

FUN FIN Stories



Rahul Singh

This book is dedicated to every
financial infant within us that
desires for financial literacy &
awareness

"Storytelling reveals meaning
without committing the error of
defining it."

-Hannah Arendt

Contents

Preface	1
1 - Tenali Rama – The story of milk and curd	2
2 - Tenali Rama knew it - Power of Compounding	4
3 - The Hamster Maze	6
4 - Why shouldn't we copy somebody else's investments	8
5 - Frog in the Well (When not to be a Frog)	10
6 - The Frog - From Story to Science (When to be a Frog)	12
7 - The Bald Man – Don't lose all your roots	14
8 - The story of Shabri	16
9 - Greedy Investor	18
10 - The Tale of the Three Fish	20
11 - Break the Chain	22
12 - Too many spices can spoil the dish	23
13 - Donkey with a carrot	24
14 - Don't panic when you're drowning	26
15 - Don't lose your marble	28
16 - If 50000 people say a foolish thing	29
17 - FREE – Don't fall for this trap!	30
18 - A small leak can even sink a large ship	32

Tenali – Story of curd and milk



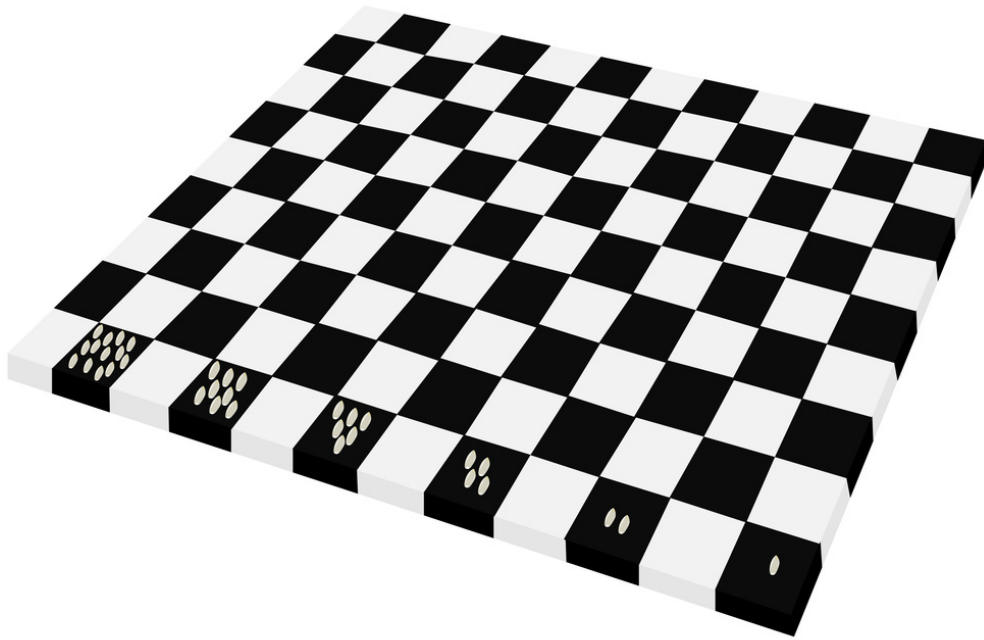
Well, we all know the story of Tenali where he was offered to choose one boon by the Goddess - either milk or curd. (Milk represented wealth and curd represented knowledge & learning.) Tenali drank both milk and curd and explained that there is no point of wealth without knowledge and vice versa.

Similarly, while investing or trading you should be like Tenali. You shouldn't be satisfied with just the returns but also look for learning opportunities. When you understand the role of an Investment Manager, you tend to trust them a lot more. You also get close to being an informed investor/trader

Learning / Output:

- Informed investor or trader can be scam proof (you cannot be fooled as you know what really happens).
- If an investment manager does an error, you can identify it immediately.

Tenali Rama Knew It - "Power of Compounding – Finance in Our Culture"



This might seem like a story that you have already heard during your childhood - "Tenali Rama and The Arrogant King". When Tenali was offered anything and everything by a King who was displaying his arrogance, Tenali demanded him to place grains of rice on a chess board – one grain of rice in the first square and then double the grains as he moved on to the consequent squares.

The King couldn't produce the rice needed and thereby his arrogance was broken. Our takeaway from this story is that as an investor/trader you need to understand the power of investing small and investing consistently to enjoy the fruits of compound interest.

