

Twitter Thread by [Brian Feroldi](#)



[Brian Feroldi](#)

[@BrianFeroldi](#)



I own 7 stocks that are 15+ baggers (and counting)

Here are 10 traits they all have in common:

The data:

Stock / # of bags / purchase year:

\$AMZN / 15+ / 2010
\$FB / 15+ / 2012
\$GOOG / 15+ / 2009
\$MELI / 15+ / 2011
\$CMG / 20+ / 2012
\$NFLX / 60+ / 2010
\$TSLA / 60+ / 2012

1: Founder-led

\$AMZN - Bezos
\$CMG - Eills
\$FB- Zuck
\$GOOG - Page
\$MELI- Galperin
\$NFLX - Hastings
\$TSLA - Musk

Founders tend to be:

- +Detail oriented
- +Innovative
- +Mission driven
- +Think long-term
- +Have skin/soul in the game

Look for founders!

2: Consumer-facing

All of these companies attract millions/billions of consumers

This eliminates customer concentration risk and enables long-term brand building

3: High sales growth

All of these companies were growing revenue 20%+ BEFORE I bought them

Sales growth is the engine that drives profit growth

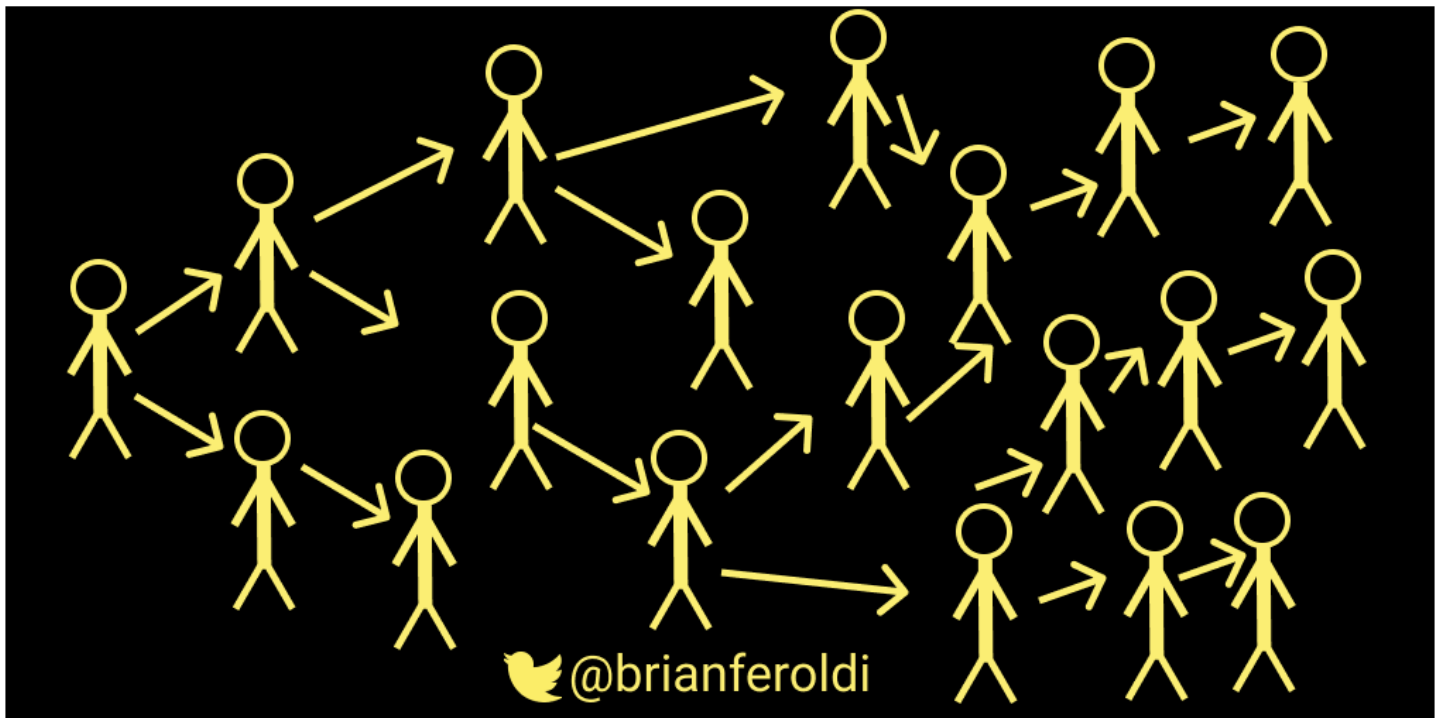
Profit growth is the engine that drives stock appreciation

