

Property grew 15% a year for a decade. The next decade it managed 5%

Published by OneRightAI · 5 min read

Maxim: *There is no one kind of investment that is always best.* — Sir John Templeton

Every generation of investors has an asset it believes in completely. The belief usually peaks just as the asset's best years end. Flexibility is the habit that protects you from your own certainty.

The asset that made the last decade's fortunes is rarely the one that makes the next decade's.

Ask an Indian family in 2012 what the safest way to build wealth was, and many would have said property. They had reason to. Between 2002 and 2012, residential property prices tracked by the National Housing Bank's Residex rose about 15% a year. From 2013 to 2024, the same measure grew about 5% a year, according to a FundsIndia study reported by [Outlook Money](#). The houses did not change. The returns did.

Shares have their own version of the story, often compressed into a few years. The Sensex rose 46.7% in 2007, fell 52.5% in 2008 and jumped 79.7% in 2009, according to [annual return data](#) compiled by TopForeignStocks. An investor who decided in early 2008 that equities were the only asset worth owning lost half; one who decided in early 2009 that equities could never be trusted again missed one of the best years in the index's history.

In each case the mistake was the same. It was not choosing the wrong asset. It was being certain that one asset would always be the right one.

Templeton's third rule

Sir John Templeton built his career on refusing to be loyal to any one kind of asset. The third of his [16 Rules for Investment Success](#), first published in 1993, reads simply: remain flexible and open-minded about types of investment. "There are times to buy blue chip stocks, cyclical stocks, corporate bonds, US Treasury instruments, and so on," he wrote, and there are times "to sit on cash" so you can act when opportunities arrive. Then the sentence that gives this article its maxim: "The fact is there is no one kind of investment that is always best."

He practised it at the extremes. In 1939, after the outbreak of the Second World War, with markets down 39% over the previous twelve months, he borrowed \$10,000 and bought shares of 104 companies trading for less than a dollar each. Four of them eventually failed. The rest turned his \$10,000 into \$40,000, [Value Research](#) recounted. Decades later he was among the early foreign investors in Japan, and sold before its bubble burst.

The common thread is not bravery. It is the absence of loyalty. Templeton bought what was unloved and cheap, and let go of what had become loved and expensive, whatever kind of asset it happened to be. Flexibility, in his sense, meant judging each asset on its price and prospects at the time, rather than on what it had done for him before.

Flexible is not the same as restless

There is a trap in this maxim. Read carelessly, it sounds like permission to jump from asset to asset, chasing whatever did best last year. That is the opposite of what Templeton did, and it usually ends with buying high and selling low. Flexibility means keeping an open mind about what to own; it does not mean changing your mind every month.

For most investors, the practical form of Templeton's rule is a balanced allocation with sensible ranges. Decide, in calm times, roughly how much belongs in equities, in debt, in gold and in cash, given your goals and the years until you need the money. Then let the ranges, not the headlines, decide when to act. When one asset has run far ahead and grown well past its range, trim it. When another has been beaten down below its range, add to it. That is flexibility with discipline: you end up buying what is out of favour and selling what is popular, without having to predict anything.

Keep some money in short-term debt or cash as well. Templeton's "times to sit on cash" were not about hiding; they were about being ready. An investor with no spare cash in a crash can only watch.

And question your own loyalties. Most people have an asset they trust because it once worked for them or their parents: property, gold, fixed deposits, a favourite stock. Ask what you would buy today if you were starting from nothing. If the answer differs sharply from what you own, the difference may be habit rather than judgment.

If you do one thing: Write down the share of your savings in each asset class today. Next to each, write the range you would choose if you were starting from scratch. Where today's figure sits outside the range, move it back gradually over the next few months.

The family that bet everything on property in 2012 was not foolish; it was loyal to an asset that had served it well. Loyalty is a virtue in people. In investments it is a risk.

Templeton's rule asks for something harder than conviction. It asks you to hold every belief about an asset loosely enough to let it go when the price and the prospects change, whatever the asset once did for you.

Sources

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