

Equanimity, not genius, leads to riches

Parag S Parikh, chairman of Parag Parikh Financial Advisory Services, has been active in the stock market since 1979. He has seen many up and downs in the market, and made it a point to stay aloof from short-term trends and fads. He is a fellow of the prestigious "Owner President Management" programme at the Harvard Business School, and a pioneer of the concept of behavioural finance in India. He is also the author of Stocks to Riches—Insights on Investor Behaviour. Your Money asked Parikh what insights he has gained over the years from being a seasoned investor in the stock market. This is what he had to say.

THE first lesson I have learnt is that it is difficult to understand the market, as it is a place where people make emotional decisions.

Never envy someone. That is another valuable lesson. Most people see someone's success, and they start thinking, "Why not me?" This thought process is behind most mistakes that people commit in the market.

Another lesson is that there are no geniuses when it comes to the market. Some people may sound brilliant at a particular



Lessons
from Life

Parag Parikh

point. But the real wisdom one gains from the market is this: to be a successful investor, you have to control your urges. What I mean is, you should not get sentimental in the market.

I always say analysts have the most secure job in the world. This is because we always need someone to come up with an excuse for why it (an event) happened. A bull phase is always followed by a bear phase.

You should keep your equanimity in the market.