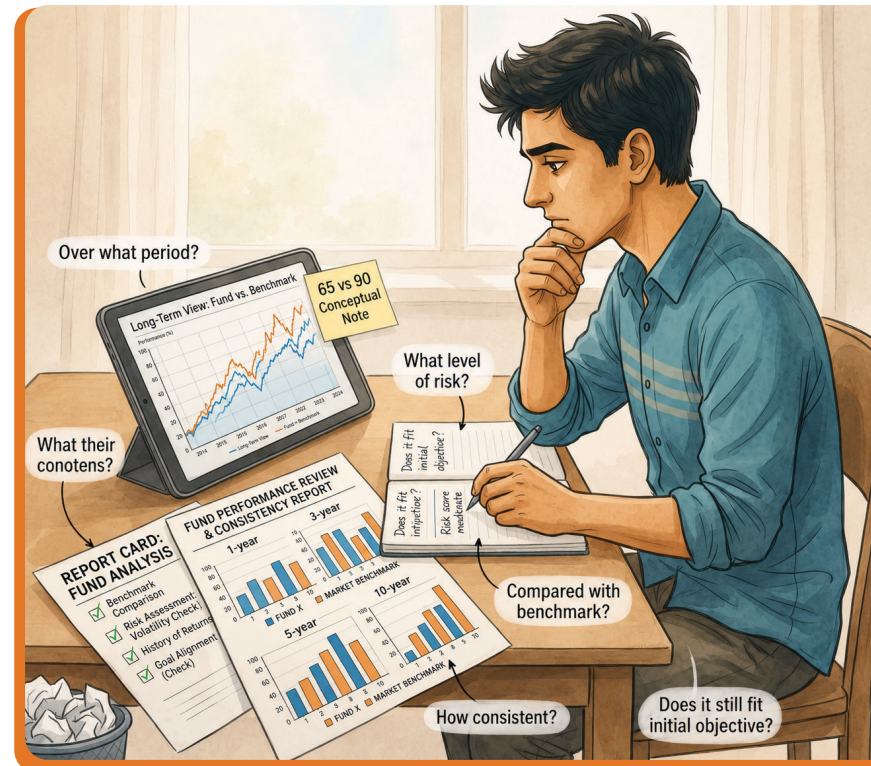
Compared with what benchmark or alternative?



How consistent has the performance been?



Does it still fit the initial objective?



A fund delivering 15% this year is not automatically better for you than one delivering 10%. The highest score may not always be the best answer. The right answer is the one that helps you reach your objective.

The Fourth Lesson: Don't Panic When the Paper Looks Difficult



Every student eventually encounters a difficult question, and panics. But the students have been taught to read the question again, understand what is being asked, and then decide what to do. After the moment passes most students have been able to tackle even the most challenging questions.

Markets demand the same discipline.

When prices fall, fear can push investment decisions. As the sentiment that follows is usually depressing. In this situation, one needs to breathe, assess investment horizon and goals and then take a decision if any.

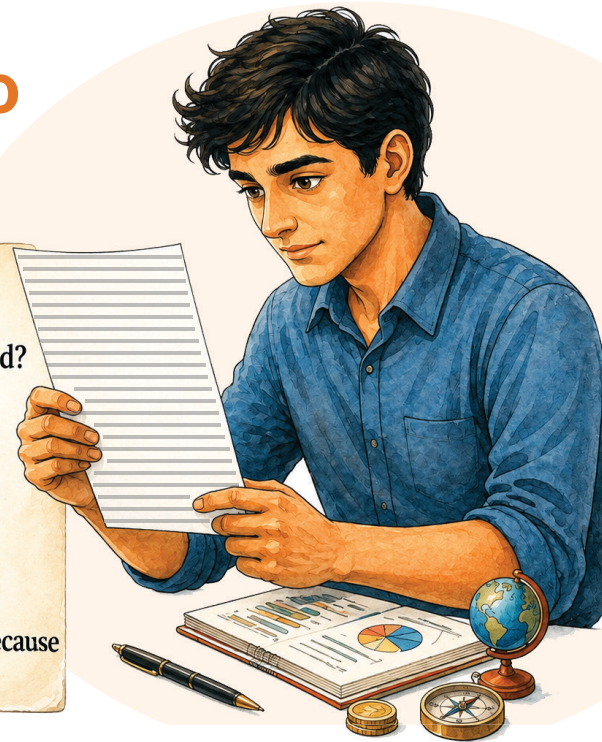
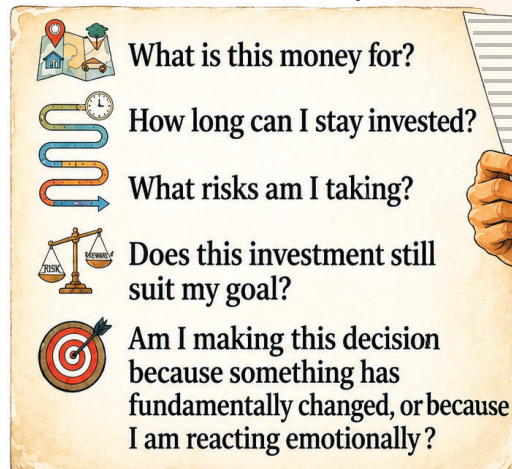
Good financial education teaches you to recognise your emotions before they make the decision for you.

The Final Lesson: A Good Teacher Eventually Lets You Go

The best teachers do not want students to remain dependent on them forever. Their success comes when the student can eventually think independently.

Financial education should aim for the same thing. Not dependence on tips or constant prediction of market movements or need to ask someone what to buy every time the market changes.

The real goal is to become capable of asking better questions:



The ability to answer those questions to yourself would mean you have aced this course of financial education. Only this one won't come with a certificate but the wisdom to make every financial decision for your future.

Eventually, the real tests would arrive.



First salary



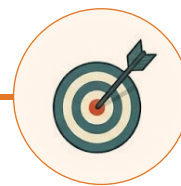
First investment



First market correction



First major financial mistake



First long term goal



Years later, retirement.

That is when the lessons would matter.



Perhaps that is what makes teaching and investing surprisingly similar.



Learn before you act. Understand before you imitate. Think before you react.



Because eventually, the teacher leaves the classroom.



What you do with the lesson is up to you.

SIP - Systematic Investment Plan

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