Learning / Output:

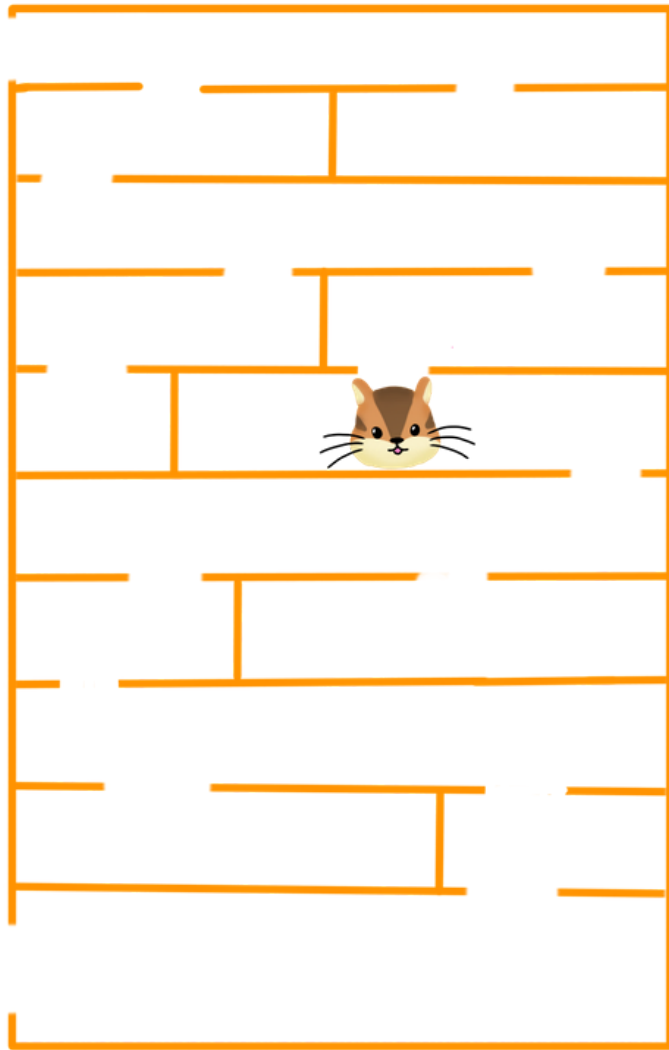
- Start investing small but consistent.
- Don't ignore compounding.

The Hamster Maze

Have you ever wondered why hamsters are always stuck in a maze?

The answer to this question is that they don't have a map that can guide them out of that maze. Most of us trade or invest like hamsters. To get off the maze we need a plan/strategy or someone who can guide us out of it. Another mistake that hamsters make is to take the help of another hamster which again proves to be a disaster because now there are two hamsters running without a plan/strategy.

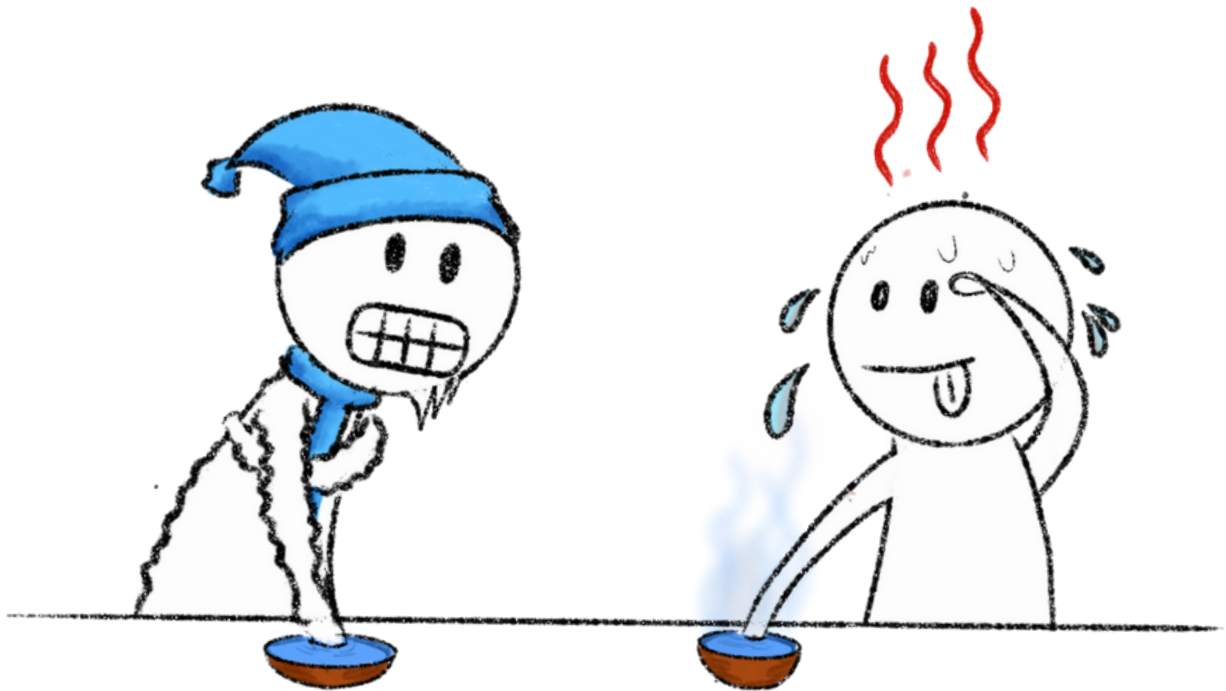
As an investor, be smart and be ready to take the help of a person or service provider who has a plan or a strategy.



