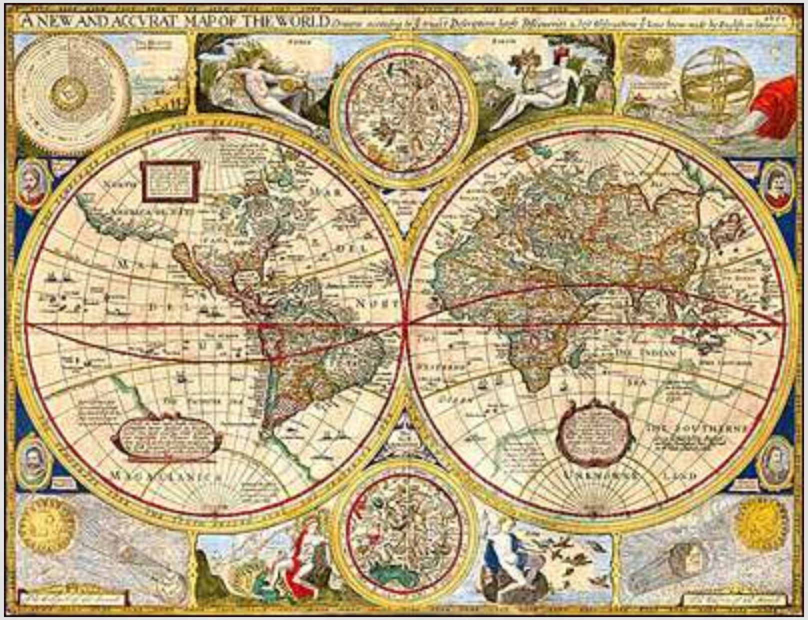
The Return of Uncertainty

…and how you – the investor – can drive through it without getting run over

~ Vishal Khandelwal (Tribesman, Safal Niveshak) | June 2012

First, something you are CERTAIN of…

A “Brief” History of **Uncertainty**



The World has Seen BIG Uncertainties in the Past

Crash of 1929 + Great Depression of 1930s

The Great Depression, which started in 1929, had devastating effects across the world (especially the US). Personal income, tax revenue, corporate profits and prices dropped. Unemployment in the US rose to 25%, and in some countries rose as high as 33%.

Construction was virtually halted in many countries. Farming and rural areas suffered as crop prices fell by approx. 60%. Some economies started to recover by the mid-1930s. In many countries, the negative effects of the Great Depression lasted until the end of World War II.

The US stock market that hit its peak in Sept. 1929, crashed, and could regain this peak only in Nov. 1954, or 25 years later!

World War – II (1939-45)

Mass death of civilians. The only use of nuclear weapons in warfare. 50-70 million fatalities. Overall, the deadliest conflict in human history

Berlin

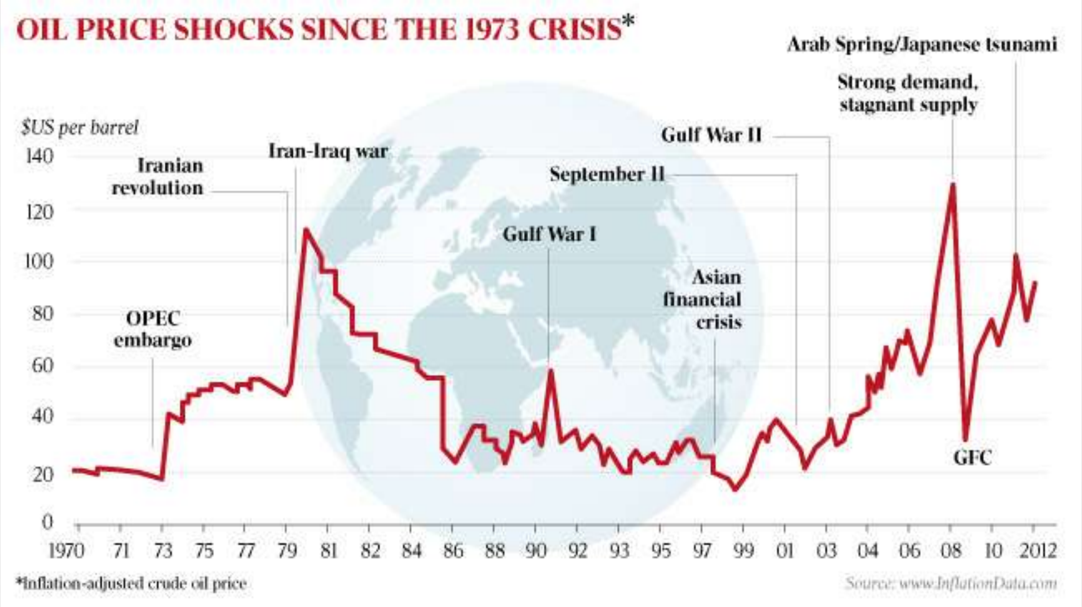
London

Warsaw

Hiroshima & Nagasaki

Holocaust

Oil Shock of 1973 (and beyond)



US-Russia Cold War (1947-91)

Sustained state of political and military tension between the powers of the Western world, led by the US and its NATO allies, and the communist world, led by the Soviet Union.

Several tensed moments between the two powers, like:

- Berlin Blockade (1948–1949)
- Korean War (1950–1953)
- Suez Crisis (1956)
- Berlin Crisis (1961)
- Cuban Missile Crisis (1962)
- Vietnam War (1959–1975)
- Yom Kippur War (1973)
- Soviet war in Afghanistan (1979–1989)

Launch of thousands of nuclear warheads was only a button-press away!

Stock Market has also faced **Terrible Periods** of Uncertainty

Black Mondays, Tuesdays, Wednesdays, Thursdays, Fridays…


STAGE BROADWAY SCREEN

VARIETY

PRICE 25¢

NEW YORK, WEDNESDAY, OCTOBER 30, 1929

WALL ST. LAYS AN EGG

Going Dumb Is Deadly to Hostess In Her Serious Dance Hall Profesh

DROP IN STOCKS ROPES SHOWMEN

Kidding Kissers in Talkers Burns Up Fans of Screen's Best Lovers


THE GUARDIAN

Published in London and Manchester

Tuesday 20 October 1987 25p

Treasury struggles on with BP offer as City sees £50 billion wiped off stock values

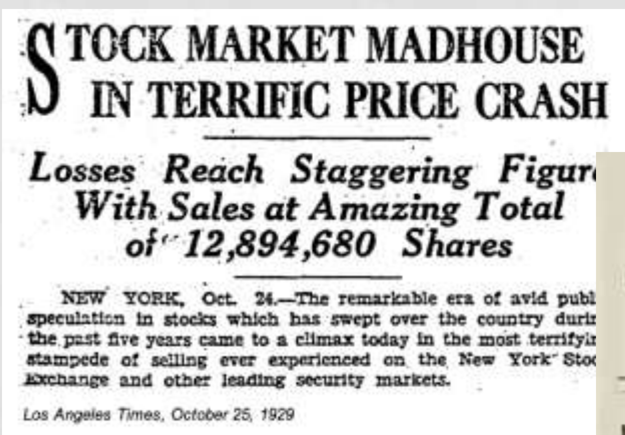
Share rout in London and Wall St beats 1929 crash

Reagan in huddle after slide

By Peter Rodgers, Mark Milner and John Hooper

A record £50.6 billion rout on the London Stock Exchange yesterday was followed by a fall on Wall Street which far exceeded the 1929 crash.

US v Iran to 'r Gulf


STOCK MARKET MADHOUSE IN TERRIFIC PRICE CRASH

Losses Reach Staggering Figur With Sales at Amazing Total of 12,894,680 Shares

NEW YORK, Oct. 24.—The remarkable era of avid publ speculation in stocks which has swept over the country duri the past five years came to a climax today in the most terrifyi stampede of selling ever experienced on the New York Stoc Exchange and other leading security markets.

Los Angeles Times, October 25, 1929


London Herald

WALL STREET CRASH!

