Twitter Thread by Mr. Buyside

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■7 Golden Rules for Investing ■

Prolific American stock picker Louis Ehrenkrantz was known for his ability to predict social & political developments - and identify companies that would benefit most from these events

A thread of his 7 golden investing rules
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Rule 1■■: Develop a large appetite for reading

- It will hone your instincts for finding successful companies

Rule 2■■: Don't over-diversify

- Ehrenkrantz states that 10 stocks in at least 3 sectors is enough for the average investor

Rule 3■■: Stick with your winners and sell your losers

- Do not automatically sell when the stock hits a target price but continue to hold as long as it performs well and has good prospects for the future

Rule 4■■: Look for top quality out of favour companies

- Companies that produce an array of high quality products/ services or in the process of bringing high quality products/ services to market

($TDOC and $FSLY in H2 2020 spring to mind here)

Rule 5■■: Don't worry about earnings if a company makes a high quality product or provides a high quality service

- Strong earnings growth will follow as high quality leads to high demand which leads to high sales

Rule 6■■: Don’t tinker with your portfolio

- Ehrenkrantz recommends to check your portfolio’s performance once of twice a year, as long term focus is the goal

(This would be extremely tough IMO but would promote longtermism)

Rule 7■■: Don’t be afraid to hold cash

- Holding some cash allows you to be prepared to purchase stocks with beaten down prices after a correction

These rules are not complicated in theory, but in practice some of us fall short in implementation.

For me the key themes of Ehrenkrantz’ golden rules are
1. Patience
2. Conviction

I will try to tweet one thread per week (every weekend) on legendary investors and some of their insights

Hope you enjoyed the thread.
If so, please feel free to share the thread or RT. Your support is greatly appreciated ■■