Learning / Output:

- Have a financial plan.
- Don't hesitate to take the help of a professional while doing your own research.
- The clearer the plan the easier to achieve the goal.

Why shouldn't we copy somebody else's investments ?



Imagine there is a competition between you and your friend. Each of you is required to place a hand in a bowl of water. One places their hand in a bowl filled with cold water and the other in hot water. After a while both the contestants are told to keep their hands in a bowl filled with water of room temperature. They are asked to share their experience.

The contestant who placed a hand in the hot water feels the water of room temperature to be cold. The other contestant who placed a hand in the cold water feels the normal water to be hot.

Was the water warm or cold in the second bowl? You know the answer.

Many of you while taking financial decisions and advices try to imitate either your friends or people who you admire. The problem with this approach is that you wouldn't be rational about the decision. And your solution for your expectations would differ. This tends to make you unhappy with your financial decisions.

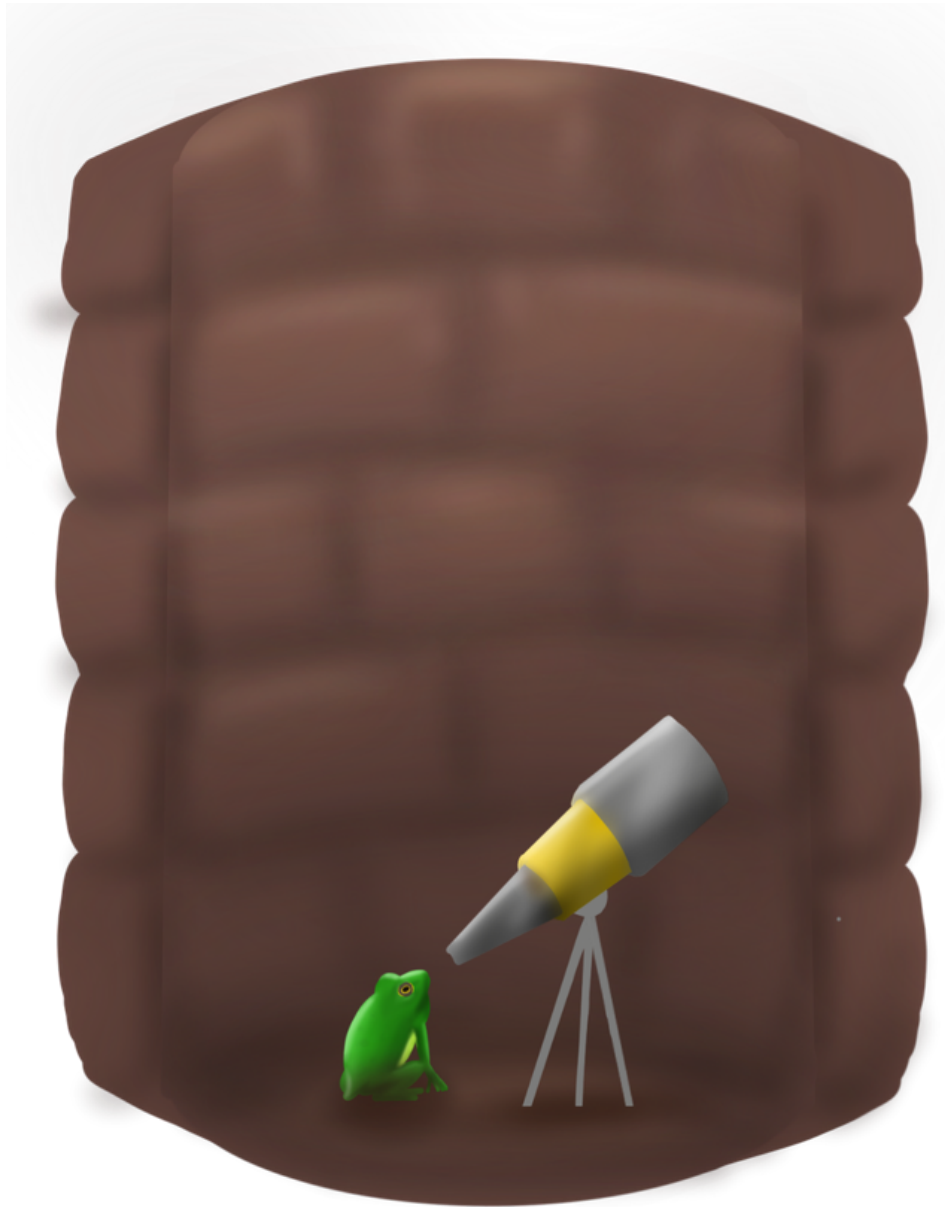
Learning and output

- Never invest looking at someone else's investment because, their culture, lifestyle, income, marital status, educational qualification, risk appetite, Investment style, and several other conditions would differ.
- Not every investment plan fits into every individual's lifestyle.

"Frog in The Well"(When not to be a Frog)

We all know this story of a Frog. If you are wondering which frog story this is, it's "The Frog In A Well." It is about a frog who lived inside a well. It drank water from the well and ate the insects. It considered the well to be its world. Even when the birds told him about the beautiful forest, the frog didn't wish to step outside the comfort of its well. One day one of the birds forcefully picked it up in its beak and took him out of the well. The frog was astonished to see that the forest had colorful flowers and plenty of beautiful plants. It had never seen anything as attractive as a lotus inside the pond. The frog happily jumped all around never looking back at the well.

