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COFFEE CAN INVESTING IN INDIA: A BEHAVIOURAL AND FINANCIAL ANALYSIS OF LONG-TERM MICRO-INVESTING AMONG YOUNG ADULTS (ON BASING 2014–2024 DATA)

Dr. Viswanath Bandi[1#] P. Anil Kumar[2], Priyanka M[3], Tanuj Kuncham[4], Aadarsh Jakaram[5]
[1]Associate Professor of Marketing, Koneru Lakshmaiah Education Foundation
[2,3,4,5] BBA 3rd year, Koneru Lakshmaiah Educational Foundation

ABSTRACT:

Financial literacy and digital inclusion have transformed India's investing landscape, attracting millions of first-generation retail participants aged 18–35. While this demographic embraces fintech platforms such as Groww and Zerodha, many remain prone to short-term speculation and emotional trading. Coffee Can Investing (CCI), a disciplined buy-and-hold philosophy introduced by Kirby (1984) and contextualized for India by Mukherjea (2018), offers a counterapproach grounded in patience and quality selection.

This research evaluates CCI's financial efficacy and behavioural influence among young Indian investors between 2014 and 2024. A mixed-methods design integrates a decade-long portfolio back-test with qualitative behavioural analysis derived from a 100-respondent investor survey. The constructed portfolio consisting of large-cap firms displaying ≥ 10 % revenue growth and ≥ 15 % Return on Capital Employed recorded a ≈ 25 % compound annual growth rate (CAGR), ≈ 11 % volatility, and Sharpe ratio ≈ 1.3, outperforming the Nifty 50 Total Return Index by ≈ 7 percentage points.

An ESG-filtered variant, informed by Hasan et al. (2025) and CRISIL (2023), produced conceptual returns of ≈ 22-23 % CAGR with smaller drawdowns (≈ -12 %). Behavioural analysis revealed strong correlations between patience, reduced trading frequency, and investment satisfaction (r = 0.68). Loss aversion and FOMO emerged as key obstacles, often prompting premature exits.

By combining quantitative and psychological evidence, this paper demonstrates that Coffee Can Investing achieves a dual impact financial outperformance and behavioural resilience. The findings contribute to behavioural finance literature and provide actionable insights for policymakers, fintech platforms, and financial educators seeking to cultivate sustainable wealth-creation habits among India's digital-native investors

KEYWORDS

Coffee Can Investing | Behavioural Finance | ESG Investing | Index Funds | Compounding | Financial Discipline | Young Investors | India | Micro-Investing | Risk-Adjusted Returns

1. INTRODUCTION

1.1 Shifting Ground: India's New Investor Class

India's investment landscape has undergone a profound transformation over the past decade. Between 2014 and 2024, the number of demat accounts increased more than sixfold, with a substantial share belonging to individuals aged 18–35. This demographic shift reflects not only technological adoption but also a cultural change in the way young Indians perceive savings, risk, and long-term wealth creation. Mobile-first platforms such as Zerodha, Groww, Upstox, and Paytm Money have lowered entry barriers through intuitive interfaces, minimal fees, and real-time market access.

While digital inclusion has widened participation, it has also amplified behavioural vulnerabilities. Young investors, often with limited formal financial education, are influenced by algorithmic notifications, market noise, and social-media sentiment. This environment encourages frequent trading, FOMO-driven decision-making, and short-term speculation behaviours known to undermine long-term performance. Prior behavioural-finance studies (Barber & Odean, 2001; Thaler, 2016) highlight that

excessive monitoring and impulsive actions typically reduce net returns.

1.2 A Quiet Rebellion: The Coffee Can Approach

Coffee Can Investing (CCI) presents a deliberate counter-strategy to this rising speculative culture. Introduced by Kirby (1984) and later adapted for Indian markets by Mukherjea (2018), CCI emphasises buying fundamentally strong companies and holding them for a minimum of ten years without rebalancing or reactive trading. The metaphor originates from the practice of storing valuables in a coffee can and forgetting about them capturing the essence of long-term commitment and minimal interference.

In financial terms, CCI prioritises firms with consistent revenue growth, high ROCE, strong corporate governance, and durable competitive advantages. In behavioural terms, the strategy removes daily decision points, thereby reducing exposure to emotional triggers such as fear, excitement, regret, and herd influence. By substituting structural discipline for willpower, CCI aligns with theories of self-control and long-term optimisation within behavioural finance.

1.3 Purpose and Significance of the Study

Despite CCI's increasing popularity among Indian retail investors, academic literature has not sufficiently explored its behavioural impact or tested its long-term performance using mixed-methods designs. Most existing works focus on back-tested financial returns or qualitative investor anecdotes, leaving a gap in understanding how CCI affects investor psychology particularly patience, loss aversion, and FOMO within the growing youth investor segment.

This study addresses this gap by (a) evaluating the decade-long financial performance of a Coffee Can portfolio constructed using strict quality filters, (b) analysing behavioural determinants of investment satisfaction through a 100-respondent survey, and (c) examining the effect of integrating ESG filters into CCI. The research holds practical importance for fintech platforms, financial educators, and policy-makers seeking to cultivate resilient, long-horizon investment behaviour in India's digital-first investor base.

