

Twitter Thread by [LearnLifeWealthTravel](#) | Dream Big, Think Growth !!



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@AnyBodyCanFly



#StockMarket - While there are #Multibaggers there can be #Multifailures as well. Here is a thread on key mistakes that may happen during the journey. I have been thru all these mistakes myself.....

1. Leverage can be key mistake that usually happen either when we get carried away in euphoria or are finding shortcuts during early part of journey. Even if you need to take leverage, it should be based on your net worth, risk profile and in right stocks.

#NoShortcuts

2. Selling too early just because it has run up too much too fast. Till there is a visibility of business potential and company growth path, one should ride the growth as maximum as possible.

#StayPut

3. Buying too late just because of noise / momentum and fear of missing out. Never ignore the valuations, business potential and company fundamentals while going with any suggestions. Always do your own due diligence.

#CutTheNoise

4. Buying too big too early and then selling while patience is being tested. Build the position towards upside especially for any new stock finding. Build onto the conviction with a visible growth in numbers.

5. Buying based on borrowed ideas. Do remember that when markets are down, we will exit all the borrowed names first & in all probability at a loss. Conviction developed after own research has got no comparisons.

6. Acting in upward euphoria or downside panic. These are momentum phases where valuations go beyond realistic levels & deserves a price as well as time correction.

Buying in upward euphoria or selling in downward panic is not advisable.

7. Running after people who keep selling their own ideas rather than listening & understanding your own thought and brainstorming on it.

Be with the balanced people who listen, respect & motivate you in discussions. Tricky but very useful.

8. We should exit out as soon as we realize that we are wrong in our stock picking.

Learn to take losses quickly, don't expect to be right all the time.

Learn from your mistakes, review self and just move on.

9. Over analysis - trying to find literally a perfect stock may make us miss many opportunities on the way.

The more we think we know, the more closed-minded we'll be.

Over-Thinking, Over-Analysis, Over-Research...may do more harm than good..Keep It Simple.

10. Over confidence made me start predicting something I was not too experienced into...and it made me skip my own basic investment rules.

Learning is to stay balanced in thoughts so as to not get carried away by own success.

Stay humble to stay focused with a purpose.

11. Under confidence made me start doubting my own research & conviction.

Learning is that we cannot outperform at everytime & wherever we have done our own research, there is no point to search outside for negative views.

Patience & Discipline are most important.

12. Ignoring business potential & reacting in panic in weak markets can make us sell at lows & buy again at highs.

You need to stay away from noise to stay focused on own convictions. Opportunities aplenty at any point of time.

#StockMarket #stocks #investing #behaviour

13. Tracking stock prices too closely may, in all probability, tempt you to do shuffle from conviction to momentum. In the process, u may end up buying at highs & selling at lows

Momentum comes sooner or later in every right stock & hence every stock gives entry/exit opportunity

14. #Stockmarket may not respect us if we do not respect the valuations of our #Stocks - follow a strict valuations framework to keep doing good in all kind of market sentiments.

Some stocks may be expensive at 10 PE while some maybe cheap at 50. Study well to plan well.

15. Everytime I believed in -ve voices, I lost on key parameters viz confidence & stock picking approach. Sooner I learnt, reviewed myself & got back to basics, things started looking back up again

Point is to avoid negativity to the best even though risks need to be understood

16. Staying away from negativity especially during tough days helps stay on the right path. There will be fear mongers, critics, perfectionists all around who may distract us while they fulfill their own vested interests.

Best time to stay in isolation, read / research / review

17. Trying to catch a falling knife may not work in every case

Few businesses/companies have inherent strength&weakness

Stay balanced in thoughts while analyzing both +ves & -ves. Take time to really enter stock in extreme negative noise especially when noise is on fundamentals

18. Trying to buy into businesses where management comes too often on media, is into investor meets, meet 1-1 with investors.

Such managements have more focus on stock price rather than business.

Point is, ultimately, it is the market that discovers the price at it's own time.

19. Overestimating risk during bear days & Underestimating risk during bull days do more harm to us than good.

Utilize bear days to research deep to buy more into high convictions or businesses that are going thru extreme noise.

Utilize bull days to regularly book profits.

20. Management quality is of utmost importance. I had written a thread on quality few days back, please go thru.

Good managements are focused on business, they don't criticize others as well as they don't promote stock price.

21. There are no shortcuts in wealth creation. F&O may sound tempting however one bad day can take away everything.

There is a saying in casino "You may win 100 ten times however you may lose 10,000 one time."

22. Noise shouldn't be ignored especially if it's continuous & on company fundamentals

Research deep into companies & businesses like Yes bank, Indiabulls grp, ADAG, Financials, RealEstate, Jewellery, Trading, Infra...

If something starts bothering u, it's no more a conviction

23. Common Investment mistakes

- ~ No goals, no objective, no plan
- ~ Over-activity, too much & too often
- ~ Not enough diversification, no meaningful Concentration
- ~ Extra belief in paid advisors
- ~ Chasing momentum
- ~ Mixing short & long term
- ~ Ignoring taxes
- ~ No self review

24. While understanding management credibility, most important to understand is management zeal & passion towards running & growing the business.

Great businesses may just die down a slow death if management is too conservative & has no competitive stance.