Twitter Thread by Mihir Mehta

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A thread on my mistakes in stock market so far. ■

I know many times I have boasted myself for doing well in stock market. Now let me share my blunders as well.

1. Buying debt-ridden & loss-making businesses in anticipation of turnaround:

I bought Punj Lloyd and Lanco Infra (in 2013 & 2014) at lower levels as I was greedy to earn more returns. I still hold both of them as I can remember that I won't have to do it again.

2. Buying a loss-making business on dips:

I bought Suzlon first at 11 rs.and then kept buying on dips. Finally, I realized my mistake and sold it for no profit no loss after holding for couple of years. I was lucky enough to get my average buy price but learnt a valuable lesson.

3. Not averaging up when business performs well:

I bought and held few businesses for a long period of time but I could not average them up as price anchoring bias was the reason behind not buying them again....

.....Few of them turned 5-10 baggers but the initial allocation was 2-5% and I didn't increase it further. So, the return in terms of percentage looks high but in terms of amount it's not significant.

4. Borrowed conviction won't help:

I bought Divi's Lab in 2017 on borrowed conviction (without knowing the business thoroughly) and sold it at the same price after few months amid ongoing USFDA issues and so I could not hold it and lost the compounding.

5. Don't buy what you don't understand:

I bought few complex businesses in my initial years of investing which were difficult to understand for me and as a result I could not hold them for longer because I never had enough conviction to hold them longer.

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