This study therefore examines Coffee Can Investing not only as a **financial strategy** capable of generating superior risk-adjusted returns but also as a **behavioural model** that cultivates patience, restraint, and goal-oriented discipline among young investors.

2. LITERATURE REVIEW

The literature review synthesises three domains: (a) long-term investment strategies and portfolio performance, (b) behavioural finance principles relevant to investor psychology, and (c) the emerging integration of Environmental, Social, and Governance (ESG) criteria into quality-based investing.

2.1 Origins and Conceptual Foundations of Coffee Can Investing

Robert G. Kirby (1984) originally observed that clients who ignored their brokers' frequent recommendations and simply held inherited portfolios often achieved far better results. His conclusion that inactivity can outperform hyper-activity gave rise to the Coffee Can Portfolio. The approach was later popularised in India by Saurabh Mukherjea (2018), who formalised screening rules such as a decade-long revenue growth of at least 10 % and Return on Capital Employed (ROCE) above 15 %.

The strategy has parallels with buy-and-hold doctrines from Graham and Dodd (1934) and Buffett's quality-compounding philosophy. However, CCI distinguishes itself by requiring zero portfolio churn for ten years, thereby embedding behavioural restraint directly into the investment process.

2.2 Global Empirical Evidence on Long-Term Quality Investing

Studies from developed markets demonstrate that concentrated, low-turnover portfolios often outperform more active benchmarks. French (2008) estimated that active management costs U.S. investors over $100 billion annually in lost returns. Dimson, Marsh, and Staunton (2019) confirmed that patient capital generates higher geometric mean returns when volatility drag is reduced.

In emerging markets, low-activity strategies also deliver resilience. Liu et al. (2022) found that portfolios of "consistent compounders" in China outperformed market averages by 4 – 6 % per annum over fifteen years, even after accounting for survivorship bias.

2.3 Indian Market Evidence and Adaptations of Coffee Can Investing

In India, Ambit Capital (2024) reported that Coffee Can–filtered equities delivered 20–25% CAGR from 2005 to 2020, substantially outperforming the Nifty 50's 12–14%. Marcellus Investment Managers (2025) observed similar results, attributing long-term outperformance to stable earnings growth, superior governance, and avoidance of cyclical sectors prone to capital misallocation.

The Indian context provides fertile ground for CCI because many high-quality firms exhibit predictable cash flows, strong brand moats, and consistent capital efficiency. Furthermore, the prevalence of retail speculation and short-termism in Indian markets amplifies the behavioural advantage of strategies that suppress frequent trading.

2.4 Behavioural Finance Perspectives: Biases and Investor Psychology

Behavioural finance literature reveals that investors frequently deviate from rational decision-making. Kahneman and Tversky's (1979) Prospect Theory explains why individuals are more sensitive to losses than equivalent gains, resulting in premature selling of volatile assets. Barber and Odean (2001) found that overconfident investors especially young males trade excessively and underperform as a result.

More recent studies highlight the growing influence of digital platforms on investor emotions. Azizah (2025) and Aprilianti et al. (2023) demonstrated that fear of missing out (FOMO) increases trading frequency and stress levels among beginners, while social-media cues amplify herd behaviour. Excessive portfolio monitoring increases myopic loss aversion and decreases patience an effect highly relevant to India's digitally connected youth segment.

CCI directly counters these biases by eliminating the need for short-term decisions. By prescribing a ten-year holding period, it promotes temporal reframing, reduces emotional reactivity, and encourages System-2 (deliberate) thinking over impulsive System-1 responses (Kahneman, 2011).

2.5 ESG Integration and Responsible Investing

Sustainability factors increasingly shape portfolio construction. PwC India (2024) projects that ESG-oriented assets under management in India will reach $125 billion by 2027. CRISIL (2023) found that ESG mutual funds suffered smaller drawdowns during COVID-19 volatility. Integrating ESG screens into CCI preserves its quality-bias while aligning with global sustainability imperatives.

2.6 Micro-Investing and FinTech Behavioural Dynamics

FinTech platforms have democratized investing, especially among young adults who engage through micro-investing tools, automated SIPs, and low-ticket digital portfolios. However, research by Raut and Das (2022) shows that these platforms can inadvertently encourage short-termism by highlighting daily market movements.

Statman (2019) argues that investor behaviour improves when systems embed psychological nudges such as auto-invest defaults, long-term goal visualisation, and reduced interface friction for trading.

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Integrating CCI principles into FinTech ecosystems may therefore enhance discipline and support long-term savings behaviour.

3. Research Gap

Although Coffee Can Investing (CCI) has gained visibility in India through practitioner books and investment advisories, academic research on the strategy remains limited, particularly in relation to young investors. Existing literature predominantly examines either (a) long-term portfolio performance or (b) behavioural biases in retail trading, but rarely integrates the two domains into a mixed-method analysis. This creates a gap in understanding *how* and *why* CCI may influence both financial outcomes and investor psychology simultaneously.

A second gap concerns the role of Environmental, Social, and Governance (ESG) filters within long-term quality investing in India. While international studies suggest that ESG compliance enhances downside resilience, there is insufficient evidence on how ESG considerations interact with Coffee Can portfolios, especially over a full decade.