Just like frogs when you have a new investment opportunity or any investment proposal you may disregard it by stating that it doesn't belong to your investment portfolio.



Learning / Output:

- Look for opportunity in all aspects and discover things which can grow your wealth.
- Don't be a frog (investor) who is stuck in a same investment well.

From the “Frog story” to the Science – How frogs react (When to be a frog)

Previously, we understood the story of a frog and his well. We’ll now discuss not a story but a scientific experiment.

I assume most of you would have read about it. When a frog is kept in a bowl of water and if the water is heated slowly, the frog adapts to the temperature. On the contrary, when a frog is placed directly in boiling water, the frog instantly jumps out.

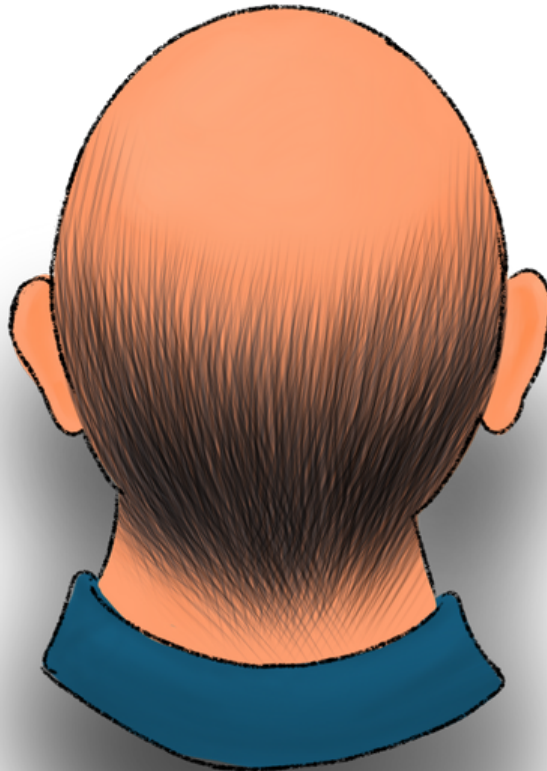
While investing you need to learn to adapt to risks slowly. Don’t jump into stock markets without adequate knowledge or advice. There’s another aspect to this. If the frog stays in the boiling water for a long period, it eventually dies. Investors can learn that as you age, you must manage your risk appetite and incline towards investments with less or no risk.



Learning /Output

- Don't try to Risk it all – Calculate your risk.
- Step by step approach would help an individual to grow steadily.
- Don't be too attached with your investment because you might slowly boil to death, know when to jump out (exits in stock market).

The Bald Man – Don't lose all your roots.



Have you ever wondered how a person goes bald? They never go completely bald in a day. Rather they lose hair in phases. They can control the process by taking precautions or even get a hair transplant.

