

MONEY TALK

'Nothing happens overnight'

A veteran equity investor shares a ring-side view of his investing philosophy and key lessons

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Born in a family with a very strong 'equity culture', it was but natural that Hiren Ved would gravitate towards the stock market. Today, as a veteran in the equity investing business, Hiren Ved, CEO and CIO, Alchemy Capital Management manages/advises funds worth nearly a billion dollars across domestic and offshore mandates. *BL Portfolio* caught up to understand his personal finance philosophies, investing journey highlights and crucial lessons over three decades.

What does money mean to you?

Money is just a means, not the end goal. You need a basic amount of money to take care of your needs and comforts and a little bit for luxury. Money is obviously one of the parameters that people use to determine how successful a person has been. Though, in my opinion it's not the most important parameter for success. Fortunately, in my profession, money is the by product of doing what I do with passion, and it gives me happiness.

When did you start investing?

My dad has been investing now for decades together. When I was still in school, he would take me to these AGMs and make me listen to Rahul Bajaj, Dhirubhai Ambani or HT Parekh. In college, I actually carried forward that interest. We teamed up with accounting professors and ran a stock market game. We were given paper

money basically. We all used to report our trades to our professor and he would keep a log of it. While I was in college, during the vacations, I worked with a market research firm called IMRB. That was the first time I earned my own money and then I started to invest that money in the market during college time.

Do you remember your first investments?

Yes. I bought a share of Ponds, which then became part of Hindustan Unilever. I had invested in ITC. I don't remember but I also invested in one or two very small companies, which finally went bankrupt, or didn't go anywhere. So, that's how I learned slowly and steadily. Whatever savings that I could gather, I used to always invest.

Tell us about your portfolio allocation.

I keep a very small amount of money in money bank for any exigencies. But otherwise, I have no fixed deposits. I have no other fixed income.

Don't you feel afraid that all of your savings is in the stock market?

Yes, many ask me this. 'It's all paper money, one fine day it can go down to half. Like it happened in 2008?' I say no. I was thrown into the proverbial water at a very small age. So, I learned how to swim and not to be afraid of the water. The very concept that one needs to understand is that prices can fluctuate, but value in a good company keeps increasing. Compounding, like any other skill, has to be

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HIREN VED
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learned and I grasped it much earlier in life.

What are the financial goals that drive you today as an individual?

Well, I don't have a any particular number in mind. I think I have enough to live a decent life. But beyond the point, the goal is more about the fun in the process. I want to make as much money as I can in my lifetime. And the beauty of the investing business is that there is no age bar. And as long as you are sane in the head, conviction in your gut, you can just keep adding.

I just want to keep growing my investments and obviously, I will use a little bit of it for me and my family. I also give back to society. Some of the

money will go to my son as inheritance. I will only give him that much that he doesn't become too lazy. So, that he uses it more as a backup and, and takes risks, like I did at some point in time in my life, and build something on his own.

You are fully invested into equities, but many are afraid to get into stocks now due to valuation concerns. Is that fear justified?

Many investors have this feeling that the markets are too high and they are trying to correlate what is happening on the ground because of Covid. They think markets are in their own world. But, the reality is something different.

There is this constant fear, because there is something which is called as the recency bias. Because you saw the Nifty at 7500 and in a year's time plus you're seeing it at 16,000 it's not something that people can digest very easily. These valuations are not very excessive, if you look at where we are in the long-term profit cycle.

How can investors keep a level head be it bull markets or bear markets?

One, have a long term view. Nothing happens overnight.

Two, understand well what you own. If you understand what you own you will have the conviction to hold it. Three, do what makes you comfortable. Don't try to emulate others, no matter how great or successful the investor. You need to come to terms with your own personality and obviously work on building an aptitude for investing.

PROFILE

Hiren started his equity market career in 1991. He joined Alchemy to spearhead its asset management business in 2000 as the 4th partner along with Rakesh Jhunjhunwala, Lashit Sanghvi and Ashwin Kedia.