Black Thursday in America


BLACK TUESDAY

THE STOCK MARKET CRASH OF 1929

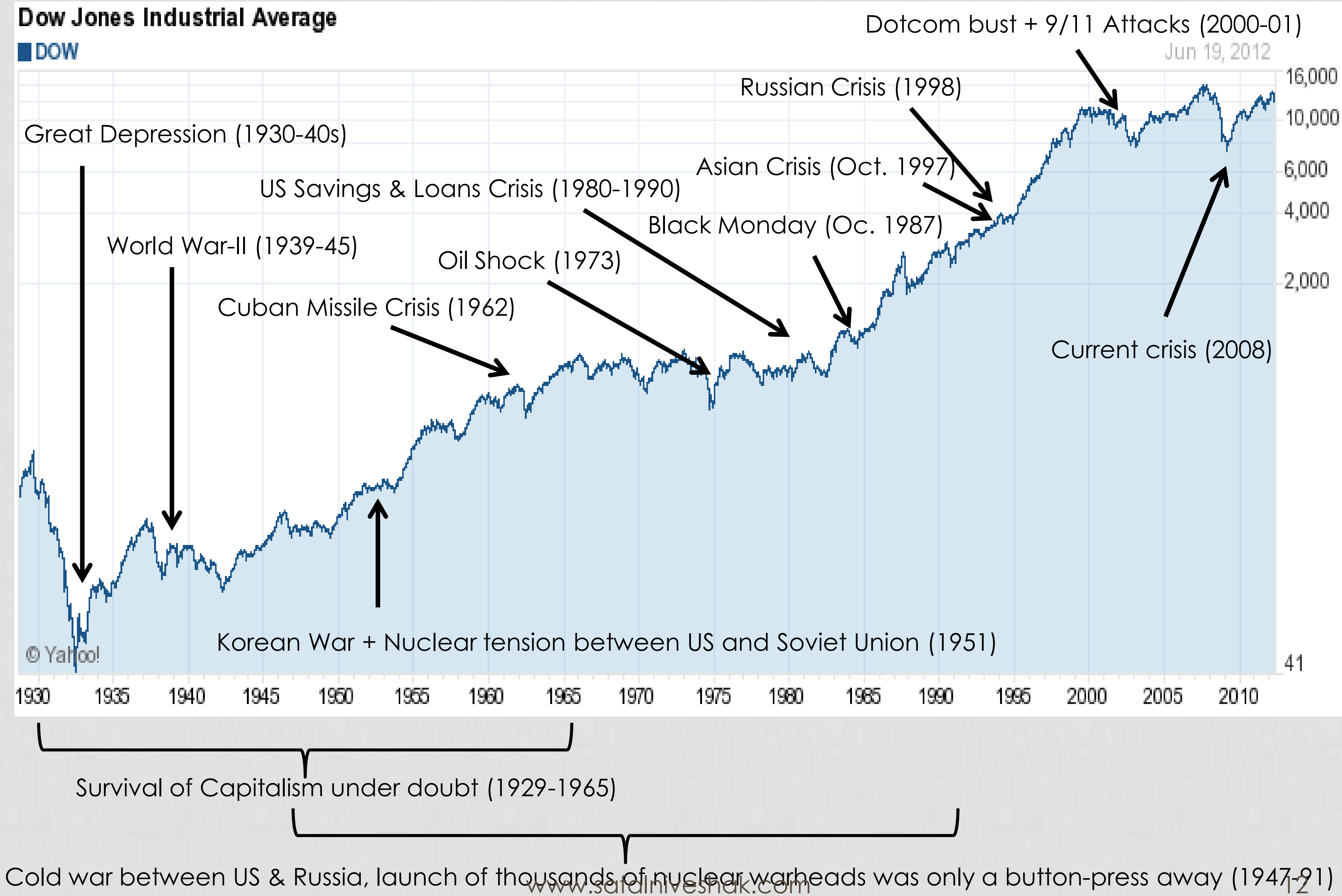

DAILY NEWS

BLACK FRIDAY

How low can the market go?

The **Price** Stock Market Investors have Paid for All this Uncertainty?

80 Years of US Stock Market



US Stock Market Returns

Peak of Great Depression – 2012 = 84 Years = 4.9% p.a.

Bottom of Great Depression – 2012 = 80 Years = 7.4% p.a.

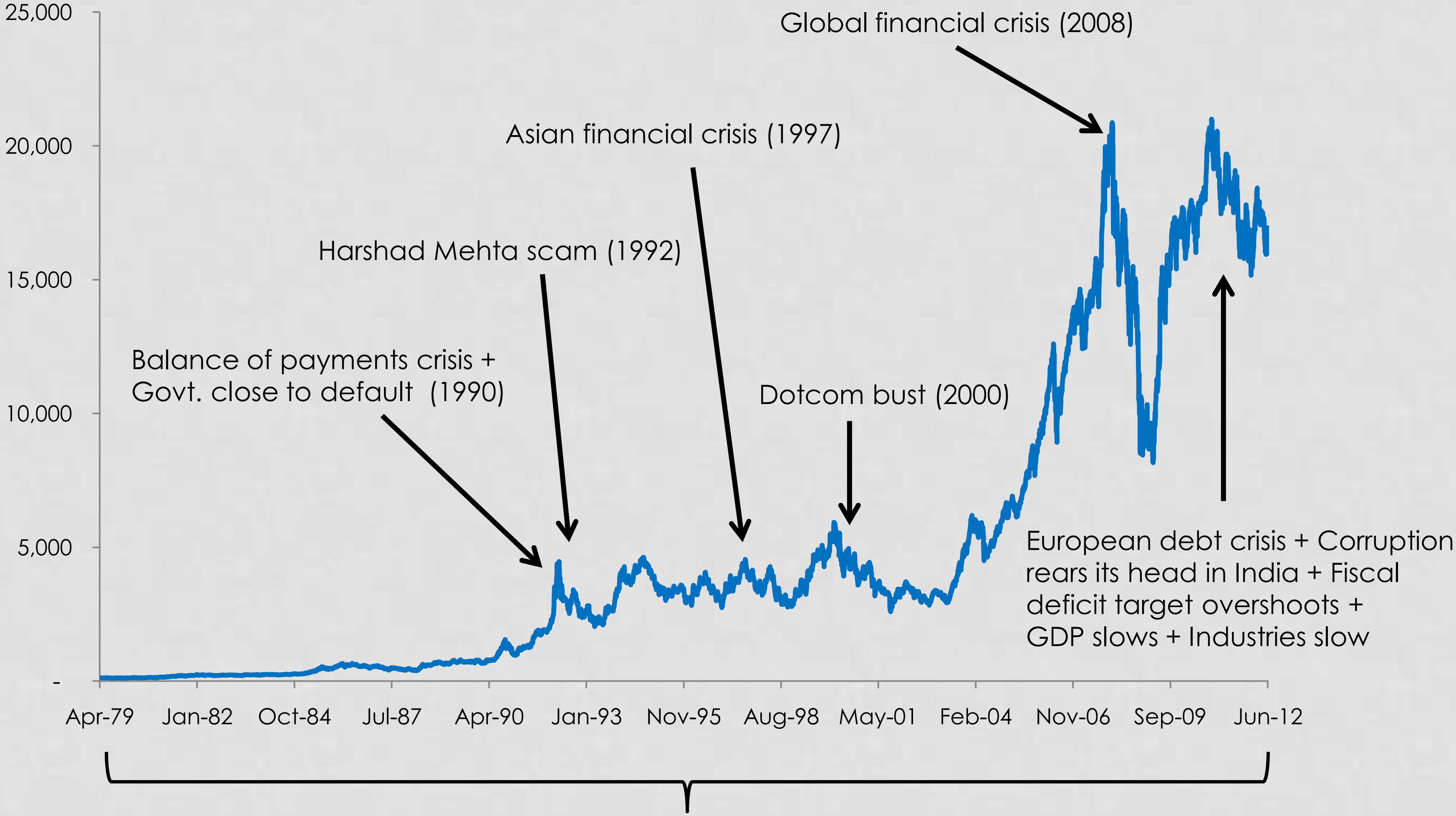
Average US Inflation over past 100 years = 3.4%

Stocks Beat Inflation over 85 years, despite HUGE Uncertainties!

Let’s talk about…

INDIA

33 Years of Indian Stock Market



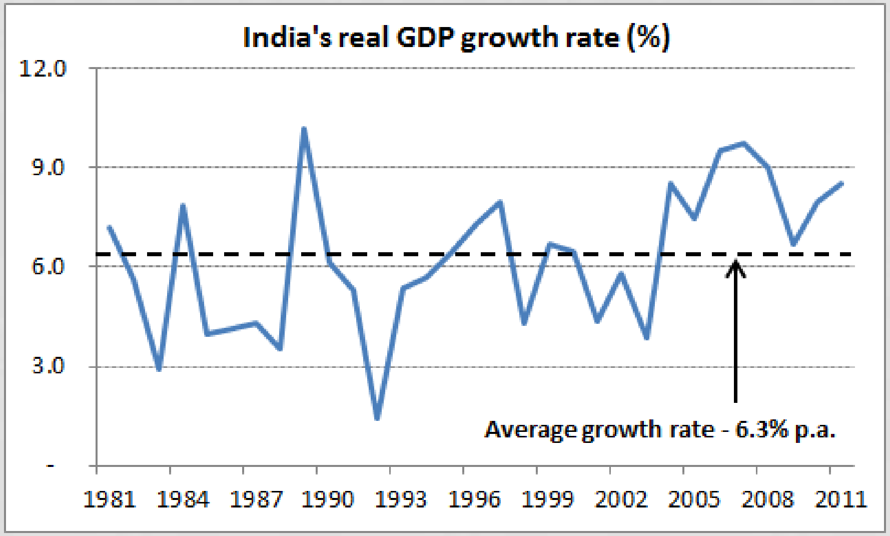
Average Annual Return = 15.8%

Politics V/s Economics

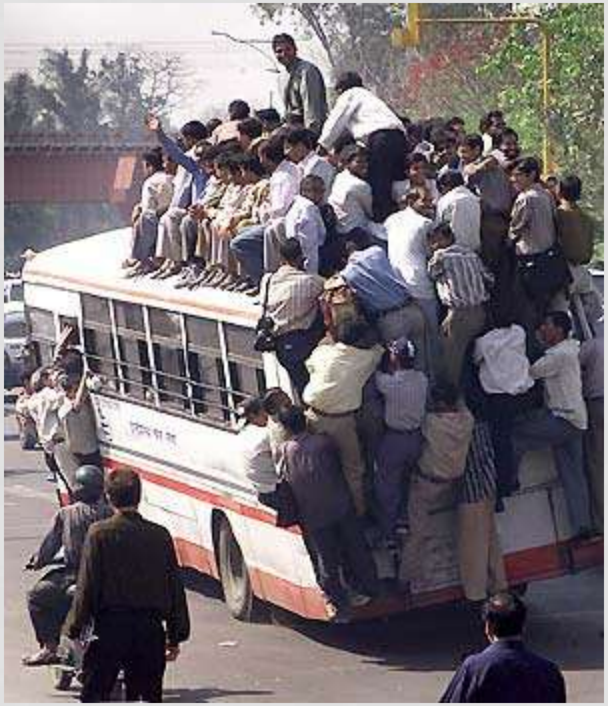
32 years (1980-2012)

