

What's luck got to do with it?



There seems to be a certain pattern among investors - the ones who have somehow been always able to make good investment returns and the ones who almost always don't. And the common view among those who don't is that it is attributed to some kind of "bad luck". These are misconceptions, writes JOYCE CHUAH.

ON the surface, it sometimes seems as if luck does have something to do with one's record of bad historical returns. Can it be true that luck really has a hold on our money? And can luck be so 'powerful'?

Essentially, there is no such thing as 'luck factors', only misconceptions about how markets react to varying economic, political, and environmental circumstances. These misconceptions are merely your biased observations which will only leave you with an

impoverished financial mindset.

Minimising these very misconceptions is important. Just as some people employ psychic strategies to minimise their "streak of bad luck", there are also strategies which can be used to minimise these poverty-driven misconceptions.

■ **DEVELOP AN INVESTMENT PLAN:** Don't change your goals and directions frequently. Always make gradual rather than drastic adjustments.



"Do you really expect me to believe that the feng shui consultant advised you to put my mother's photo inside the cupboard?"

Illustration by
HAFIDZ MAHPAR

■ **BE PATIENT WITH YOUR PLAN:** Review your plan annually and not on a monthly basis.

■ **UNDERSTAND HOW EQUITY MARKETS WORK:** Equity markets never move in a straight upward line. Wrong performance expectations simply produce detours away from your original portfolio goals.

■ **PREVENT 'ANALYSIS PARALYSIS':** Your decision-making powers can

be easily short-circuited by over-analysing data and trends.

■ **AVOID SPECULATION AND PESSIMISM:** Speculation can lead you into a zero sum game when it is not controlled. On the other hand, pessimism makes you ignore buying opportunities when prices fall.

Remember that even professional gamblers do not believe in luck; they always have a game plan to win. What about you?

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