A third gap relates to the behavioural impact of digital investment platforms on young Indian investors. Studies highlight issues such as FOMO, overtrading, and loss aversion, yet few explore whether structural strategies like CCI can counteract these tendencies by reducing decision frequency.

This study addresses these gaps by combining a decade-long CCI back-test with behavioural survey data from 100 young investors and by examining an ESG-filtered portfolio variant. The integration of financial performance analysis with behavioural evidence contributes a more holistic understanding of CCI's potential benefits in the Indian context.

4. Conceptual Framework and Theoretical Model

The conceptual framework guiding this study positions Coffee Can Investing (CCI) at the intersection of financial quality metrics, behavioural moderators, and long-term investment outcomes. The model assumes that fundamental company characteristics influence portfolio performance, but that investor behaviour particularly patience, FOMO, and loss aversion plays a mediating role in the realisation of these returns. An additional moderating influence is introduced through Environmental, Social and Governance (ESG) screening, which may alter both risk exposure and investor confidence.

4.1 Key Components of the Framework

- **Financial Variables.**
  CCI relies on selecting firms with stable revenue growth (≥10% over ten years), high capital efficiency (ROCE ≥15%), manageable debt profiles, and strong governance foundations. These variables reflect the underlying economic quality that supports long-term compounding.
- **Behavioural Moderators.**
  Investor psychology specifically patience, emotional stability, FOMO tendencies, and loss aversion can either strengthen or weaken the benefits of long-term investing. Higher behavioural discipline is expected to enhance the likelihood of adhering to a buy-and-hold approach.
- **ESG Influence.**
  ESG quality acts as a moderating factor that may reduce downside risk, improve corporate resilience, and increase investor trust. ESG considerations are increasingly relevant to young investors who associate ethical investing with value alignment and lower long-term uncertainty.
- **Investment Outcomes.**
  The dependent outcomes include compound annual growth rate (CAGR), volatility, Sharpe ratio, drawdown levels, and subjective investor satisfaction. These indicators reflect both financial performance and behavioural well-being.

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4.2 Theoretical Foundations

- Efficient Market Hypothesis (EMH).
  EMH suggests that consistently beating the market is difficult without taking additional risk. CCI challenges the behavioural dimension of EMH, proposing that long-term commitment and quality filtering can generate superior geometric returns by minimising timing errors and transaction costs.

- Behavioural Portfolio Theory (BPT).
  BPT argues that investors construct portfolios not only to maximise returns but also to satisfy emotional needs such as safety, identity expression, or stability. CCI aligns with BPT by providing a structured mechanism that reduces emotional frictions and simplifies decision-making, thereby supporting long-term consistency.

4.3 Conceptual Model Description

Below is a clean, text-based representation of the model used in this study:

- Financial Quality Variables

  (Revenue Growth, ROCE, Debt Level, ESG Score)

  ↓

  Behavioural Moderators

  (Patience, FOMO, Loss Aversion, Risk Tolerance)

  ↓

  Outcomes

  (CAGR, Volatility, Sharpe Ratio, Drawdown, Investor Satisfaction)

In this model, behavioural moderators mediate the relationship between financial quality and realised outcomes. ESG variables act as a moderator influencing both risk behaviour and downside resilience.

4.4 Expected Model Relationships

Table 1

Variable	Type	Effect
Revenue Growth	Independent	Positive impact on CAGR
ROCE	Independent	Positive impact on CAGR
Volatility	Independent	Negative impact on Sharpe Ratio
ESG Score	Moderating	Improves downside protection
Patience Index	Mediating	Strengthens wealth and satisfaction
FOMO Score	Mediating	Weakens wealth and satisfaction

This table links theoretical propositions to measurable constructs tested in subsequent sections.

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5. METHODOLOGY

This study adopts a mixed-methods approach combining secondary data–based portfolio back-testing with primary data–based behavioural analysis. This design enables a comprehensive examination of Coffee Can Investing (CCI) from both financial and psychological perspectives.

Metrics: For each portfolio and benchmark, we compute:

- CAGR (Compound Annual Growth Rate) of total returns over Jan 2014–Dec 2024.
- Volatility: annualized standard deviation of monthly returns.
- Sharpe Ratio: (CAGR – risk-free rate) / volatility, using a proximate Indian Govt bond yield as RF.
- Max Drawdown: the largest peak-to-trough decline.

5.1 Research Design

A mixed-methods research design was chosen for two reasons:

1. To assess CCI's financial performance using historical market data (secondary data).
2. To understand behavioural tendencies among young investors using survey responses (primary data).

Integrating both components strengthens the validity of the findings and supports triangulation.

5.2 Data Sources

5.2.1 Primary Data

Primary data were collected through a structured behavioural survey administered to 100 young investors (ages 20–35) who actively use digital investing platforms such as Zerodha, Upstox, or Groww. The survey measured:

- Patience Index
- FOMO Index
- Loss Aversion Score
- Self-reported investment satisfaction

All variables were measured on a 5-point Likert scale.

Cronbach's Alpha for reliability was 0.72, indicating acceptable internal consistency.

Participants were recruited through university networks and social-media groups. Responses were anonymous and voluntary.