9 governments (6 coalition)

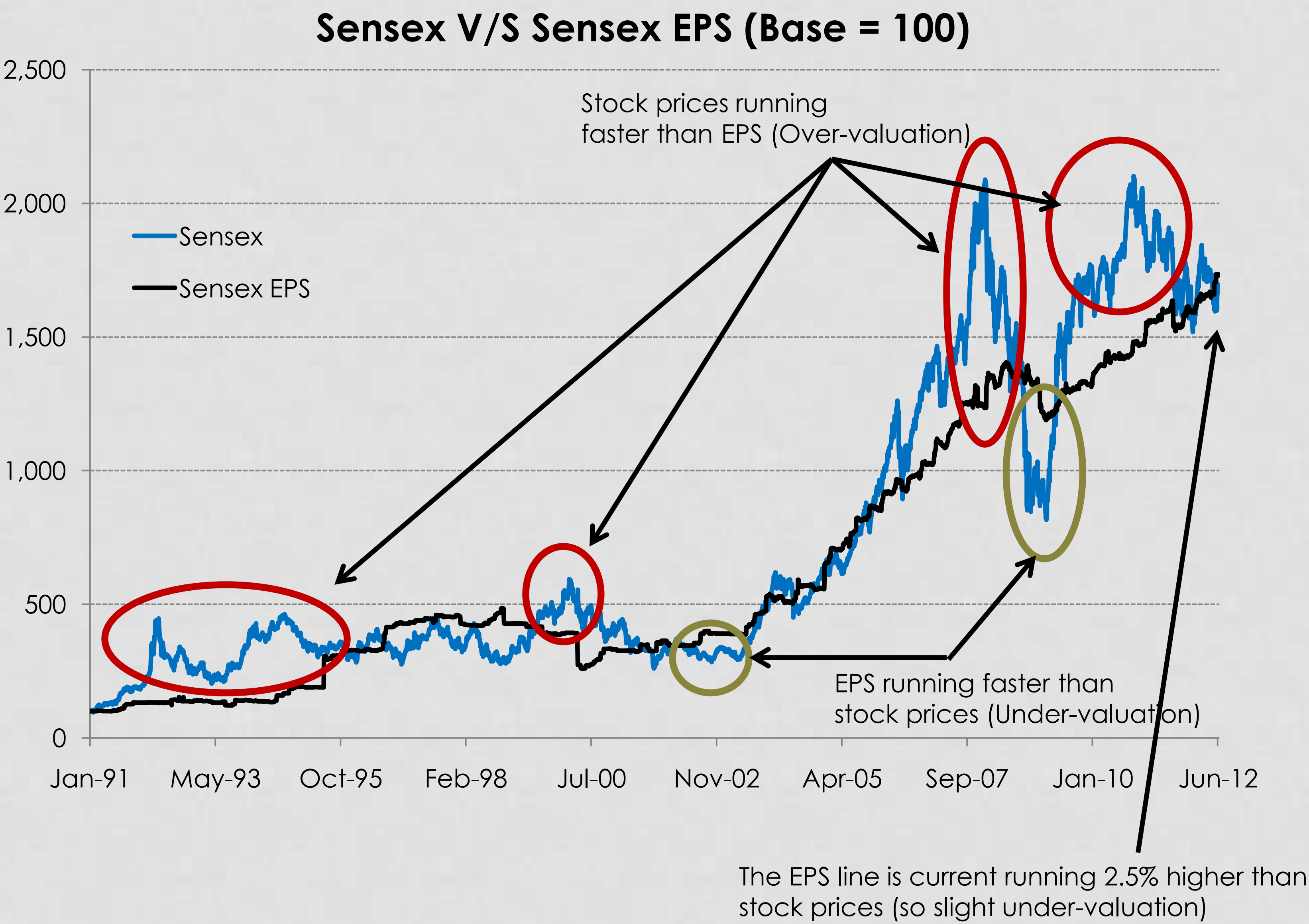
Real GDP growth = 6.3% p.a.



What has Really Driven Indian Stock Market?