Same way, many investors or traders slowly lose their capital. If proper attention is not paid, there might be complete capital erosion. An investor or a trader should be agile and change strategies from time to time.

Learning / Output:

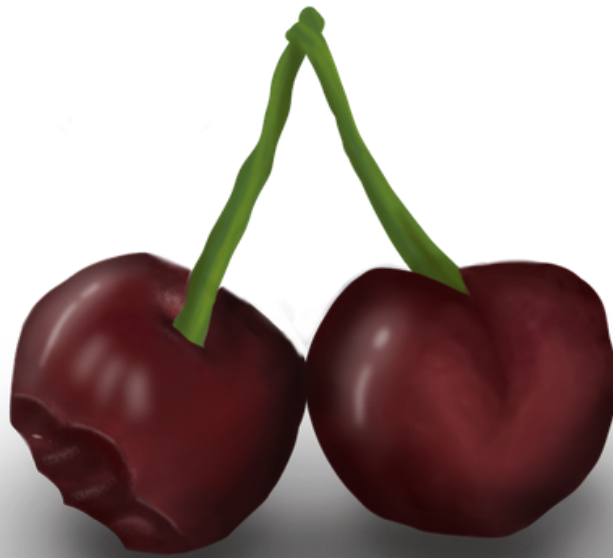
- Make sure you follow your capital.
- Capital is sacred. The moment it is gone it becomes difficult to get it back.
- Here the transplant corresponds to new strategies applied with the help of professionals so that the capital is not lost.
- Take advise before things go out of control.

Shabri – why we shouldn't discriminate

We have read the story of Shabri from the Ramayan, a story from Indian mythology. When Shabri offers berries to Lord Rama and Lakshmana, Lord Rama accepts them despite them being bitten by Shabri. Lakshmana on the other hand finds it uncomfortable and gets upset.

As a trader we should be like Rama who doesn't discriminate or differentiate between the service providers. Accept services from those who are ethical and have a moral vision, which come at a higher cost. In case of Shabri, she ate a bit of the berries to ensure Lord Rama got the sweeter berries.

As a client you need to make sure you pay adequately for the services received from the provider as they tend to help you in good faith.



Learning / Output:

- Don't discriminate your service provider because of their office, stature or experience. Focus on their offering and in good faith
- Pay your service providers and respect their expertise. In return you can expect the best outcomes.
- Don't reject useful services just because they seem pricey

Greedy Investor

There was a young boy who was blessed by a Goddess to collect gold coins. As he walked down the lane, he was told by the Goddess that these coins would double with every step he took. He was a greedy little boy who wanted to have as many coins as possible. He started to walk and was surprised to find that the coins were indeed doubling with every step.

He was awestruck and couldn't decide when to stop to collect the coins. He finally got exhausted and collapsed without collecting any coin while the boon expired.

