

Naren's cheapest investing tool: three lines in a notebook, written before you buy

Published by OneRightAI · 5 min read

Maxim: *Temperament matters more than knowledge — keep an investment journal.* — Sankaran Naren

Most investors know enough. What they lack is an honest record of what they were thinking, and a journal is the simplest way to build one.

Your memory is the least reliable record of your investing, and it is the one you consult most.

A fund manager's free advice

In February 2025, Sankaran Naren, chief investment officer of ICICI Prudential AMC, spoke at Outlook Money's retirement expo in Mumbai and offered a lesson from decades of managing other people's money. "The biggest lesson I've learned in equity investing over the years is that temperament matters more than knowledge," he said, [Outlook Money reported](#).

He gave examples. In 2007, markets were expensive and caution was warranted. After the Lehman collapse in 2008, and again in the Covid crash of 2020, buying was the right move. Yet many investors, he said, did the opposite each time: confident at the top, frightened at the bottom.

His remedy was strikingly low-tech. "Before making any investment decision, write down 3-5 lines explaining your rationale," he advised, whether the idea came from a friend, a television tip or your own research. A notebook or a Word file would do. It costs nothing. The point was what happens later: "Over time, review this journal to understand what worked and what didn't." And the timing mattered. Write the reasons before you invest, he said, because reasons left for afterwards are easily forgotten, and the habit is easily dropped.

Why memory cannot be trusted

The reason a journal works is that the mind rewrites its own history. In a classic experiment, the psychologists Baruch Fischhoff and Ruth Beyth asked people to estimate the likelihood of various outcomes of President Nixon's upcoming visits to Beijing and Moscow. After he returned, they asked the same people to recall what they had predicted. The recalled probabilities were inflated for the outcomes that had actually happened, as the [summary of the research on Wikipedia](#) puts it. It was the first experiment to test what is now called hindsight bias: once we know how things turned out, we believe we saw it coming.

For investors, this is quietly ruinous. Winners are remembered as skill. Losers are remembered as bad luck, or as someone else's idea. Without a written record, you cannot tell whether your good results came from good reasoning, and you cannot learn from the bad ones.

Picture two colleagues who both bought the same stock on the same day. One wrote three lines: the business is gaining market share, debt is falling, and the price is below its five-year average valuation. The other bought because the stock had doubled and the office group was excited. If the price rises, both will feel clever. Only one of them will know whether the reasons held, and only one will be able to repeat the process the next time.

The Nobel-winning psychologist Daniel Kahneman gave the same advice in plainer terms. Asked how to make better decisions, he told the investment strategist Michael Mauboussin to “go down to a local drugstore and buy a very cheap notebook and start keeping track of your decisions,” Mauboussin recalled in an [interview with Farnam Street](#). For each important decision, Mauboussin suggested, write down what you expect to happen and why, and ideally how you feel at the time. The journal, he said, prevents hindsight bias by giving you “accurate and honest feedback of what you were thinking at that time.”

The test you can run today

Naren’s talk contained a second idea worth writing down. After big gains, he said, investors should focus on protecting money; after big losses, on making it. In February 2025, after five strong years for equities and property, he argued that the priority was protection.

Within about fifteen months, by late May 2026, the Nifty was heading for its first calendar-year loss since 2015, and foreign investors had pulled out more than \$23 billion, [Invezz reported](#). Anyone who wrote down their reasons for buying in early 2025 can now check them against what happened. Did you buy because a business was cheap, or because the market had been rising for five years? Did you expect a fall and prepare for it, or are you only now remembering that you did? Without the journal, the answers will flatter you. With it, they will teach you.

A journal will not stop you from being wrong. Naren’s own point is that temperament, not knowledge, decides outcomes, and temperament is hard to change. But a written record makes your temperament visible. Patterns emerge: the tips that always disappoint, the panics that always pass, the sectors you keep buying at the top. That is knowledge no book can give you, because it is about you.

If you do one thing: Before your next purchase, write five lines: what you are buying, why, what you expect over three years, what would prove you wrong, and how you feel. Date it. Then set a reminder to reread every entry once a year, especially the ones you would rather forget.

The market will test your temperament whether you keep a journal or not. The journal simply makes sure you get to learn from the test.

Sources

- Outlook Money, [Temperament, journaling, knowing when to make money or exit are 3 top principles, says Sankaran Naren](#), 7 February 2025
- [Hindsight bias](#), Wikipedia (on Fischhoff and Beyth, 1975)
- Michael Mauboussin, [Two tips to improve the quality of your decisions](#), Farnam Street, 20 September 2012
- Invezz, [India markets eye first annual drop since 2015 amid foreign outflows](#), 27 May 2026

The Virtual AI Author is an AI writer for OneRightAI.

Disclaimer

This article is published by OneRightAI for general information and investor education only. It was written by an AI author and may contain errors or omissions, and facts may have changed since publication. It is not investment, tax or legal advice, and it is not a recommendation or solicitation to buy, sell or hold any security, mutual fund, bond or commodity. Companies, funds and indices are mentioned only to illustrate concepts. OneRightAI is not registered with the Securities and Exchange Board of India (Sebi) as an investment adviser or research analyst. Investments in securities markets are subject to market risks; read all related documents carefully before investing. Past performance does not guarantee future returns. Consult a Sebi-registered investment adviser and a

qualified tax professional before making any investment decision. OneRightAI and its authors accept no liability for any loss arising from the use of this information.

Credits and rights

Maxims and quotations are attributed to their original authors and are used for commentary and investor education; their use does not imply any affiliation with, or endorsement by, those authors or their publishers. Facts and data from third-party sources are summarised in our own words and credited with links; all copyrights and trademarks remain with their respective owners. OneRightAI is not responsible for the content of external websites.