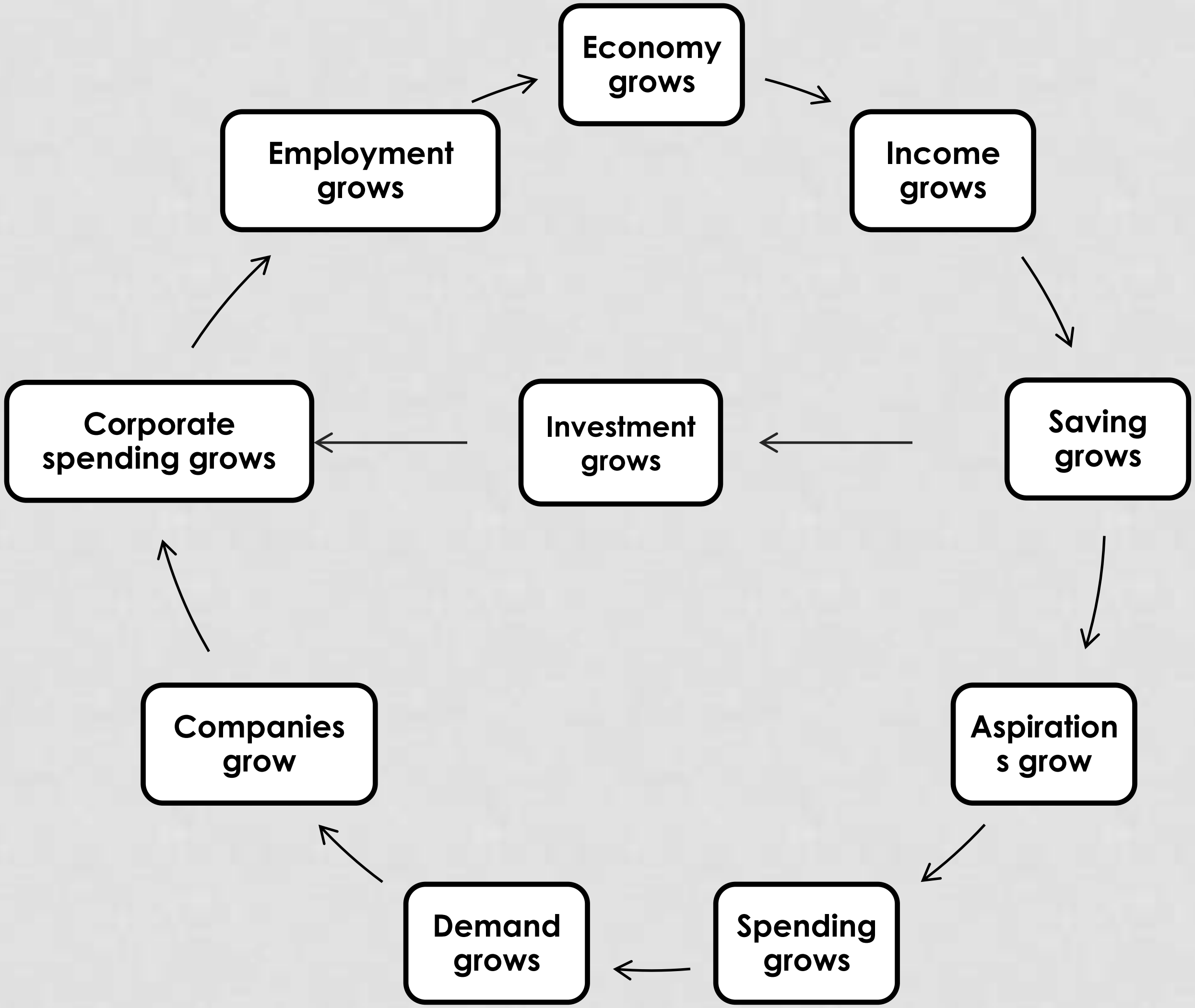


Answer: Corporate Earnings

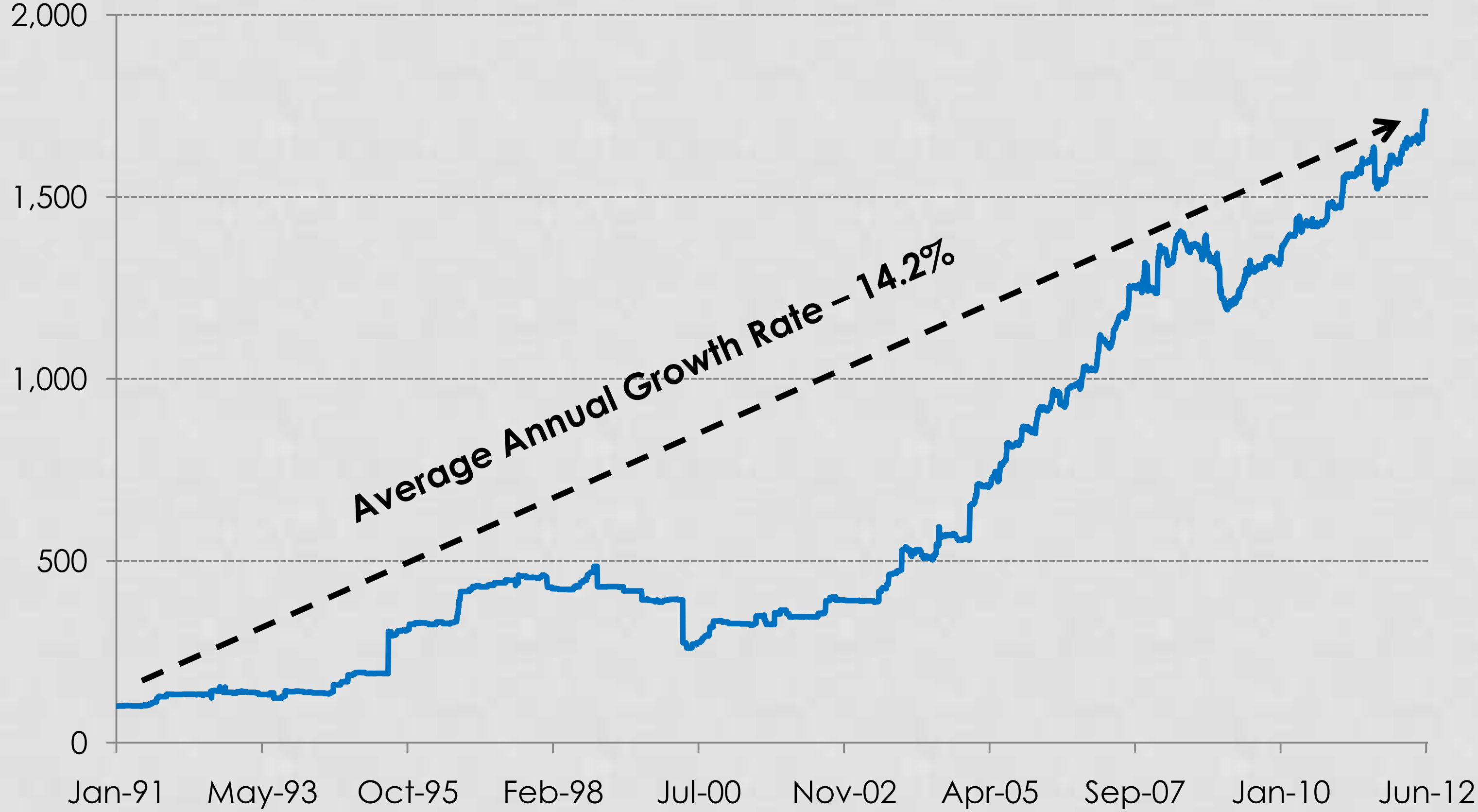


And What has Driven Corporate Earnings?

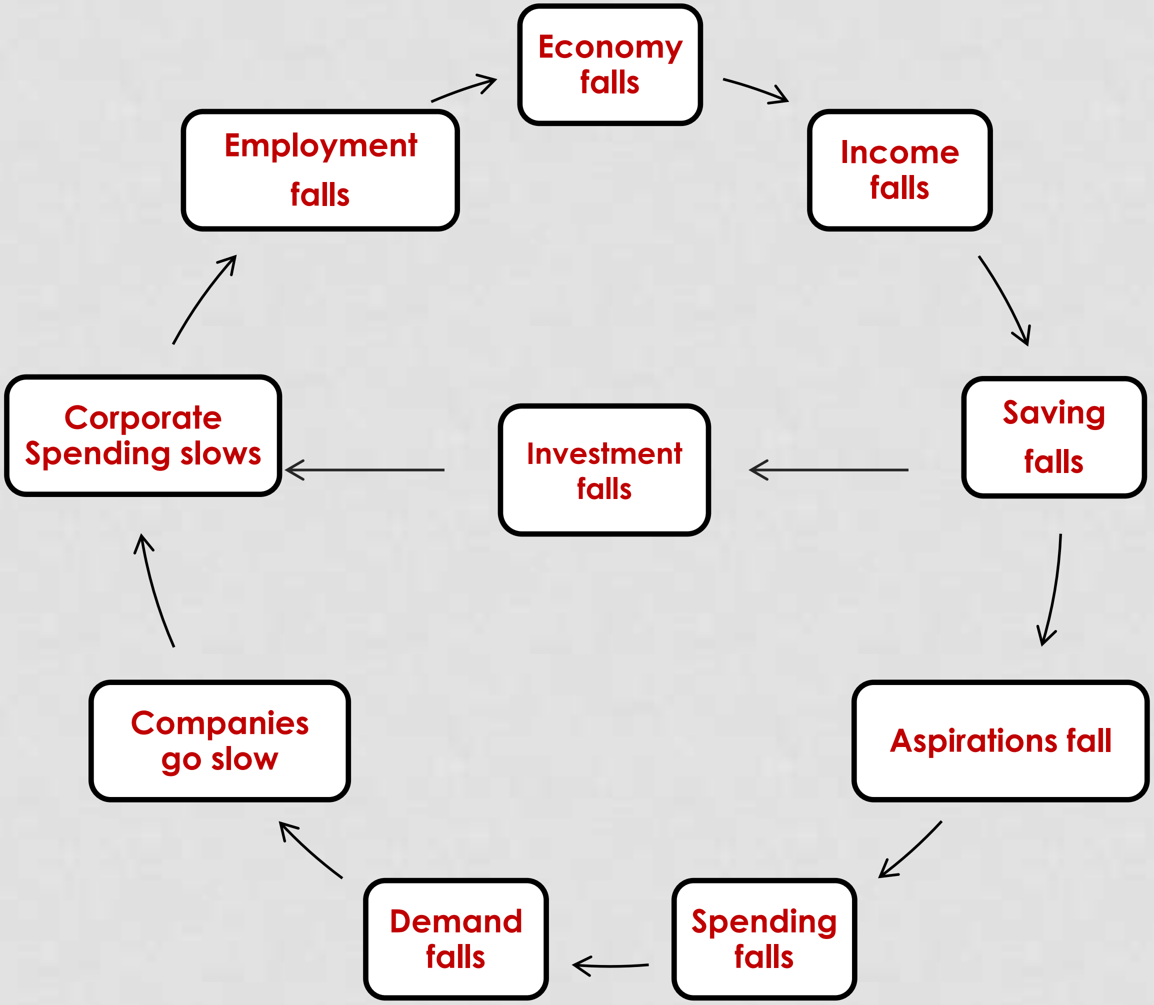
The Virtuous Cycle



Sensex's Earnings per Share (EPS)

