

Same ₹1 lakh, same index. Timing made it ₹4.3 lakh or ₹17.7 lakh

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Maxim: *Respect luck and risk.* — Morgan Housel

Every investment result is part decision and part dice. Investors who forget the dice tend to copy the wrong people, blame the wrong mistakes and take the wrong lessons from both.

Good outcomes do not prove good decisions, and bad outcomes do not prove bad ones.

Consider two investors who did exactly the same thing. Each put ₹1 lakh into the Nifty Smallcap 250 index and never touched it. One invested just before the 2008 crisis; by March 2026, by DSP Mutual Fund's calculations from [NSE index data](#), that money had grown to about ₹4.3 lakh, roughly 8% a year. The other invested at the bottom of the same crisis and ended with about ₹17.7 lakh, roughly 18% a year. Same index, same amount, same patience. One ended up with four times as much money as the other, and the difference was mostly a matter of when each happened to have cash to invest.

The pattern repeated in the next crisis. ₹1 lakh put in just before Covid, in January 2020, had become about ₹2.9 lakh by March 2026. The same sum invested at the March 2020 bottom, just before what became the best financial year for Indian shares in a decade, [as Business Standard reported](#), had become about ₹5 lakh. Neither investor was smarter. One was luckier.

Two sides of the same coin

Morgan Housel built a chapter of his thinking around this idea. In his [2018 essay](#) that grew into *The Psychology of Money*, he argued that "you cannot believe in risk without believing in luck, because they are two sides of the same coin." Both describe the same thing: outcomes driven by forces beyond any one person's control.

We tend to treat them unequally. When things go well, we credit our skill and rarely mention luck; it is hard to measure and impolite to suggest. When things go badly, we tend to blame mistakes. Housel noted that people "default to the extremes of assuming failures are predominantly caused by mistakes," when chance often played as large a part. "The line between bold and reckless is thinner than people think," he wrote.

His advice to his own son, which he shared in the same essay, is the cleanest summary: "realize that not all success is due to hard work, and not all poverty is due to laziness. Keep this in mind when judging people, including yourself."

The friend who did not make it

The starkest illustrations of luck and risk are not about money at all. Bill Gates spent his teenage years in his school's computer lab alongside his closest friend, Kent Evans, a boy Gates later described as even "more geeky" than himself. The two talked on the phone constantly and worked on computer projects together. In May 1972, aged 17, Evans was killed in a fall while training for a mountaineering

course on Mount Shuksan in Washington, as [Gripped reported](#), drawing on Netflix's documentary about Gates. "It was so unexpected, so unusual," Gates said.

One of the two friends went on to co-found Microsoft. The other, by his friend's account at least as gifted, never had the chance. Luck lifted one; risk took the other. Neither outcome was a pure verdict on character or effort.

What respecting luck and risk looks like

For investors, this has practical consequences. The first is humility about results, your own and others'. A friend who made a fortune in one small-cap stock may be skilled, or may be the lucky survivor of a crowd that tried the same thing and lost. Before copying any winner, ask how many people took the same bet and how it went for them.

The second is to judge your decisions by the process, not the outcome. Did you know why you bought? Did you size the position sensibly? Did you have an exit plan? A sound decision can lose money and a reckless one can make it; over many decisions, process wins.

The third, and most important, is to arrange your finances so that bad luck cannot finish you. Diversification, an emergency fund and the absence of leverage do not stop bad luck from arriving. They stop it from being fatal. And the steady habit of investing every month, through a SIP, means your results depend less on the luck of any single start date: you will buy at some highs and some lows, rather than staking everything on one roll of the dice.

If you do one thing: Look at your best and worst investment of the last five years. For each, write down how much of the result came from your reasoning and how much from events no one could have known. If the answers are uncomfortable, that is the point: you now know which lessons are worth keeping.

The two small-cap investors in the DSP example made the same choice and got very different rewards. Neither deserves all the credit or all the blame. Respecting luck and risk means accepting that, building a portfolio that does not depend on being lucky, and judging yourself and others with a little more generosity than results alone would suggest.

Sources

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