

From the **CIO'S** Desk



What can investors learn from the World Cup Final?

The ICC World Cup Final match last Sunday caused a heartbreak for a billion-plus people including myself. The Indian team was so dominating till the finals, that most viewers couldn't believe the way the match unfolded. It was hard to reconcile the reality with the expectations that were built up.

While the Indian team will closely analyze what happened, for equity investors also there are valuable lessons to be learnt from these events:

The future is indeed unpredictable.

Prior to the match, most people believed that India winning the World Cup was a done deal! The way things turned out is a reminder that there is always a range of potential outcomes.

Don't confuse what you want to happen with what might happen.

Most Indians badly wanted India to win the finals and that may have clouded their objectivity. In investing too, the mind often plays a trick leading to confusion between what you wish happened with what could happen.

Do not extrapolate the past.

One of the key reasons why most people thought India would win the finals was due to its impeccable track record in this World Cup-winning all the matches until the finals. Many investors often tend to do lazy analysis, relying mainly on the recent past to form expectations about future events, leading to disappointment. It is important to carefully analyze relevant factors and context before making an assessment of the future.

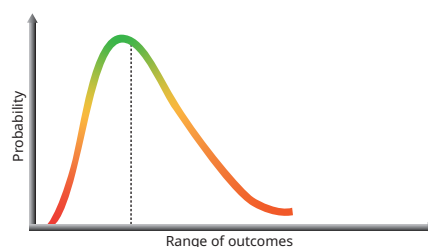
Don't let your emotions cloud your judgment.

A majority of Indians would have found it very difficult to pick Australia as a likely winner even when asked to give an unbiased objective opinion. We often see emotions interfering with logical, rational decision-making at a great opportunity cost to investors.

With the passage of time, the traumatic memory of the World Cup loss will perhaps fade. However, investors will do well to remember the valuable lessons learned from this episode.



**More Things Might Happen
In The Future Than Will**



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