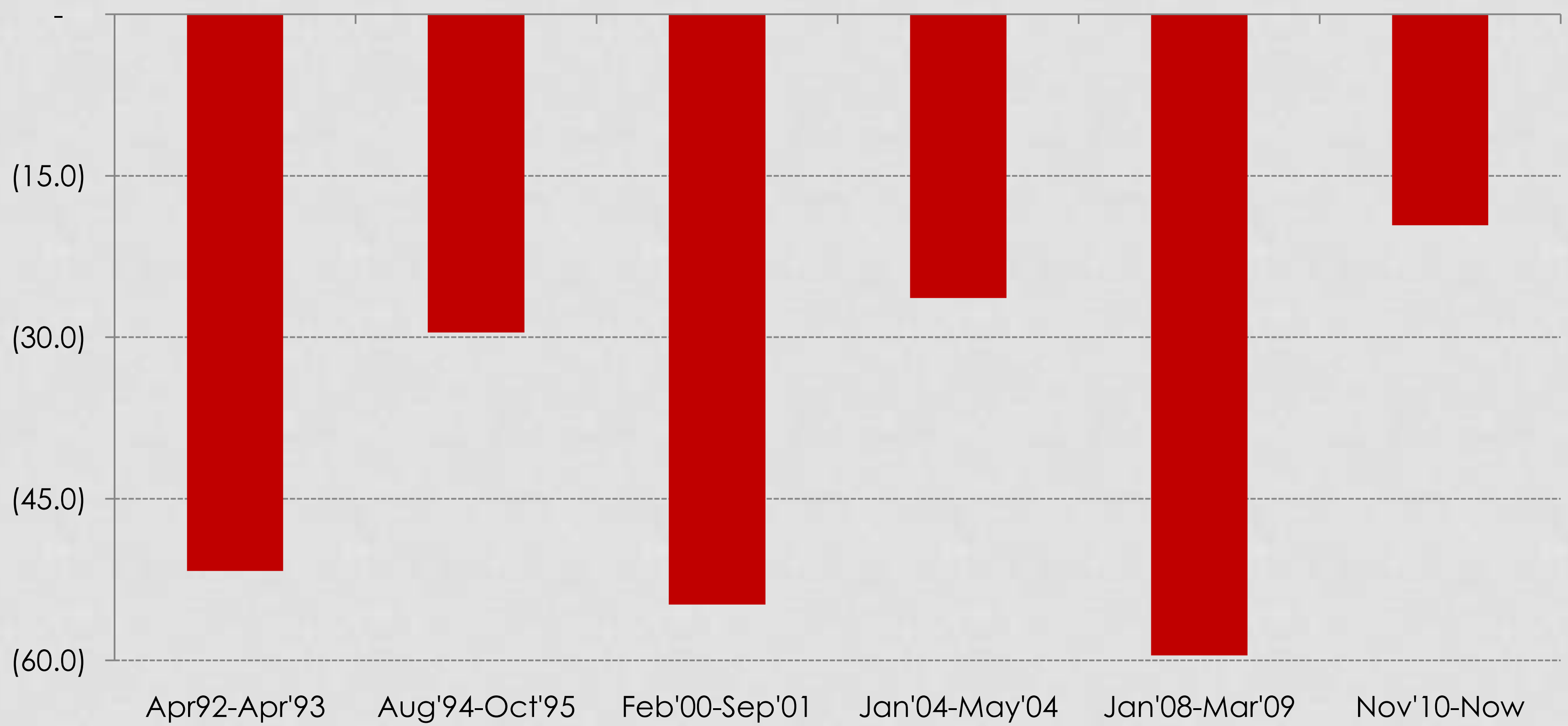


Dark Clouds of "Uncertainty" Gather at Times



...and Stock Prices take a HIT!

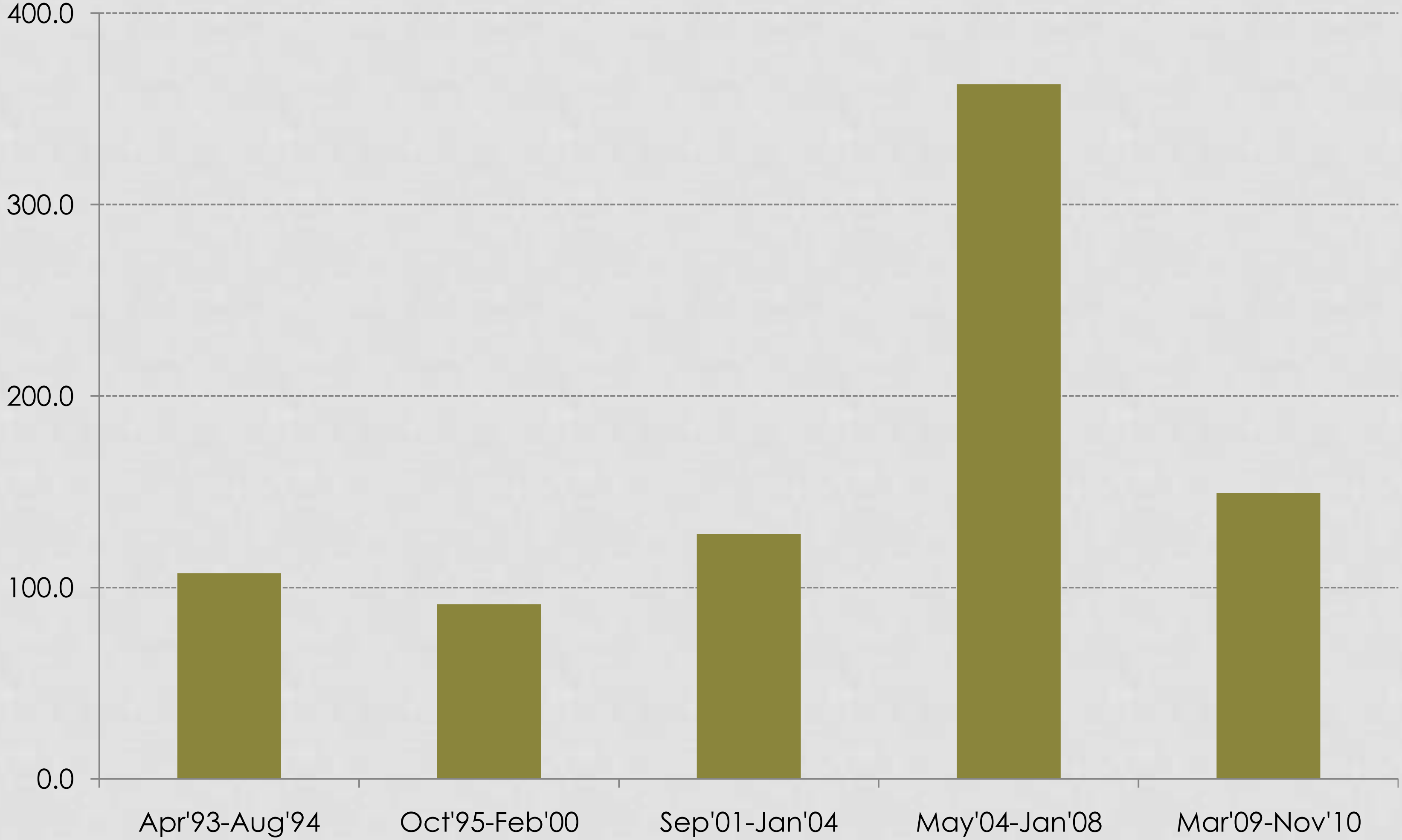
Sensex's Returns "during" Bad Phases (%)



But as they say…

"It's the darkest before the dawn."

Sensex's Returns "after" Bad Phases (%)



Here is what this Gentleman says…

Warren Buffett, in his 1994 letter to shareholders…

"Ignore political and economic forecasts, which are an expensive distraction for investors.

30 years ago, no one could have foreseen the huge expansion of the Vietnam War, wage and price controls, two oil shocks, the resignation of a president, the dissolution of the Soviet Union, a one-day drop in the Dow of 508 points or Treasury bill yields fluctuating between 2.8% and 17.4%."

Warren Buffett, in his 1994 letter to shareholders… (Contd.)

“We have usually made our best purchases when apprehensions about some macro event were at a peak.

A different set of major shocks is sure to occur in the next 30 years. We will neither try to predict these nor to profit from them.

If we can identify businesses similar to those we have purchased in the past, external surprises will have little effect on our long-term results.”

So how should you respond in a world where macro events seem more common – and threatening – than in the past?

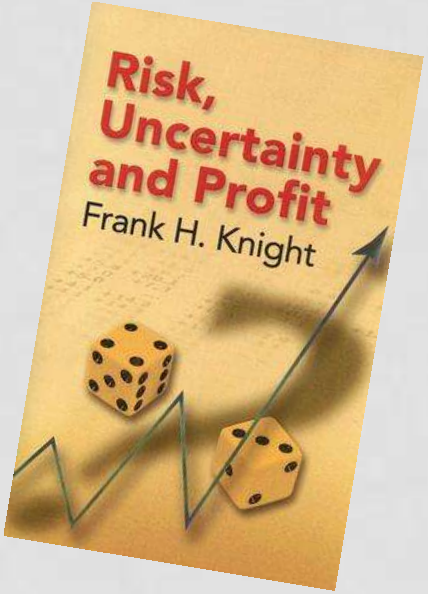
Put Fears in Perspective

The macro-investing decade has taught us a painful but valuable lesson…

There is a difference between 'Risk' and 'Uncertainty'

Risk is measurable.

The odds of winning on any roll of a fair pair of dice are fixed and known before they hit the table.



Uncertainty isn't measurable.

There is no valid basis of any kind on which to estimate their likelihood.

Great Depression, World War, Oil Shock, 9/11, India's Currency Crisis, and other macro events of the recent past…weren't measurable risks.

They were uncertainties.

But they are the historical norm…so they will repeat in the future as well.

So if you are investing for retirement or other goals…

…the unsettling reality is that **you can't protect your holdings from "uncertain" macro events.**

But by understanding the difference between risk and uncertainty and putting the proper strategies in place, you can control how you respond to these "uncertain" macro events.

You've Loved Tom & Jerry, Right?

…Jerry knows that it can't protect itself from the "uncertain" moves that Tom makes.

But Jerry understands the difference between risk and uncertainty and thus has proper strategies in place, so that it can control how it responds to Tom's "uncertain" moves.

And this is what helps Jerry (the micro) wins against Tom (the macro), consistently over the long run.

Investing amidst Uncertainty

In 1951, the US Federal Reserve surveyed roughly 3,500 households and asked:

"Suppose a man has some money over and above what he needs for his expenses. What do you think would be the wisest thing for him to do with it nowadays: put it in the bank, buy government savings bonds with it, invest it in real estate or buy common stock?"

