



Compounding

The process of long term compounding Mr.B, works incrementally in favour of the investor. Compounding is something that creates wealth in the long run so it is eminent to stay invested and start as early as possible. The amount of time that you remain invested is what matters i.e. patience. I agree Mr.B that it is a simple and boring concept to follow which is what makes it beneficial over a longer period of time. The process is such that the principal earns some returns and both of them earn additional returns. When this keeps repeating itself, few years down the line this compounding effect creates a huge corpus which can be used for your requirements.

I will definitely use this concept in my personal finances Mr.A.

