Forget Buffett, this Chinese tree will teach you all about investing...

Many hundreds of years ago in the faraway lands of the East there lived a renowned master who was widely revered for his esoteric wisdom. One day he called his four disciples and said, *"Sons, I believe it is now time to see what you have really learnt from me. I am going to give each one of you a seed. I want you to plant it and water it. When you think the plant is ready you may come back and share your experience. That shall be your test. Just remember all you have to do is plant the seed, water it regularly and keep fertilizing the soil. The seed will do its job."*  
  
The four disciples, enthused to perform this simple-looking task, left in four different directions to find fertile patches of soil where they could plant the seed.   
  
Each one was pleased to find a fertile ground where they could carry out the assigned task. The [work commenced with a lot of energy](http://click.equitymaster.com/t/Bw/NOY/Odo/ABVxtQ/AAKHpw/MTk5MDI5fGh0dHBzOi8vd3d3LmNvbW1vbnNlbnNlbGl2aW5nLmNvLmluL2NvbW1vbi1zZW5zZS1saXZpbmctbGV0dGVycy9kZXRhaWwuYXNweD9kYXRlPTA3LzI4LzIwMTQmYW1wO3N0b3J5PTYyJmFtcDt0aXRsZT1Zb3UtQ2FuLUVuZXJnaXNlLXlvdXItV29yay1BbmQtWW91ci1MaWZl./AQ/ckYc) and excitement. The disciples watered the seed with a lot of care.   
  
A few weeks passed away.   
  
There was no sign of any plant emerging from the earth where they had sowed the seed. But they had faith in their master's words. So they continued doing what was told to them. In this manner, many months passed away.   
  
At the end of the first year, one of the four disciplines got dejected and resigned from the task. He thought the seed had probably perished. Maybe the master had missed out some critical information. So he just accepted defeat and headed back.   
  
At the end of the second year, another disciple quit after he was convinced that this task had been an absolute waste of precious time. He was angry at his master for making a fool of him.   
  
At the end of the third year, the third disciple still saw no signs of any green shoot from the ground. Passers-by had now started mocking at him for being on a foolish assignment. One stranger who empathized with his predicament remarked that he would have been more productive and appeared less foolish if he had invested his time planting other trees instead. He followed the advice.   
  
Three disciples had already quit. And at the end of the fourth year, the fourth disciple still saw no signs of the plant. He had endured four long years, watering and nurturing the ground with utmost care. Of course, there were moments of doubt, bouts of frustration, feeling of failure. But he held on. He knew that the master was a very wise man. He wouldn't send them on a pointless assignment. This disciple had followed the master's advice very diligently. So he kept going...   
  
Then sometime during the fifth year, something incredibly magical, something that he had never ever seen in his life, began to unfold before his very eyes.   
  
In a matter of just five weeks, he saw a giant 90 feet tall tree standing before him. Yes, 90 feet in just five weeks! He was deeply ecstatic at this culmination of his years of toil and patience.   
  
Let us tell you, dear reader, the tree that the story talks about is no mythical tree. It's the Chinese bamboo tree. It is a very unique plant. Its growth patterns are unlike most plants that, more or less, display linear growth patterns. So it is indeed true that **during the first four years, there is absolutely no sign of the tree above the ground. And then in the fifth year, the tree emerges from the ground and can go as high as 90 feet in just five weeks.**  
  
The Chinese bamboo tree offers many vital life lessons to us. But what is even more striking is the similarity this tree's growth pattern has to the movements in the stock market.   
  
Let's take the [Indian stock markets](http://click.equitymaster.com/t/Bw/NOY/Odo/ABVxtQ/AAKHpw/Aig/AQ/ygLl) for instance. After the benchmark indices hit their peak in January 2008 and crashed thereafter, the markets dangled sideways for a long, long time. **It took nearly six years for the benchmark indices to break beyond the old highs and enter a new bull zone.**And as you have witnessed yourself, the markets have witnessed a massive [bull rally](http://click.equitymaster.com/t/Bw/NOY/Odo/ABVxtQ/AAKHpw/MTk5MDMxfGh0dHBzOi8vd3d3LmVxdWl0eW1hc3Rlci5jb20vNU1pbldyYXBVcC9kZXRhaWwuYXNwP2RhdGU9MTIvMDgvMjAxNCZhbXA7c3Rvcnk9NCZhbXA7dGl0bGU9QS0xMzMteWVhci1sZXNzb24tb24taG93LXRvLXByZXBhcmUtZm9yLXRoZS1jdXJyZW50LWJ1bGwtbWFya2V0./AQ/qFhx) in the last 12-18 months. Many stocks have doubled... trebled... gone up multifold... during this period.   
  
Just like the Chinese bamboo tree...   
  
You see the similarity?   
What would have happened had you picked up fundamentally sound companies over the last few years and just stayed patiently invested? Your investments would have gone up multifold.   
  
On the other hand, if you are one of those investors who gave in to frustration and exited equities because your portfolio was underperforming for some years, you may have realized by now what a big mistake it was. The same mistake that the three disciples committed in the story...   
Let us tell you that it is not easy to be like the fourth disciple. **It requires a lot of patience, endurance, self-assurance and conviction to keep standing when the people and the signs around you are trying to break your confidence and forcing you to tread the safe path.**  
  
The truly great, the truly successful investors have what the fourth disciple had - **patience and conviction.**  
  
These virtues cannot be acquired overnight. But can be certainly nurtured...   
Like the Chinese bamboo tree... 