

## Part-truths could be a lot more misleading than complete lies

Devina Mehra | 23 April 2026



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### SUMMARY

Part-truths create the sort of over-confidence that often leads people to delude themselves. Tales about compounding, blue chips or market winners that don't offer the full picture can let investors down worse than outright falsehoods. Examples abound.

If I gave you a choice between something that is 60-70% true and something that is an outright lie, which one would you prefer? It is normal to think that having a reasonable amount of truth in what is being said would be better than a complete untruth, but you would be mistaken. Why?

“Something that's true but incomplete might be more dangerous than something that's wrong, as a little truth is a fuel for a lot of overconfidence,” said Morgan Housel. To over-confidence, add credibility and believability.

For example, you may be a little wary of a finfluencer pushing a new crypto platform or trading course without any credentials in investing.

But what if it is someone with a financial journalism background who explained the Public Provident Fund or National Pension Scheme extremely well in his last video or article?

When they tell you that XYZ fund manager is experienced at global investing, you would take them seriously. Except that this statement may not be complete or accurate.

The experience of the fund house may be limited to having bought half a dozen well-known US stocks and having held them for five years. And those recommending the fund may not have revealed that they have certain financial contracts with the same fund house. The fact that not all of what they talk is nonsense makes it more of a trap.

Many of you would have seen what was a popular video a few years ago, explaining how paints are delivered twice a day from the Asian Paints plant to each dealer according to what is selling in that particular location.

The truth? Every paint shade is mixed at the dealership itself. There isn't and never was any twice-a-day delivery. Plus, it would be highly cost-inefficient to have this type of delivery schedule.

The half-truth part? Asian Paints has been a pioneer in the professionalization of management by an Indian-owned company and the adoption of technology. This kernel of truth was used to spin fantastical stories that sound just plausible enough, given the track record of the company.

Of course, a single visit to any paint dealer would have revealed the truth, but then some people can be fooled some of the time.

At times, it may be laziness at work, with the brain looking for short-cuts, and at others, a careful 'economical-with-the-truth' decision, even by your own mind. As the legendary physicist Richard Feynman said, "The first principle is that you must not fool yourself and you are the easiest person to fool."

We have all seen statements on social media like: "If you or your ancestors had invested \$1,000 or ₹10,000 in..."—take your pick of Apple, Microsoft, Tesla, HDFC Bank, ITC or Hindustan Lever some 20,30,40 years back, or maybe some public sector company five years ago... *drum roll*— "this is how much you would be worth now."

There are several nuances to this. In the real world, you would not have only bought what turned out to outstanding performers. Your family vault may well have stocks that were “bought and forgotten,” which is supposed to be a golden path to riches. This is a real Indian parent’s portfolio, one that had remained untouched for about two decades. It included hot stocks of the time: DSQ, Pentamedia, NEPC, Silverline, Apple Credit, etc. All worthless now!

Of course, you could sanctimoniously say that they should not have chased the flavour of the season and instead stuck to blue chips. But all these stocks were in Nifty 50 at some point: Satyam, Idea, Reliance Power, Reliance Capital, Yes Bank, Cairn, JP Associates, Unitech and others that went nowhere.

A few decades back, your parents buying blue chips of the day would have stocked up on JK group, Thapar and Mafatlal group shares, plus the likes of Hindustan Motors and Premier Automobiles. No one then thought they were headed for oblivion.

There is another nuance: even stocks that are poster boys for great compounding had long periods of going nowhere. Hindustan Unilever did practically nothing from 1999 to 2010. Bata had zero returns for 15 long years.

Then there is Apple. It was at its listing price 17 years after its initial public offering (IPO) and had only doubled in 20 years by 2000. That meant a compounding of only 3.5% for 20 years after its IPO, with many steep drawdowns. Note, this was at a time when interest rates were at or near double digits in the US. Hardly the best investment in decades—until that turned.

Tesla gave zero returns for 10 years till a two-year rally made its compounded return look spectacular. To add to the fun, it also nearly went bust in the interim! This is a classic example of how the eventual result is not a good pointer to whether a decision was correct.

All those citing data for great compounding returns from gold over the last five or 10 years are not highlighting that the picture would have looked very different if you had done the same calculation two or three years ago.

All stories of grand compounding successes are technically true and cause FOMO, but what they leave out is vital. Hence, when looking at data presented by anyone else, or even by yourself, check not just whether it is technically correct (for example, if the calculations match) but what it leaves out. That wide-angle lens can change the picture.

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