

5 Investing Lessons from Cricket

Investments are not a one-time thing. Much like the game of cricket, they require strategy, guidance, patience, and persistence for the long haul. With the IPL season in full force, let's look beyond just the game and reflect on these five lessons from cricket that can help you invest better:

Know the Pitch You are Playing On

Just as players check the pitch and weather conditions before the game, knowing the financial environment helps your investment journey. This means taking stock of your income, liabilities, long- and short-term investment goals, having a sense of different asset classes as well as your risk appetite. Such preparations will be crucial for your investment strategy.

Guard the Stumps

In cricket, all efforts of the batsmen are directed at saving their wicket and stumps. To stay in the financial game, there are three stumps that always need to be guarded – an emergency fund (a balanced reserve bench of the cricket team), regular income (the playing 11), and growth or appreciation (run/strike rate). Investing in an emergency fund that meets necessary expenses for three to six months is an underrated practice. Resist the urge to liquidate investments as soon as they start showing gains.

Team of Diverse Assets

A cricket team would be ineffective if it didn't have a great mix of talents – everything from batting and bowling to fielding and wicket-keeping – that can rise up to the challenges of the game. Similarly, investors need to diversify their portfolios to reduce risks, smooth out returns and enjoy better performance in the longer term. Depending on one's risk appetite and market cycles, one may choose to invest in various classes of assets, including fixed income, equities, real estate, or commodities.

Eye on the Ball

Winning, in cricket and investing, is all about staying focused and disciplined when it comes to one's investment journey, keeping an eye on the peaks and lows, and being ready for curveballs. Just as rotating strikes keep the scoreboard moving, it is important to keep investing during the 'low' market conditions, even if these are small amounts.

Importance of a Coach

Like a cricket team, your investment plan too needs a coach. Someone who can impart technical know-how, identify your goals, address your weaknesses, develop your strengths and, most importantly, keep your investment habits on track.

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