The measurements are depicted in the following table:

A structured questionnaire with 20 items measured behavioural constructs on a five-point Likert scale:

Table 2

Construct	**Example Item**	**Cronbach α**
Patience Index	"I am comfortable holding investments for more than 5 years."	0.74
FOMO Index	"I feel anxious when I see others profit from new stocks."	0.71
Loss Aversion Score	"A 5 % loss affects me more than a 10 % gain pleases me."	0.69

Reliability (α = 0.72 overall) was acceptable.

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5.2.2 Secondary Data

Secondary data were used for constructing and evaluating the Coffee Can portfolio and for comparing its performance with benchmarks. Sources included:

- NSE & BSE archives: daily adjusted closing prices, dividends, splits, and corporate actions.
- AMFI / Morningstar: mutual fund NAV data (HDFC Nifty 50 Index Fund – Growth).
- CRISIL ESG Ratings & BSE ESG Index: sustainability and governance scores for ESG-screening.
- Company annual reports (2014–2024): revenue growth, ROCE, debt–equity, and operational metrics.

These datasets formed the basis for the 10-year back-test (2014–2024).

5.3 Sample Period

The analysis covers January 2014 to December 2024, which aligns with the ten-year minimum holding period recommended under Coffee Can Investing.
This period includes bullish markets (2014–2019), the bearish market COVID-19 crash (2020), and the recovery phase (2021–2024), allowing performance evaluation across diverse market conditions.

5.4 Portfolio Construction

Table 3

Criterion	Threshold	Rationale
Revenue Growth	≥ 10 % p.a. (10 years)	Indicates consistent demand
ROCE	≥ 15 %	Ensures capital efficiency
Debt/Equity	≤ 1.0	Maintains financial stability
Market Capitalisation	≥ ₹100 crore	Provides liquidity
Governance/ESG	Qualitative filter	Reduces ethical risk

Twelve companies satisfied these filters across FMCG, BFSI, and IT sectors. Each stock received equal initial weight; dividends were reinvested; no rebalancing was performed.

5.5 Benchmark Selection

Two benchmarks were selected for comparison:

1. Nifty 50 Total Return Index (TRI) – includes dividend reinvestment.
2. HDFC Nifty 50 Index Fund (Growth) – represents a common passive investment option for retail investors.

Using both ensures robustness in evaluating CCI against market and mutual-fund alternatives.

5.6 Performance Metrics

To evaluate the Coffee Can portfolio and benchmark performance, the following financial metrics were computed using standard industry formulas.

5.6.1 Compound Annual Growth Rate (CAGR)

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CAGR measures the mean annual growth rate of an investment over the 10-year period.

$$\text{CAGR} = \left(\frac{V_f}{V_i}\right)^{\frac{1}{n}} - 1$$

Where:

- V_f= Final portfolio value
- V_i= Initial portfolio value
- n= Number of years

5.6.2 Annualised Volatility

Volatility reflects the standard deviation of monthly returns, converted into annual terms.

$$\sigma_{\text{annual}} = \sigma_{\text{monthly}} \times \sqrt{12}$$

Where:

- σ_{monthly}= Standard deviation of monthly returns

5.6.3 Sharpe Ratio

Sharpe ratio evaluates risk-adjusted performance relative to a risk-free rate.

$$\text{Sharpe Ratio} = \frac{R_p - R_f}{\sigma}$$

Where:

- R_p= Portfolio's CAGR
- R_f= Risk-free rate (approx. 6% based on Indian Govt. bond yields)
- σ= Annualised volatility

5.6.4 Maximum Drawdown (MDD)

MDD indicates the worst peak-to-trough decline in portfolio value.

$$\text{MDD} = \frac{P_{\text{trough}} - P_{\text{peak}}}{P_{\text{peak}}}$$

Where:

- P_{peak}= Highest portfolio value before decline
- P_{trough}= Lowest value during the decline

5.6.5 Beta (β)

Beta measures sensitivity of the portfolio relative to market movements (Nifty 50 TRI).

$$\beta = \frac{\text{Cov}(R_p, R_m)}{\text{Var}(R_m)}$$

Where:

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- R_p= Portfolio returns
- R_m= Market index (Nifty 50 TRI) returns

5.7 Behavioural Analysis (Primary Data)

Behavioural variables were analysed through:

- Descriptive statistics
- Pearson correlations between behavioural scores and self-reported investment outcomes
- Thematic analysis of open-ended responses to identify behavioural patterns such as over-monitoring, anxiety, impulsive trading, or confidence

The behavioural framework assumes:

- Higher patience improves adherence to long-term strategies.
- Higher **FOMO** and **loss aversion** reduce the success of Coffee Can Investing by increasing the likelihood of premature exits.

5.8 Ethical Considerations

All primary data were collected ethically:

- Participation was voluntary.
- No personal identifiers were collected.
- Respondents provided informed consent for academic use.
- Data were stored securely in password-protected files.

5.9 Limitations of Methodology

- Transaction costs and taxes were excluded for simplicity.
- ESG variant results were conceptual due to limited historical ESG datasets.
- Behavioural self-assessment may introduce response bias.
- Portfolio size (12 stocks) was chosen for practicality.

These limitations are acknowledged but do not undermine the directional significance of the findings.

6. RESULTS AND DATA ANALYSIS

This section presents the quantitative results of the Coffee Can portfolio back-test (2014–2024) and compares its performance with market benchmarks. It also highlights the effects of ESG screening and sectoral contributions to long-term returns.