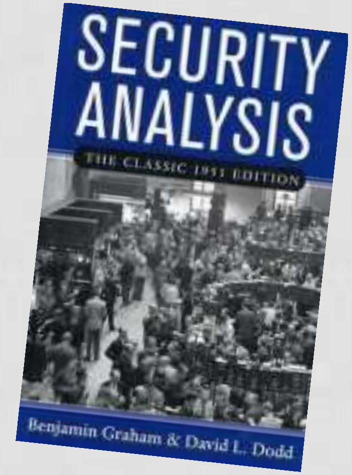
Here are the results, in descending order of preference…

1. Savings bonds – Preferred by 49% of those surveyed
2. Real estate
3. Bank deposits.
4. Stocks – Preferred by only 6% of those surveyed

A majority refused to hold stocks because of their "lack of safety."

Investing amidst Uncertainty

That October, the father of value investing Benjamin Graham stated in the preface to the third edition of his classic book "Security Analysis":



"The possibility of a third world war weighs heavily on all our minds.…The effect of such a war upon ourselves and our institutions is incalculable."

As Graham's words should remind us, **macro fears aren't new. They may well seem more common – and threatening – today than in the past. But that is almost certainly a misperception caused by the nonstop news cycle and the sour mood of investors.**

In Defense of 'Uncertainty'

In Defense of 'Uncertainty'…

"Uncertainty breeds doubt, which can be paralyzing.

But **uncertainty also motivates diligence, as one pursues the unattainable goal of eliminating all doubt.**

Unlike premature or false certainty, which induces flawed analysis and failed judgments, **a healthy uncertainty drives the quest for justifiable conviction."**

~ Seth Klarman, legendary value investor who has averaged returns of nearly 20% annually for the past 30 years.

In Defense of 'Uncertainty'…(Contd.)

"To maintain a truly long-term view, investors must be willing to experience significant short-term losses; without the possibility of near-term pain, there can be no long-term gain.

The ability to remain an investor (and not become a day-trader or a bystander) confers an almost unprecedented advantage in this environment.

The investor's problem is that this perspective will seem a curse rather than a blessing until the selloff ends and some semblance of stability is restored."

In Defense of 'Uncertainty'…(Contd.)

"Successful investing requires resolve. When taking a contrary approach, one has to be able to stand one's ground, be unwavering when others vacillate, and take advantage of others' fear and panic to pick up bargains.

Successful investing also requires flexibility and open-mindedness."

In Defense of 'Uncertainty'…(Contd.)

"Investments are typically a buy at one price, a hold at a higher price, and a sale at a still higher price.

You can never be sure…
- If the economy will grow or shrink, or
- Whether the markets will rise or sink, or
- Whether a particular investment will meet your expectations.

Amidst such uncertainty, people who are too resolute are hell-bent on destruction.

Successful investors must temper the arrogance of taking a stand with a large dose of humility, accepting that despite their efforts and care, they may in fact be wrong."

In Defense of 'Uncertainty'…(Contd.)

"In investing, certainty can be a serious problem, because it causes one not to reassess flawed conclusions.

Nobody can know all the facts. Instead, one must rely on shreds of evidence, kernels of truth, and what one suspects to be true but cannot prove."

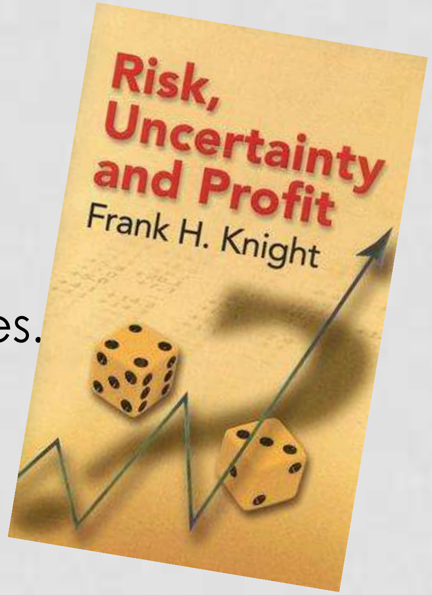
In Defense of 'Uncertainty'…(Contd.)

"Always remembering that we might be wrong, we must contemplate alternatives, concoct hedges, and search vigilantly for validation of our assessments.

We always sell when a security's price begins to reflect full value, because we are never sure that our thesis will be precisely correct. While we typically concentrate our investments in the most compelling situations measured by reward compared to risk, we know that we can never be fully certain, so we diversify.

And, in the end, **our uncertainty prods us to work harder and to be endlessly vigilant.**

So let me repeat…
Uncertainty isn't measurable.



There is no valid basis of any kind on which to estimate an uncertainty's likelihood.

There were uncertainties...and there will be uncertainties. They are the historical norm.

So the best way you – the investor – can handle uncertainty is by being prepared for it.

But you must not worry about uncertainty, simply because it's an "uncontrollable" that is "immeasurable" (an unknown-unknown).

Instead, worry about what's "controllable and measurable"…

And what is that?

R-I-S-K

Risk

…comes from not knowing what you are doing.

Risk

…comes from looking to "Mr. Market" for advice instead of opportunities

"If you look to "Mr. Market" for advice, you are destined to fail. But if you look to Mr. Market for opportunity, if you attempt to take advantage of the emotional extremes, then you are very likely to succeed over time."

~ Ben Graham, Father of Value Investing

Risk

…comes from looking at stocks as just "blips" on a ticker

"If you see stocks as blips on a ticker tape, you will be led astray. But if you regard stocks as fractional interests in businesses, you will maintain proper perspective.

This necessary clarity of thought is particularly important in times of extreme market fluctuations."

Risk

…comes from focusing on “outcome” and not “process”

The only things you really can control is your investment philosophy…your investment process.

Controlling your process is absolutely crucial to long-term investment success in any market environment.

Like successful athletes, focus on process, not outcome.

Focus on process, not outcome…(Contd.)

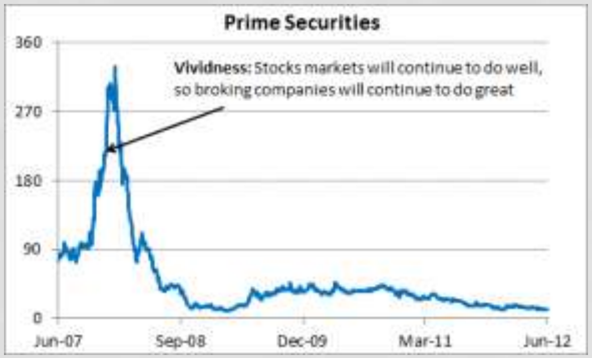
It is so easy for one's investment process to break down.

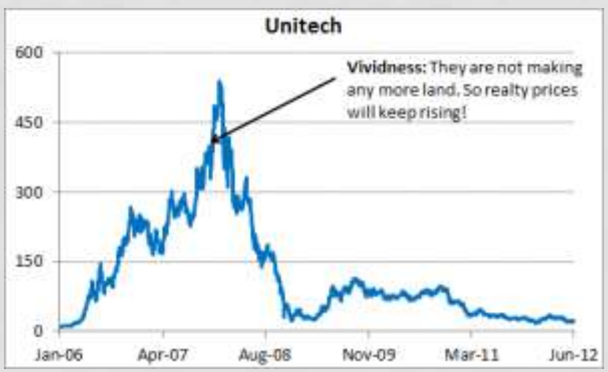
- When you focus on what others will think rather than what you yourself think, the process is bad.
- When your time horizon becomes overly short-term, the process is compromised.

Investing is hard enough. Success virtually requires that an investment process be in place that enables intellectual honesty, deliberate practice, creativity, and integrity.

Risk

…comes from focusing more on "return" (vividness) than "risk"





Risk
…comes from YOU

If you don't know who you are, the stock market is an expensive place to find out!