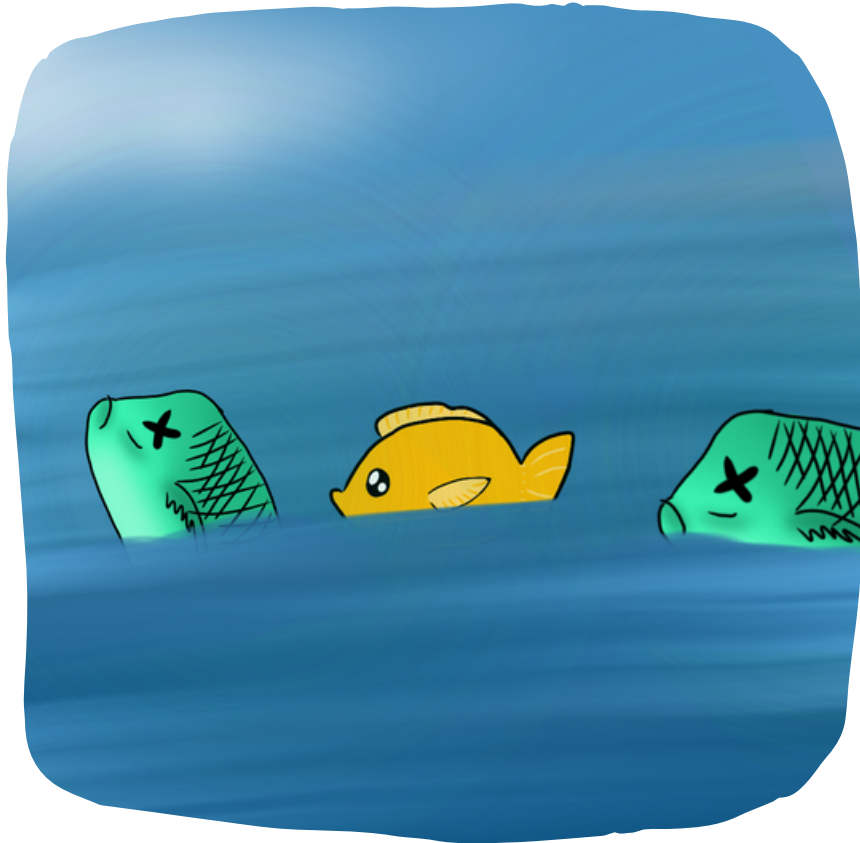


The key learning from this for a trader or investor is that many of us don't book our profits. Similar to the greedy little boy, you could eventually be stabbed during the downfall of the markets.

Learning / Output:

- Don't be greedy.
- Book your profits promptly and move on.

"The Tale of the Three Fish"



In a lake there were three fish who were great friends. The first fish was very smart, the second one knew how to find his way out of trouble, and the third was adamant and hated changes.

The first fish overheard a fisherman's conversation about coming back the next day and fishing in the lake. Sensing danger, he cautioned his friends to move out of the lake. The second fish said, "I will stay here and find a way out if I'm caught." The third fish said, "I do not want to move out. I will remain here, and if I have to get caught, I will."

The first fish moved out of the water and died. The next day, the fisherman arrived and caught the other two fishes. The second one cleverly escaped by pretending to be dead. The third fish did nothing, got caught and died.

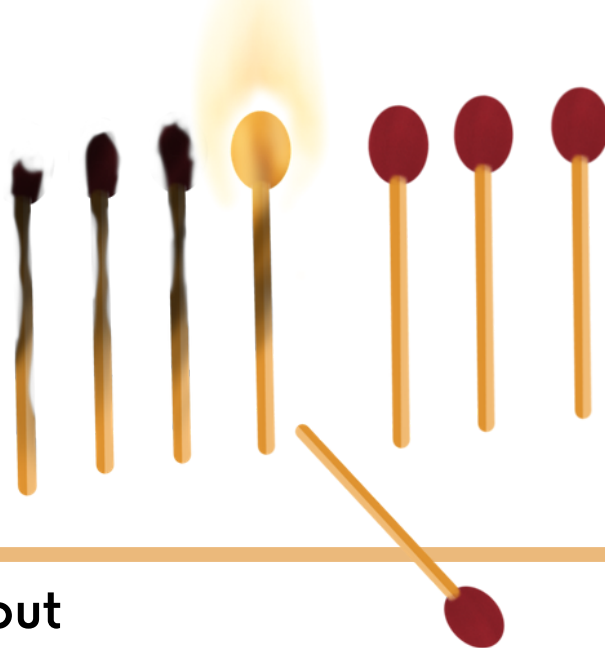
As an investor or a trader, you should always be like the second fish. Neither overdo nor be adamant in stock markets. Similar to the other two fishes, you might end up in a trap.

Learning / output:

- You should know your risks so that you can plan accordingly
- You should adapt to the changes in the stock market

"Break the chain"

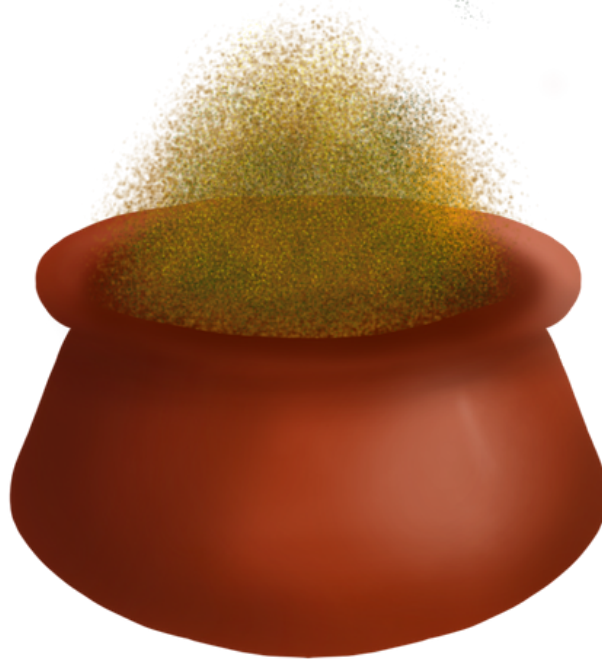
Have you seen or heard about the matchstick that stays away and saves the rest? If you arrange a pile of matchsticks in a row one next to another and light the first one it always tends to burn all the matchsticks next to it. But in the middle even if one single matchstick is moved or pulled back it will stop the other matchsticks from burning. As a smart trader or a smart investor, you shouldn't blindly follow every fact as they are presented. It is okay to step back and think as it saves other traders and investors too.



