



Diversification

The Golden rule to protect your assets is "Don't put all your eggs in one basket" because if the basket falls, you'll be left with nothing. Having a heterogeneous portfolio doesn't mean you will achieve humongous returns. But it has the

Don't let this happen to you. Don't be Mr ABC, you need to protect the wealth that you saved for a particular purpose by not letting emergencies overpower your goals. If Mr ABC would have got himself and his family members insured with health insurance, the emergency medical expenses would have been taken care of.



The above rules are like illusionary walls around your wealth and you have to keep these walls strong and intact to ensure that there is no leakage at any point of time.

The priests of investment preach the value of long term investing. You have to give time to the seeds of your principal to grow into a wealthy tree, so that you can relax under the shade of its elongated branches prospering with dense green leaves and fruits.

Yet there are some investors who put money in a product, only to redeem it after six months and they divert the money to some other product, which they believe is the next big thing. And then the markets start rising, which tempts them to sell their investment and book profits. They pay heed to their peers who advise them to invest in a particular investment product and then the other peers who advise them to sell it and invest in some other investment product. These investors aim to build wealth but end up the other way round.

If these investors don't do anything but invest, be patient and relax, they can actualize their wealth targets. Following is the example of an investor who invested but kept fidgeting with his portfolio as per the market movements. Lets see how his portfolio fared over 13 years.

Mr. Sunil Bhatia, a shopkeeper by profession, very aggressive in nature, wanted to make money through stocks. He studied a lot, read articles on equity trading, watched business news channels and then started investing in 1997. He invested ₹40,000 in stocks from diverse sectors. In the beginning of 2000, the value of his portfolio was ₹60,000. He kept timing the market, did a little purchase and sale here and there. By 2005, his portfolio was valued at ₹50,000 after selling stocks worth ₹15,000, when the markets peaked in between. In 2006, the markets skyrocketed, and he booked profits, he sold the remaining portfolio for ₹1,00,000. In the year 2007, the markets started rising further, but he had sold whatever he had, so at the end of 2007, he again bought stocks for ₹1,00,000, and then

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