So…

- Mind your emotions
- Mind your behaviour
- Mind your fear
- Mind your greed
- Mind your investment philosophy
- Mind your stomach

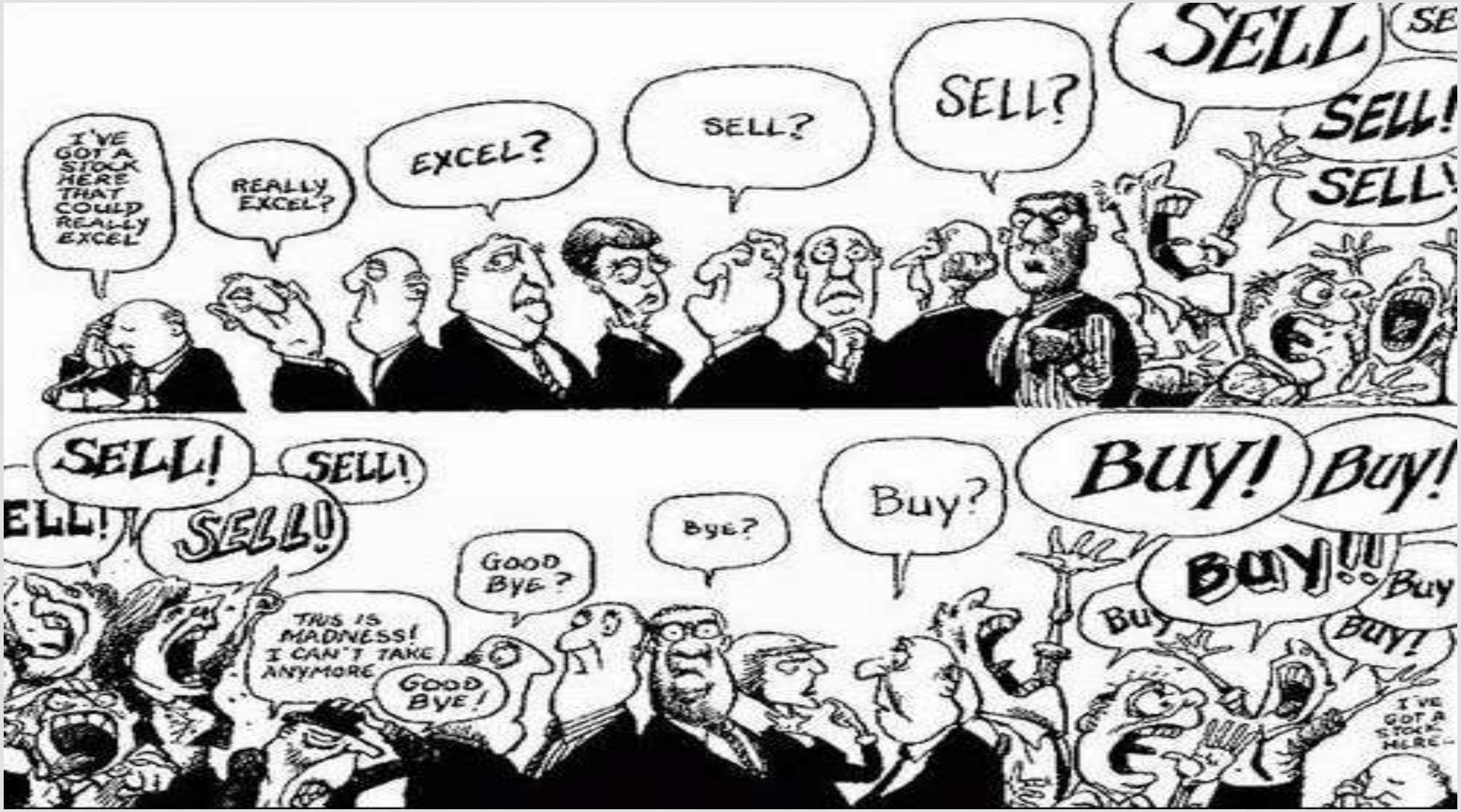
Has human nature changed between these two images?

Answer – NO!

So watch out for the risk called "YOU" while investing.

Risk

…comes from thinking and acting like others (herding)



Risk

…comes from falling for "Recency Bias"

Because it's easier, we're inclined to use our recent experience as the baseline for what will happen in the future.

When the market is down, we become convinced that it will never climb out so we cash out our portfolios and stick the money in a mattress.

We ***know for sure*** *that* the market isn't going back up because the "recency bias" tells us that the "macro is terrible!

But then one day it does, and we're left sitting on a really expensive mattress that's earning nothing.

Lose the News: Beware of the Recency Bias

January 2008: (After the Sensex "had hit" 20k)

MarketWatch
THE WALL STREET JOURNAL.

Home | News Viewer | Markets | Investing | Personal Finance | Industries | Economy/Politics | Trading Deck

Home > Collections > Stock Market

Emerging Markets Report

India's Sensex index looks set for a strong year

Benchmark index hits intraday trading high; analysts raise target for 2008

January 08, 2008 | Polya Lesova, MarketWatch

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NEW YORK (MarketWatch) -- India's benchmark Sensex stock index surged above 21,000 points for the first time on Tuesday, reinforcing expectations that the local market will have another year of strong gains in 2008.

The Sensex rose to an intraday high of 21,077 points on Tuesday, but later pared some of its gains to finish up 0.3% at 20,873 points. The index has gained 3% so far this year.

"There does seem to be a consensus among foreign fund managers that while India's not the most exciting story, it is one of the better medium-term ones," said Cameron Brandt, global markets analyst at EPFR Global.

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Citigroup, Deutsche Lift India's Stock Index Target (Update1)

By Pooja Thakur - January 8, 2008 03:38 EST

Jan. 8 (Bloomberg) -- Citigroup Inc. and Deutsche Bank AG predict India's benchmark Sensitive Index will rise for a seventh year as earnings climb and a near-record pace of economic growth is maintained.

The index may climb as high as 25,050 this year, Citigroup said, a 20 percent advance from yesterday. Deutsche predicts the benchmark to reach 23,000 by the year end. The index, which rose 47 percent last year, surpassed 21,000 for the first time today.

The Sensitive Index, or Sensex, would trade between 23,950 and 25,050 points by December, Citigroup said, raising its June 2007 estimate of 17,500 to 18,400. India's economy will grow at 9 percent and company earnings will expand 20 percent for the year ending March 31, 2009, the brokerage said.

Lose the News: Beware of the Recency Bias

March 2009: (After the Sensex "had hit" 8k)

Stocks seen lower as financial crisis worsens

ET Bureau Mar 3, 2009, 09.14am IST

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MUMBAI: The downside on Dalal Street is likely to continue as the weakness across global equities showed no sign of respite.

US stocks extended their sharp losses Monday as insurer American International Group which posted a record $61.7 billion quarterly loss, was bailed out with government money again, fueling fears that the global financial crisis is worsening.

Lose the News: Beware of the Recency Bias

May/June 2012

HEADLINES TODAY BUREAU | HEADLINES TODAY | NEW DELHI, MAY 16, 2012 | UPDATED 07:48 IST

Pranab links fall of rupee to euro-zone crisis; asks for austerity measures

Eurozone problems will dampen global mkts, impact India: PM

Published on Sat, Jun 16, 2012 at 11:17 | Source : PTI

Updated at Sat, Jun 16, 2012 at 20:18

Prime Minister Manmohan Singh today voiced concern that continuing problems in the eurozone further dampen global markets and adversely imp India's own economic growth.

Singh also said that the need to revive global grow should be an issue of immediate concern which n be addressed by world leaders.

He made these remarks prior to his departure for Mexico and Brazil to attend the seventh summit of

Sensex falls to 4-month low on euro zone crisis

Rupee hit further weakness across global equity markets oil slips

BS Reporter / Mumbai May 09, 2012, 00:48 IST

India's stock markets on Tuesday fell to a four-mor global cues and a weakening rupee. The defermen Rule (GAAR) by Finance Minister Pranab Mukherjee sentiment. Benchmark index Sensex fell 366 points due to heavy selling in information technology, capi stocks.

The broader index, S&P CNX Nifty, dropped 114.20 According to analysts, the French and Greek electic euro zone's ability to overcome its crisis. Brokers s after yesterday's short-covering, which had pulled t points from the day's low.

May 31, 2012, 12:13 p.m. EDT

India growth at weakest pace in 9 years

GDP at 5.3% misses estimates; rupee hits fresh record low

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By Nick Godt, MarketWatch

MUMBAI (MarketWatch) – Weighed down by weak industrial production, India's economy grew at a 5.3% pace in the quarter ended in March, its lowest pace in nine years and well below economists' forecasts.

"The slowdown in growth has proven deeper than expected," said Leif Eskesen, economist for India at HSBC. "It is the result of the lagged effects of monetary policy tightening and the impact of the weak global economic conditions."

Beware of ‘Heightened’ Recency Bias

Every small financial event – each momentary rise or fall of the Sensex, Rupee, Greece interest rates, Spanish bond yields – now takes place before our eyes and in the palms of our hands.

News is instantly delivered to us through iPads and iPhones, BlackBerrys and Androids.

A survey of investors done recently in the US found that 35% had spent at least 2 hours a day following the financial news during the turbulent markets of the last 3-4 years.

Thanks to the unfiltered spread of news over services like Facebook and Twitter, we all get a wide variety of instantaneous images that are likely to have more-inflammatory effects.

This heightens the ‘recency bias’!

Avoid the Recency Bias

Quit letting yesterday be the only thing to determine what you do tomorrow with your money.

Stick to your investing process and goals, which will spur disciplined investing rather than emotional decisions.