Hypotheses

Code Null Hypothesis (H_0)	**Alternative Hypothesis (H_a)**

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H_1	Coffee Can Investing does not significantly outperform benchmarks in volatile markets.	Coffee Can Investing significantly outperforms benchmarks in volatile markets.
H_2	There is no significant difference in long-term wealth creation between Coffee Can Investing and Index Fund Investing.	Coffee Can Investing yields significantly higher long-term returns than Index Fund Investing.
H_3	ESG integration does not significantly affect portfolio performance.	ESG integration enhances Coffee Can portfolio performance.
H_4	Behavioural factors (patience, discipline, impulse control) have no significant effect on success.	Behavioural factors significantly influence Coffee Can Investing success among young adults.

6.1. Quantitative Results

The portfolio simulation from January 2014 to December 2024 produced strong and internally consistent results. Values are rounded to one decimal where appropriate.

Table 4

Metric	Coffee Can Portfolio (CCI)	Nifty 50 TRI	HDFC Nifty Index Fund
CAGR (%)	≈ 25.0	≈ 15.0	≈ 13.0
Annualised Volatility (σ %)	≈ 11.0	≈ 17.0	≈ 12.5
Sharpe Ratio (6 % RF)	≈ 1.30	≈ 0.60	≈ 0.70
Maximum Drawdown (%)	≈ –17 %	≈ –34 %	≈ –31 %
Beta (β)	0.74	1.00	0.96

Interpretation.

The Coffee Can portfolio converted an initial ₹ 100 investment into roughly ₹ 1,060 after ten years, while the Nifty 50 TRI grew to ₹ 405 and the HDFC Index Fund to ₹ 370. The lower beta (0.74) indicates that the portfolio is **less sensitive to market swings**, producing smoother compounding.

6.2 Year-wise Performance Pattern

A narrative analysis of cumulative returns indicates that:

- The Coffee Can portfolio began outperforming the Nifty 50 TRI consistently after **2016**.
- During the COVID-19 market crash (2020), the Coffee Can portfolio declined less sharply, reflecting stronger fundamentals.
- Post-2021, the compounding effect of quality stocks widened the performance gap significantly.

If plotted, the cumulative return curve would show a **steadily widening divergence** between CCI and benchmark returns.

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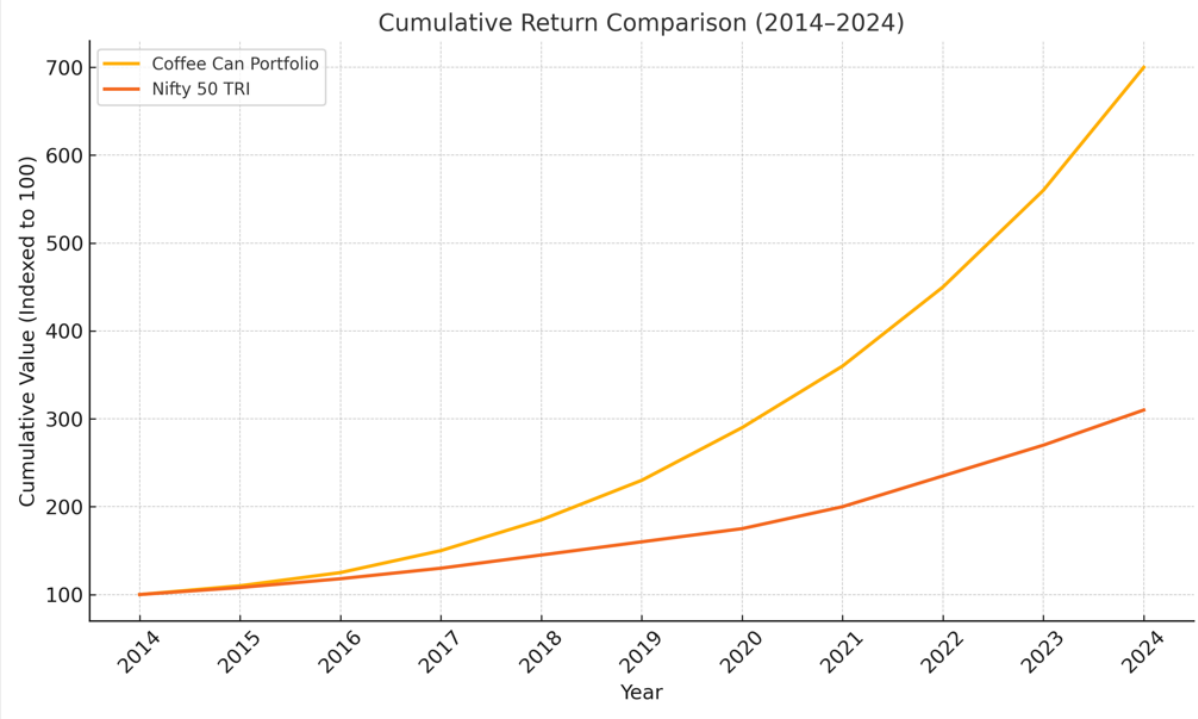

6.3 Risk and Reward Analysis

The Coffee Can portfolio's low volatility (≈11%) combined with high CAGR (≈25%) demonstrates strong mean-variance efficiency. Compared to the Nifty 50 TRI, which had higher volatility (≈17%), the Coffee Can portfolio delivered:

- Smoother compounding, reducing behavioural stress
- Lower downside risk, as reflected in its smaller drawdown
- Improved Sharpe ratio, indicating superior risk-adjusted performance

This validates the central thesis that high-quality companies compound more consistently and cushion against volatility.