Find companies that can grow sales 20%+ for decades

4: Word of mouth advertising

The best advertising is no advertising

Invest in companies that make products/services that are so good that their customers do all the marketing



5: Category Mindshare

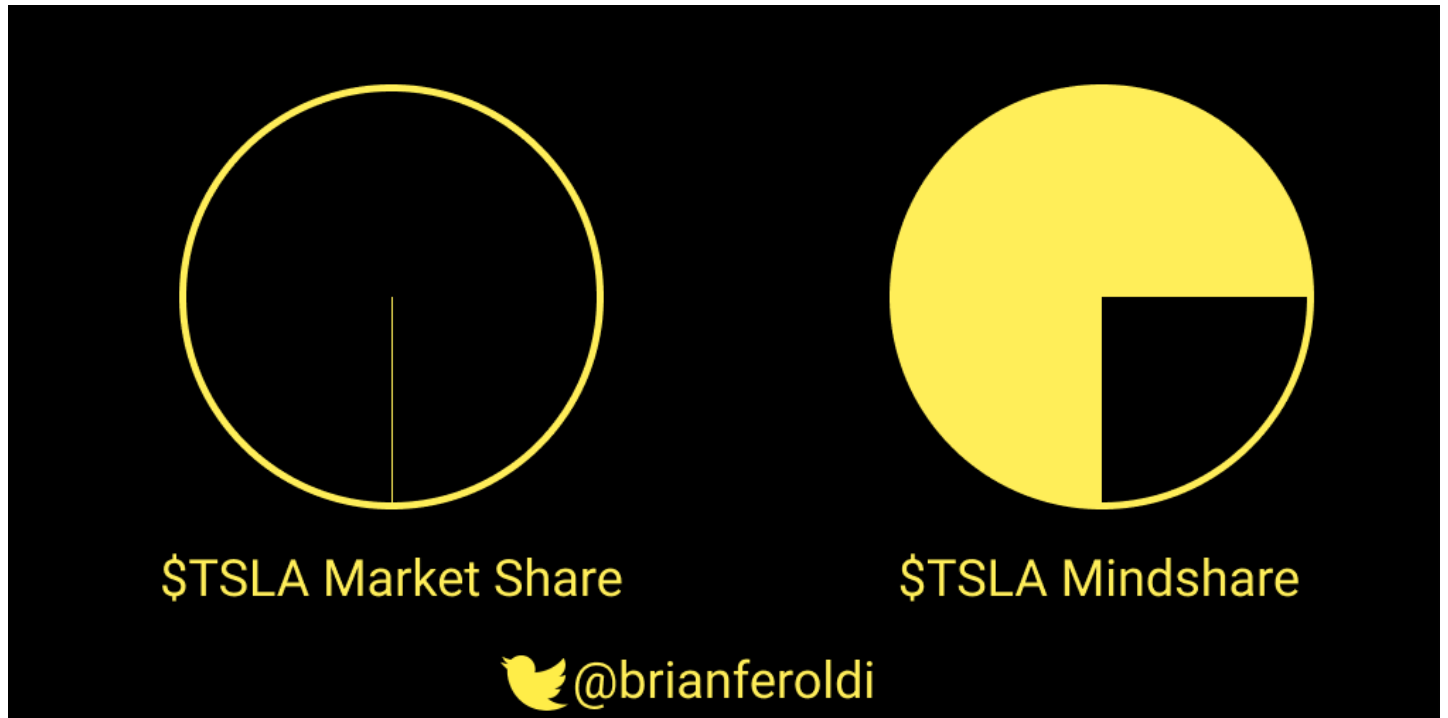
■■■Name an electric car company

■■■Name a search engine

■■■Name a streaming service

