

# 1. Introduction to Investing

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# What is Investing?

Investing is delayed consumption

Get more later - in other words, investing is about long-term

Make your money work for you

# Why Invest?

Investing and Savings are related. What are the differences?

## Benefits of Investing

Higher returns than Savings accounts

Power of Compounding

Create wealth

# Indian stock market has appreciated by 6000% since 1991



# Power of Compounding

Small differences in annual returns can lead to very different Wealth Outcomes:

Over 30 years:

Annual Return	Total return
5%	432%
10%	1744%
15%	6621%
20%	23,737%

# How does it all fit?



# Establishing Clear Time-Based Goals

Short-term goals (e.g. pay for college)

Long-term goals (e.g. compound, create wealth, financial security)

# Investment Styles

Value investing

Income investing

Value/Growth continuum

Growth investing



# Value and Growth Investing



Value investing

Buying Price <  
Current Value

Growth investing

Buy Price <  
Future Value

# Surprise! Investment Styles Change Too

1950s	Birth of value investing with Ben Graham
1980s	Birth of growth investing Financial engineering with Private equity
1990s	Private assets (venture capital, art, etc.)
2000s	Long/short strategies
2010s	Quantitative finance

# Types of Investing

## Liquid

Common Stocks

Bonds

Mutual Funds / ETFs

## Illiquid

Real estate

Private equity

Venture capital

# Active v Passive

This is a common debate in public equities between Active and Passive investing

Passive is effectively low-cost index funds or ETFs

Few exceptional investors can outperform using Active strategies

For everyone else, there is Passive investing