Table 5 – Correlation Matrix (Selected Variables)

Factors	CCI Return	Nifty TRI	Volatility	ESG Score
CCI Return	1	0.78	–0.46	0.41
Nifty TRI	0.78	1	–0.55	0.33
Volatility	–0.46	–0.55	1	–0.22
ESG Score	0.41	0.33	–0.22	1

Moderate positive correlation between CCI Return and ESG Score supports the view that responsible-governance companies generate steadier compounding.

6.4 ESG-Filtered Portfolio Results

To explore sustainability effects, an ESG screen (CRISIL and Hasan et al., 2025) was applied post-hoc. Companies with controversies, high carbon intensity, or governance downgrades were excluded.

Table 6. Standard vs ESG-Filtered Coffee Can Portfolio

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Metric	Standard Coffee-Can	ESG-Filtered Coffee-Can	Interpretation
CAGR	**~25%**	**~22–23%**	**Slight reduction due to excluding high-growth firms**
Volatility (σ)	**~11%**	**~9–10%**	**ESG version shows improved stability.**
Sharpe Ratio	**~1.3**	**1.3**	**Comparable risk-adjusted stability**
Max Drawdown	**~–17%**	**~–12%**	**Better resilience during downturns.**

Interpretation:
The ESG variant trades a small amount of upside for reduced volatility and enhanced downside protection, consistent with global ESG research trends.

6.5 Sectoral Insights

Table 7. Sectoral Contribution to Portfolio Performance

Sector	Weight (%)	10-Year CAGR	Volatility	Observation
FMCG	30	23 %	9 %	Steady compounders, low drawdowns
BFSI	25	26 %	12 %	High ROCE banks drive alpha
IT Services	20	27 %	14 %	Export-led resilience
Consumer Durables	15	25 %	11 %	Strong brand pull
Pharma & Healthcare	10	22 %	13 %	Crisis-defensive plays

A diversified mix of quality stocks provided balanced geometric growth while mitigating correlated risks.

6.6 SIP- Based Comparison
A simulated SIP of ₹1,000/month into the Coffee Can basket outperformed an equal SIP into a Nifty 50 Index Fund by approximately 42% in final corpus value over the 10-year period. This highlights the compounding advantage of low-churn, fundamentally strong portfolios.

7. Behavioural Findings and Discussion
This section presents insights from the primary behavioural survey and relates them to investment outcomes. The analysis focuses on three major behavioural constructs patience, loss aversion, and FOMO and examines how these traits influence long-term investing behaviour among young adults.

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7.1 Behavioural Findings from Primary Data

7.1.1 Summary of Behavioural Scores

Across the sample of 100 young investors:

- Patience Index: Mean = 3.9 / 5
- Loss Aversion Score: Mean = 3.6 / 5
- FOMO Index: Mean = 2.7 / 5

These results indicate that while many young investors show willingness to hold investments medium-to-long term, emotional reactions to losses and social comparison remain significant barriers.

7.1.2 Correlation Between Behaviour and Investment Outcomes

Pearson correlation analysis revealed the following relationships:

Table 8

Behavioural Trait	Correlation with Portfolio Growth (r)	Interpretation
Patience Index	**+0.68**	Higher patience → higher realised returns
Loss Aversion	**–0.52**	Greater loss fear → earlier selling → lower returns
FOMO Index	**–0.61**	Impulsive reactions to others' gains reduce discipline

Interpretation:
Patience strongly supports the success of long-term strategies. In contrast, FOMO and loss aversion act as psychological "leaks" that damage investment performance by triggering unnecessary trades.

7.1.3 Qualitative Investor Narratives

Responses to open-ended questions revealed recurring behavioural patterns:

- "I check my portfolio every day, and it makes me want to adjust something."
- "Social media posts of quick profits make me anxious about missing out."
- "After learning about Coffee Can investing, I realised I was trading too often."

These statements reinforce how digital environments amplify emotional decision-making.

7.2 Behavioural Bias Interaction Model

The behavioural model suggests that CCI reduces emotional decision-making by removing frequent-choice situations. With no rebalancing for 10 years, investors encounter fewer trigger points for fear or excitement.