The odds are good that you said Tesla, Google, Netflix

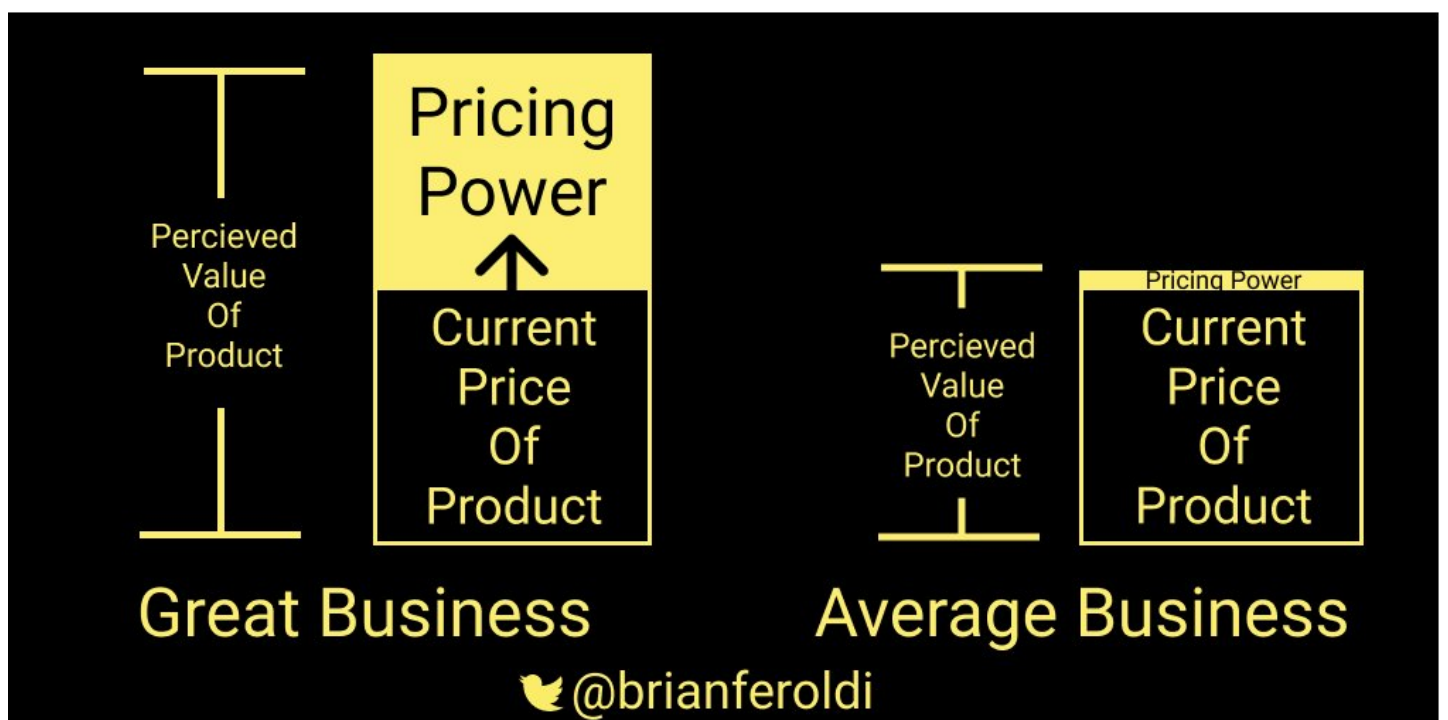
Find companies that grab all of the mindshare in an important, emerging market



6: Pricing Power

- ■ If \$AMZN raised prices, would you notice?
- ■ If \$CMG raised prices, would you notice?
- ■ If \$NFLX raised prices, would you cancel?

Find companies that create so much value that they can raise prices and not lose customers