Learning / output

- It is not necessary to follow the herd because even you might get burnt
- It is okay to step back occasionally

Too Many Spices can Spoil the Dish.



Have you ever tasted a dish with too many spices? The purpose to add spices to a dish is to balance the flavours and enhance the taste. However, when some spices overpower the dish, the taste of the dish is lost. When too many investment products are used unnecessarily, it spoils the very function of a portfolio. As an investor, you should be keen on balancing your investments. You should structure it with subtle changes when required.

Learning / Output:

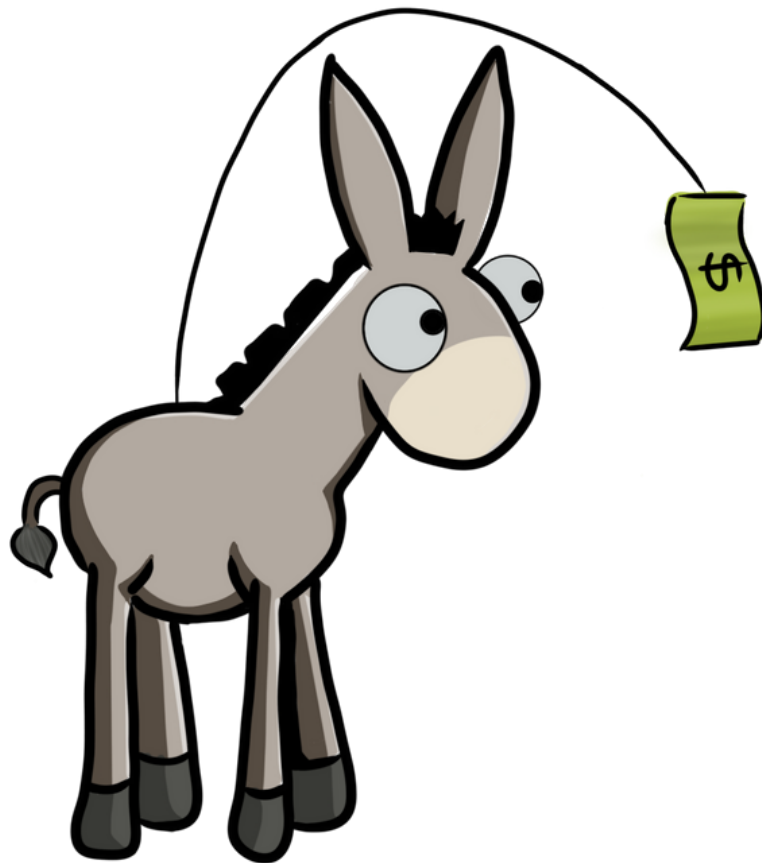
- Too less or too much diversification is an issue.
- Timely changes should be dealt with immediately.

"Donkey with a carrot"

Why shouldn't we modify our initial target price?

When you tie a carrot in front of a donkey and let it chase it you know that it is never going to reach the carrot. The farther it goes the farther it goes away from the carrot.

Most traders are like the donkey chasing the price and they never get the price they want. They often move their covering order (either selling or buying) and modifying them would never get them to make a decision. Hence, would miss the price.



Learning / Output:

- Be mindful about covering your position at given specific price which is pre-determined.
- Don't be greedy or fearful.
- Modify orders during immediate news flow which may favor your positions.

"Don't panic when you're drowning"

The lesson what I had learnt during my swimming classes was "don't panic when you're drowning." The same is applicable in stock markets. Investors and traders usually panic when their trade goes against them. They lose their rational control of decision making and irrational decisions takes control leading to inappropriate decisions. Not panicking and accessing the situations would keep you calm and help you swim through the ups and downs of stock market.