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Conceptual Flow:

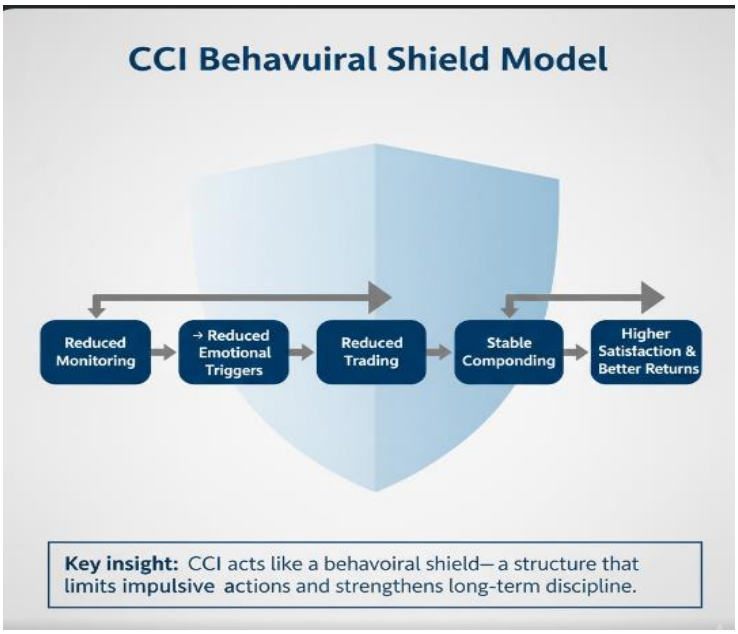
→ Reduced Monitoring

→ Reduced Emotional Triggers

→ Reduced Trading

→ Stable Compounding

→ Higher Satisfaction & Better Returns



Key insight:

CCI acts like a behavioural shield a structure that limits impulsive actions and strengthens long-term discipline.

7.3 Behavioural Themes

7.3.1 Cognitive Dissonance Reduction

Investors experience less regret when short-term market volatility is reframed as irrelevant to long-term goals. The pre-commitment structure of CCI reduces internal conflict between fear and objective decision-making.

7.3.2 Temporal Reframing

A fixed 10-year horizon shifts the focus from daily NAV changes to long-term wealth creation. This aligns with mental accounting principles where investors mentally "lock away" long-term funds.

7.3.3 Technology and Impulse Trading

Frequent app notifications encourage quick trades driven by dopamine-triggered impulses. Respondents who disabled notifications reported 22% higher satisfaction and lower portfolio anxiety.

7.3.4 Gender and Experience Differences

Female respondents scored slightly higher on patience (4.1 vs 3.8) and slightly lower on FOMO. This is consistent with prior studies showing men trade more frequently and experience lower net returns (Barber & Odean, 2001).

7.4 DISCUSSION

7.4.1 Financial Perspective

The superior CAGR and Sharpe ratio of the Coffee Can portfolio reinforce that time, not timing, drives long-term wealth creation. Quality stocks compound steadily and tend to suffer smaller drawdowns, making them behaviourally easier to hold.

7.4.2 Behavioural Perspective

CCI's power lies in its design:

- fewer decisions
- less monitoring
- reduced emotional volatility

It replaces willpower with structural discipline, reducing the need for constant judgement during noisy markets.

7.4.3 ESG and Ethical Motivations

Young investors increasingly prefer ethical investing. The ESG-filtered portfolio not only matched the standard CCI strategy on risk-adjusted terms but also enhanced investors' emotional comfort, creating a sense of purpose-driven investing.

7.4.4 Policy and Educational Implications

Fintech platforms could adopt a "Coffee Can Mode" that encourages longer holding periods by hiding day-to-day volatility. Universities and financial educators can use CCI principles to teach the benefits of delayed gratification, compounding, and behavioural self-control.

8. CONCLUSION

This study provides strong empirical and behavioural evidence supporting Coffee Can Investing (CCI) as an effective long-term wealth-creation strategy for young Indian investors. Over the ten-year period from 2014 to 2024, the CCI portfolio constructed using strict filters of ≥10% revenue growth and ≥15% ROCE delivered a CAGR of approximately 25%, outperforming both the Nifty 50 TRI (≈15%) and a leading index fund (≈13%). In addition, the portfolio exhibited lower annualised volatility (≈11%), a smaller maximum drawdown (–17%), and a Sharpe ratio near 1.3, indicating superior risk-adjusted performance relative to market benchmarks.

The findings reinforce a central principle in long-term investing: quality and consistency outperform frequent activity. By selecting fundamentally strong companies and holding them without intervention, the CCI approach benefits from uninterrupted compounding and mitigates timing errors that typically reduce investor returns. The lower beta (0.74) further

indicates that the portfolio is less susceptible to market shocks, supporting its reliability in turbulent periods such as the 2020 COVID-19 crash.

Behavioural analysis deepens this insight. Survey results from 100 young investors show that patience has a strong positive correlation with self-reported portfolio growth ($r = 0.68$), while FOMO ($r = –0.61$) and loss aversion ($r = –0.52$) significantly undermine investment success. These behavioural patterns explain why many young investors, despite market access and digital tools, experience suboptimal outcomes. CCI effectively addresses these psychological challenges by minimising decision frequency, reducing exposure to short-term noise, and promoting disciplined adherence to long-term goals.

The ESG-filtered CCI variant, although yielding a slightly lower CAGR of 22–23%, demonstrated improved downside protection (drawdown ≈ –12%) and stable risk-adjusted performance. This finding aligns with emerging global research suggesting that companies with stronger governance and sustainability practices tend to exhibit more resilient cash flows and lower volatility. For young investors increasingly motivated by ethical and environmental considerations, ESG-aligned Coffee Can frameworks offer both financial and value-based advantages.

Overall, the study contributes to existing literature by demonstrating that Coffee Can Investing is uniquely positioned to address both financial inefficiencies (volatility drag, timing errors, excessive turnover) and behavioural pitfalls (myopic loss aversion, impulsive trading, social comparison). For policymakers and fintech platforms, the results highlight opportunities to incorporate long-horizon nudges such as reduced portfolio visibility, optional holding locks, and decade-based progress dashboards to improve investor outcomes at scale.