Risk

...comes from falling for what others are saying

Worst of credit markets is over: Schroders Private Clients
Published on Mon, Apr 21, 2008 at 08:38 | Source : CNBC-TV18

UBS Sec has Sensex target of 22,600 by '08-end
Published on Fri, Dec 14, 2007 at 10:39 | Source : CNBC-TV18

Deutsche Equities sees Sensex at 23K-24K levels by yr-end
Published on Tue, Jan 01, 2008 at 11:19 | Source : CNBC-TV18

Sensex could end yr at 23,000-23,500: Prabhudas Lilladher
Published on Mon, Jan 07, 2008 at 11:49 | Source : CNBC-TV18

Sensex yr-end target at 20K-25K: JP Morgan
Published on Thu, Jan 17, 2008 at 10:16 | Source : CNBC-TV18

Sensex to see 25K by 2008-end: SSKI
Published on Thu, Jan 17, 2008 at 11:26 | Source : CNBC-TV18

Sensex to see 21K-24K range in 1 year: MOST
Published on Wed, Feb 13, 2008 at 11:02 | Source : CNBC-TV18
Updated at Wed, Feb 13, 2008 at 19:08

See Sensex at 25K levels by 2007 end: Societe Generale
Published on Mon, Oct 15, 2007 at 11:00 | Source : Moneycontrol.com

All said between October 2007 to April 2008

Risk

…comes from "Vividness Bias"

When buying a toll road company,
don't go by the "vividness" of the story…

"So many cars will pass through it every day, and they can increase the toll fees every year by 10%. And the proposed airport will dramatically increase toll collections. And then, the government guarantees a 20% return on investment. So the stock can multiply 5x in few years!"

When everything seems bright and beautiful (and crowded), know that there can be roadblocks (the government, in this case). When you start with this "risk assumption", you will hear a less "vivid" story, and the stock might not appear a 5-bagger, but a loser!

Risk

…comes from "Vividness Bias"

When buying a smallcap company, don't go by the "vividness" of the story…

"This smallcap IT company has made 28 'strategic' acquisition in the past few years, which will add a lot of value to its business. Plus the promoter is a very respected name. And what great returns ratios it has! This stock has already fallen 50%, and is now very attractive! How much more can it fall? Let me buy this beautiful story."

Know the "risk" that most acquisitions end up as disasters, but are made largely to satisfy the already bloated egos of promoters. Incorporate this risk into your investment philosophy, and you will avoid such dud businesses.

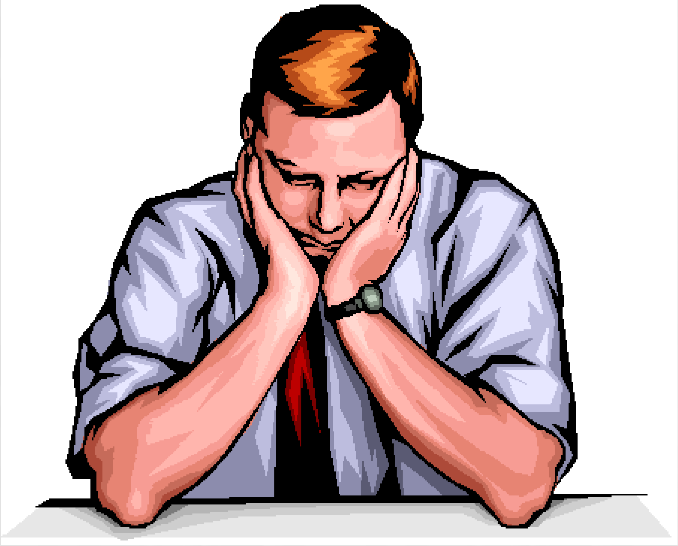
"Okay, now I understand 'risk', but should I just ignore these HUGE Uncertainties?"

- Slow death of the Euro
- Spanish interest rates
- Greek default
- China's hard landing
- India's fiscal cliff
- Movement of GDP
- Interest rate
- Inflation
- Industrial slowdown
- Rising corruption
- Rupee-dollar movement
- Oil shocks
- Terrorist attacks

“And how do I take care of these ‘uncontrollables’ with respect to companies?”

- Share price volatility and valuations
- Company position (competition, pricing power, market share, growth rate, EPS/ROC/ROE, management competence)
- Unethical managements
- Corrupt auditors
- Fudged balance sheets (fake earnings, hidden liabilities)
- Value traps

See, Instead of Worrying about the "Uncontrollables" and Uncertainties"...



Better, Mind Your Choices and Behaviour

- **Invest in simple businesses.** You don't have to worry whether an idiot is managing it.

- **Invest in ethical managements.** You don't have to worry about fudged balance sheets.

- **Invest in companies making local and selling local.** You don't have to worry about currency volatility.

- **Invest in companies with less or zero debt.** You don't have to worry about interest rates in India, US, Greece, or Spain. And such companies will never go bankrupt.

- **Invest in boring businesses.** You don't have to worry much about competition.

Mind your Choices and Behaviour (Contd.)

- **Invest only after doing independent research…**and never after listening to experts, brokers, or friends (including Safal Niveshak).
- **Avoid bad businesses.** If you still find yourself in a leaking boat, just change the boat instead of patching its leaks.
- **When in doubt, tune in later.** Don't get emotional with a stock just because you've done hard work to identify it. Wait for the emotions to settle before you put money where your mouth is.
- **Have patience.** Stocks don't go up immediately.
- **Don't be afraid to be a loner during uncertain times but be sure that you are correct in your judgment.** You can't be 100% certain but try to look for the weaknesses in your thinking.
- **When investing for the long term, always prefer stock over bonds.** Bonds will limit your gains and inflation will reduce your purchasing power.

Stocks (always) Outperform Bonds

Holding Period	United States (100 years)	India (33 years)	Average Annual Return
1 Year	NA	60% of times	21.7%*
3 Year	67%	66%	15.6%
5 Year	69%	69%	14.9%
10 Year	80%	80%	15.1%
30 Year	99%	100%	16.2%

US Data from "Stocks for the Long Run", by Jeremy Siegel | Indian data from Ace Equity |
Average interest rate for bonds in India between 2000 and 2012 has been around 6.5% |
* Average 1-Year return for Sensex is skewed due to super-normal returns during the Harshad Mehta days

How Much to Allocate to Stocks?

I can tolerate losing ___% of my portfolio in the course of earning higher returns	Recommended % of portfolio invested in stocks
35%	80%
30%	70%
25%	60%
20%	50%
15%	40%
10%	30%
5%	20%
0%	10%

Data from William Bernstein's "The Intelligent Asset Allocator"

Mind your choices and behaviour (Contd.)

- **Buy value, not market trends or economic outlook.** There's no point in worrying about economic or stock market forecasts that don't matter at all.
- **Learn from your mistakes.** The only way to avoid mistakes is not to invest – which is the biggest mistake of all.
- **Don't be fearful or negative too often.** There will, of course, be corrections, perhaps even crashes. But over time, good stocks do go up…and up…and up.
- **Focus on risk before you start thinking about returns.**
- **Begin with a prayer.** Prayer can help you think clearly and make fewer mistakes. It reduces anxiety and stress – two of the biggest killers of investment returns. Reduced stress can help you make better investing decisions.

But, Isn't Stock Market a Bunch of "Traps"?

Yes, it is. And so is life!

How do you avoid falling into one?

Simple…

- **Keep your eyes and ears open** (Know what you are buying)
- **Drive carefully** (Have a margin of safety…for things can, and will go wrong)
- **Don't be lured by shortcuts** (avoid impulse, greed)
- **Follow traffic rules** (learn the simple lessons that great investors have to offer)
- **It's your life, treat it responsibly** (it's your money…handle it responsibly)

“So, Should I Remain Invested in the Stock Market amidst All the Fear & Uncertainty?”

If you ask this man this question, what will he say?

"Keep playing the game!"

Just keep playing the game like Sachin has done over the past two decades…not bothering about short term decline in his form but practicing to be a master in the long term.

There is no sense in making all-or-nothing decisions. Tendulkar must have never said, "My team has been on a losing streak. So I won't play the next few matches."

Remember, **you miss 100% of the shots you don't take, so getting on the back-foot when things are uncertain is not a profitable plan.**

Staying in the game always has been, and always will be, the way to riches. You may get out for a duck a few times. But this is the only way you'll get better at your game. This is the best investing lesson you can learn from the "God of Cricket".

Memorize this...

I am an investor; I am not a speculator.

As an investor, I:

- **Buy stocks in solid businesses**
- **Don't time the market**
- **Focus on the value of the businesses I invest in**
- **Buy to hold (not forget)**
- **Tune out the noise**
- **Spread out my risk**

Remember – When preparation meets opportunity which uncertainty brings), that's when great investments are made.

Finally, we are about to finish…but before that…

Some Motivation for You

1. Mistakes are important to make.
2. No matter how chaotic the past has been, the future is a clean, fresh, open slate. Look at it that way.
3. Don’t make a problem bigger than yourself.
4. It’s okay to fall apart for a little while.
5. Night may be long and stormy, but the Sun always rises the next day.
6. Struggling with problems is a natural part of growing. So don’t over-react when things seem to fall apart.

Some Motivation for You (Contd.)

1. Worrying is literally a waste of energy.
2. Consciously nurture your inner hope. At least once a day, place your hands over your heart and say aloud, “Hope lives here.”
3. You always have a choice.
4. Life is not easy.
5. This too shall pass.

“The future is never clear, and you pay a very high price in the stock market for a cheery consensus.

Uncertainty is the friend of the buyer of long-term values.”

~ Warren Buffett

So 

the Return of Uncertainty

…because now you know how to drive through it without getting run over. Don't you?

Just do it!

You need it!

You are not alone.

About the Author

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He lives in Navi Mumbai with his wife and 2 wonderful kids.

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