Learning / Output:

- Don't panic when things goes against you
- Calmness brings clarity and clarity to take sane decisions

"Don't lose your marble"

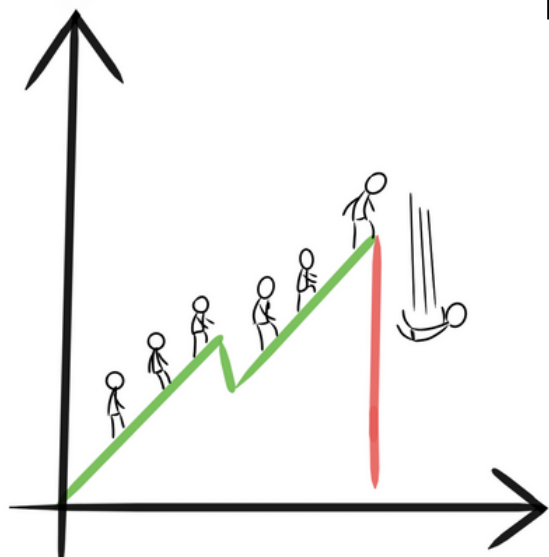
There is a traditional game in India "Goli," (a game of marble) where you bet on your marbles. There is a popular idiom based on this game – "Don't lose your marble." Basically, it means that if you lose all your marbles you would be out the game. Once you are out of the game the possibility or probability of you making back to the game becomes difficult and frustrating. While investing or trading we should be keen on protecting the capital so that we are in the game. Sometimes booking losses would be a better decision than to hang on to the trade.



Learning / Output:

- Don't forget to protect your capital – "Capital is Sacred."
- Book losses if you think the given position is a threat to your capital.

"If 50000 people say a foolish thing it does not become a wise one"



Have you seen or heard something way too many times and believed it to be true? Sometimes just because we hear and see something repeatedly, we are convinced. (All Hail the Power of marketing!)

As an investor, it is your duty to confirm all the facts and figures with utmost focus before believing them. You need to match the F&F(facts & figures) with the financial product.

Learning / Output:

- It's not necessary to follow the heard because even you might get slaughtered.
- Verifying every detail is an important part of investing.

FREE – Don't fall for this trap!



Please read the above statement again and give it a thought. Usually, while investing you would believe any free advice from TV experts, economists, various websites, and confirm news from different sources. When all these sources say the same you would tend to invest the hard-earned money in such investment instruments.

If given a thought, mostly the “free advice” is the “most expensive” because they aren’t bound by moral obligation or commitment. Most of these advices are popularized by such institutions and media houses to promote their own wellbeing.

What’s your learning? Here’s a 2-step consideration before investing:

- As an investor, you can be wise and chose only SEBI certified advisors.
- Remember, free advice can be expensive. “If you found gold, would you go around announcing it everywhere?”

"A small leak can even sink a large ship"



Even a small error in your investment plan can disrupt your future plans. Hence, goal setting and planning are two important aspects of financial planning.

However, many investors try to invest without it because of which they may sink in their own ship. While goal setting might look small or not an important aspect ignoring this would destroy the future results and output of an investor.

Learning / Output:

- Invest with a goal.
- Clearer the goal, clearer would be the financial product you choose.
- Consult a moral & certified financial planner.

Author's Note

Fun-fin Stories is for people who are looking to achieve some financial freedom and understanding in financial markets (stock markets). I would like to share the reason why this book was written, there were many questions which bothered me and finding those answers I have found the way which has worked for me and I'm glad to share this experience with all the readers. The stories which are mentioned in the book are inspired by others or experienced, as a finance student I always thought finance to be dry (not fun) this book is just how I want finance to be taught so that young people would not only be interested in it but also enjoy it.

Make Finance Fun – This reason attracts me the most because the way many movies and series telecast the stock markets is different from what I have experienced. Most movies and series show that power, Money and Sex has an influence in stock markets, I'm not saying that they don't influence the stock markets but there is much deeper understanding which is expected out of us. Also flamboyant and Alfa characters shown in these series make many learners believe it to be true but it pushes many young and dynamic learners to choose paths which leads to their own destructions, paths such as scams, financial frauds, insider trading and gambling in stock markets. I hope this book helps you understand some basic working of stock markets and psychology behind it.

About Rahul Singh



Rahul Singh founded wealth management firm Tycho investing with an aim to bring hedge fund management to the laymen's fingertips. Also founded educational startup ArthaChanakya with the aim to impart practical capital market knowledge to students.

Managing HNI portfolios of individuals and also training working professionals and students in the derivatives segment of markets, an unorthodox trader with a few trade tricks of his own, simplification of a concept is what he believes in and does the same in his training methodologies.

Special Dedication

To My Family Members, Prof Punith, Students, Mai, Niyati, Ankita, Richa & Nitesh for being a sign of motivation.

Edited

Richa

Niyati

Durgeshwar Bhaskar

Designed

Joshva Anup

Babitha Shinde

Fun Fin Stories



This book describes a bunch of moral stories with a twist of finance written in a way that a financially sound granny would narrate. These stories are portrayed in such a way to make finance and the stock market as relatable as a layman could understand.