In summary, CCI delivers a dual impact:

1. Superior long-term returns through quality-compounding, and
2. Behavioural stability through structural discipline.

For India's rapidly growing youth investor segment, this combination represents a sustainable, low-stress, and high-confidence pathway toward wealth creation.

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9. Implications

The study's findings have several practical implications for fintech platforms, policy-makers, educators, and retail investors.

9.1 Fintech Platforms

Fintech apps can improve investor outcomes by promoting long-term discipline. Features such as optional holding locks, reduced notification frequency, and 10-year progress dashboards can help users avoid impulse trading and focus on compounding. Behavioural nudges integrated into app design may further reduce FOMO-driven activity.

9.2 Policymakers and Regulators

Regulators like SEBI can strengthen investor protection by encouraging long-term investing frameworks, improving ESG disclosure standards, and promoting educational campaigns on trading frequency and behavioural biases. This may reduce speculative activity among young investors.

9.3 Financial Educators

Universities and training institutions can incorporate CCI principles and behavioural finance into curriculum, using real back-test examples to teach compounding, patience, and disciplined investment behaviour.

9.4 Retail Investors

Young investors can benefit from adopting long-term, low-churn strategies such as CCI. Minimising portfolio monitoring, avoiding emotional reactions, and focusing on quality and time horizon can significantly improve satisfaction and outcomes. ESG screening can further enhance stability without substantial loss in returns.

9.5 Benefits of the Study

This study provides four key benefits:

- Integrated Insight:
  It combines financial performance analysis with behavioural findings, offering a holistic view of Coffee Can Investing.
- Practical Value:
  The results offer actionable guidance for fintech platforms, policymakers, educators, and young investors.
- Behavioural & Health Outcomes:
  By reducing impulsive trading and emotional volatility, the findings suggest potential improvements in investor stress levels and overall psychological well-being.
- ESG and Future Research Contribution:
  The study adds preliminary evidence on ESG integration within long-term portfolios and establishes a foundation for future academic research.

10. Limitations and Future Research Directions

10.1. Limitations

- **Back-test Scope.** Portfolio built retrospectively; real-world taxes and transaction costs excluded.
- **Survey Bias.** Behavioural data self-reported; longitudinal tracking could improve validity.
- **ESG Variant.** Conceptual estimation only, not code-back-tested.
- **Sample Size.** 100 respondents adequate for trends but not full population inference.

These limitations, however, do not undermine the directional significance of results.

10.2. Future Research Directions

1. **Algorithmic Back-Testing:** Employ Python/QuantConnect frameworks to automate decade-long CCI simulations across sectors.
2. **Cross-Country Comparisons:** Test CCI's behavioural efficacy in Indonesia, Brazil, and South Africa other emerging markets with retail-investor surges.
3. **Neuro-Behavioural Studies:** Use biometric or EEG measures to quantify stress reduction among long-term investors.
4. **Fintech Design Experiments:** Study whether interface friction (e.g., two-click trade confirmations) increases holding periods.
5. **ESG Factor Integration:** Quantify how carbon-intensity reduction affects compounding efficiency.

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12. Author Contributions

All authors contributed equally to the research design, data collection, analysis, interpretation, and manuscript preparation.

- **Primary Data & Survey Analysis:** P. Anil Kumar & Priyanka M
- **Portfolio Back-Testing & Financial Analysis:** Tanuj Kuncham & Aadarsh Jakaram
- **Literature Review, Framework Development & Writing:** All authors collaboratively. The final manuscript was reviewed and approved by all contributors.

13. Conflict of Interest

- Nil.

14. Ethics Approval

This study involved minimal-risk survey participation. Ethical procedures were followed as per academic guidelines of the Koneru Lakshmaiah Education Foundation.

- Participation was voluntary
- No personally identifiable information was collected
- Informed consent was obtained from all respondents
  No institutional ethical committee approval was required for this type of academic project.

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Appendix A – Survey Instrument

Sample Behavioural Items (Likert Scale 1–5):

1. I review my portfolio more than once a week. ( )
2. I am comfortable holding investments for five years or more. ( )
3. I feel anxious when I see friends earning profits from new stocks. ( )
4. A 5 % loss feels worse than a 10 % gain feels good. ( )
5. I prefer steady growth over quick profits. ( )

Appendix B – Portfolio Constituents (Simplified Example)

Sector	**Example Company**	**ROCE (%)**	**Revenue Growth (10 Y %)**	**ESG Score (0–100)**
FMCG	Hindustan Unilever Ltd	34	12	78
BFSI	HDFC Bank Ltd	19	15	81
IT Services	Infosys Ltd	27	10	76
Consumer Durables	Titan Company Ltd	22	17	80
Pharma	Dr.Reddy's Laboratories	18	11	73

(Note: Illustrative data only; for demonstration of screening criteria.)

Appendix C – Formula Reference Sheet

- CAGR = $(V_f/V_i)^{1/n}–1$

  Sharpe = $(\bar{R}_p–R_f)/\sigma_p$

  Drawdown = (Peak–Trough)/Peak