7: Optionality

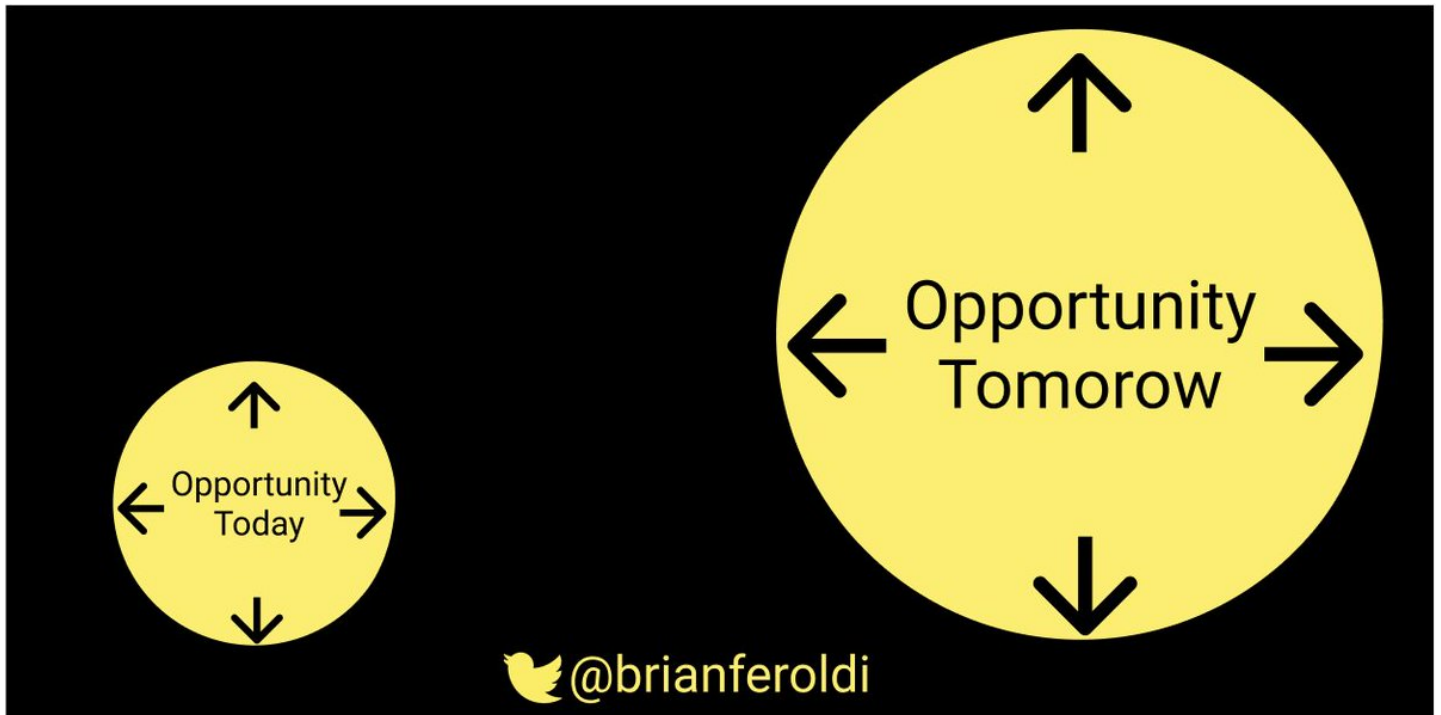
\$AMZN Bookseller ➡ ■ AWS / Everything Store

\$MELI eBay of Latin America ➡ ■ PayPal of LatAm

\$NFLX DVD-by-mail ➡ ■ Streaming

\$TSLA Sports cars ➡ ■ Energy Storage

Look for companies with innovation & experimentation built into their DNA



8: Massive opportunity

■ ■ Facebook wants to connect the world

■ ■ Netflix wants to entertain the world

■ ■ Tesla wants the world to switch to sustainable transport

All of these opportunities are measured in the hundreds of billions (if not trillions)



9: Widening Moat

All of these companies widened their moat over time

Moat sources:

- Network Effect
- Switching Costs
- Low-cost production
- Brand

Look for companies that are building a lasting competitive advantage

10: Distinctive cultures

■■ \$NFLX 125-slide culture presentation

■■ \$TSLA attracts people who believe deeply in Tesla's mission

■■ \$AMZN culture celebrates experimentation

Great cultures attract great employees

Find cultures that stand out!

Important:

To earn multi-bagger returns I had to hold through:

- 50%+ declines
- Short-seller reports

■■■Public Relations fiascos

If my behavior was wrong, I wouldn't have earned multi-baggers

This is why I always:



Interestingly, aside from \$MELI, none of these stocks were “hidden”

I had heard of:

- Amazon
- Chipotle
- Facebook
- Google
- Netflix
- Tesla

YEARS before I became a shareholder

Sometimes, great investments are obvious

What company checks all of these boxes today?

One idea: Peloton \$PTON

(All the details can be found in my most recent YouTube video)

<https://t.co/wFMwTR292X>

Want to screen for these traits?

All of them are covered in my investing checklist

You can download a free copy of it here: <https://t.co/HI5T9wZgbw>

Enjoy this thread?

Follow me [@brianferoldi](#)

You may enjoy all of my other threads on money, investing, & self-improvement

<https://t.co/9zUKu1NhAl>

MEGA THREAD\U0001f9f5

My Mission: To Spread Financial Wellness

All of my best threads on money, investing, and self-improvement can be found below

*This list will be continually updated \u2b07\ufe0f

— Brian Feroldi (@BrianFeroldi) [April 25, 2021](#)

Summary:

- 1: Founder-led
- 2: Consumer-facing
- 3: High sales growth
- 4: Word of mouth
- 5: Mindshare
- 6: Pricing Power
- 7: Optionality
- 8: Huge TAM
- 9: Widening Moat
- 10: Distinctive cultures