Twitter Thread by Thomas Chua

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Peter Lynch averaged 29.2% annual return between 1977 to 1990.

His books One Up Wall Street and Beating the Street offered great insights into his success.

Here are my top 10 lessons from the legend:



1. This quote was so good Warren Buffett cited it in his shareholder letter.

“Selling your winners and holding your losers is like cutting the flowers and watering the weeds.”

2. Volatility is the price of admission.

“People who succeed in the stock market also accept periodic losses, setbacks, and unexpected occurrences. Calamitous

drops do not scare them out of the game.”

3. On how many stocks you should own.

"Owning stocks is like having children. Don't get involved with more than you can handle."

4. On making mistakes.

"There's no shame in losing money on a stock. Everybody does it. What is shameful is to hold on to a stock, or worse, to buy more of it when the fundamentals are deteriorating."

5. Stocks are not just prices, it is ownership.

“This is one of the keys to successful investing: focus on the companies, not on the stocks.”

6. The news isn't free, you pay with your mental health and your returns.

"While catching up on the news is merely depressing to the citizen who has no stocks, it is a dangerous habit for the investor."

7. Never FOMO and chase without due diligence.

"Never invest in any company before you've done the homework on the company's earnings, prospects, financial condition, competitive position, plans for expansion, and so forth."

8. Only your conviction can save you from periods of drawdown.

"The stock market demands conviction as surely as it victimizes the unconvinced."

9. Just because technology has made it simpler to invest, doesn't mean you lower your standards.

"In stocks – as in romance – ease of divorce is not a sound basis for commitment."

10. On holding cash.

"If you can't find any companies that you think are attractive, put your money in the bank until you discover some."

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