Twitter Thread by Brian Feroldi

Brian Feroldi
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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 - Ells
$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

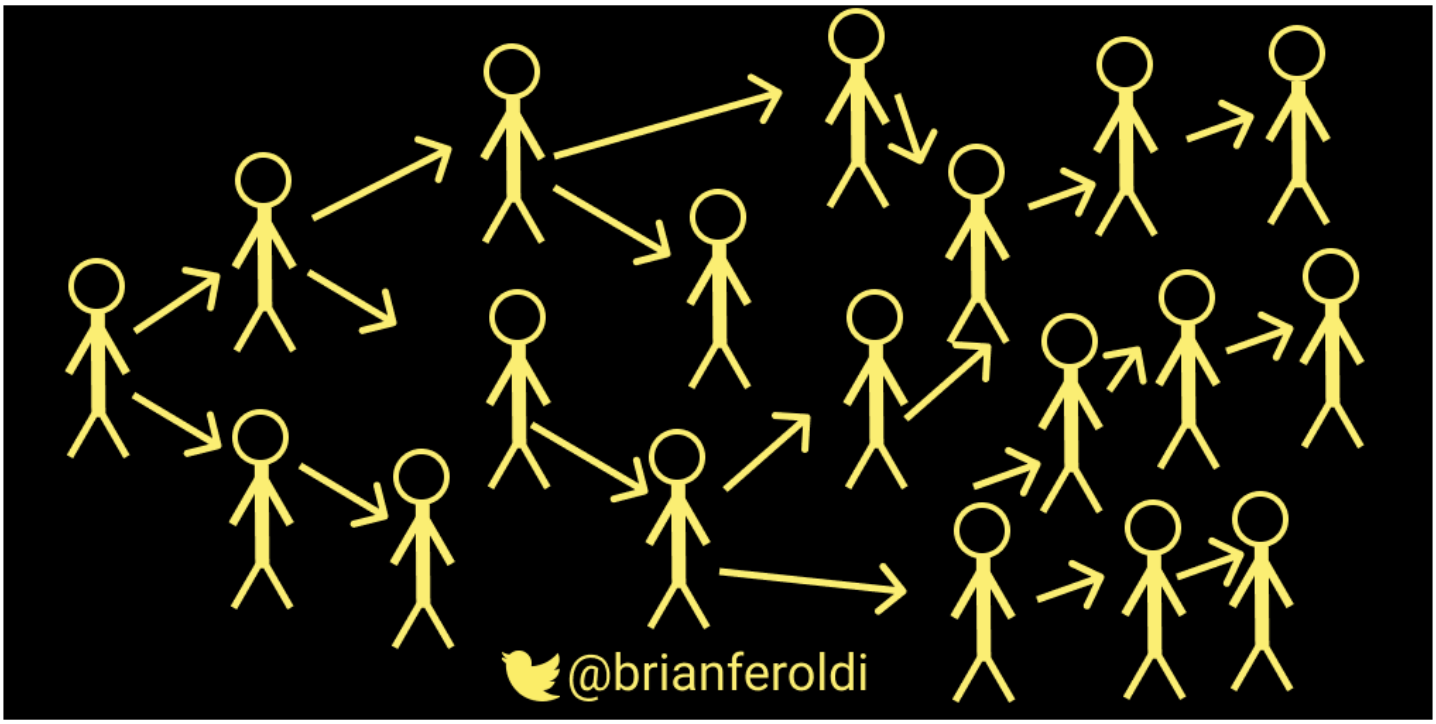
Profit growth is the engine that drives stock appreciation

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

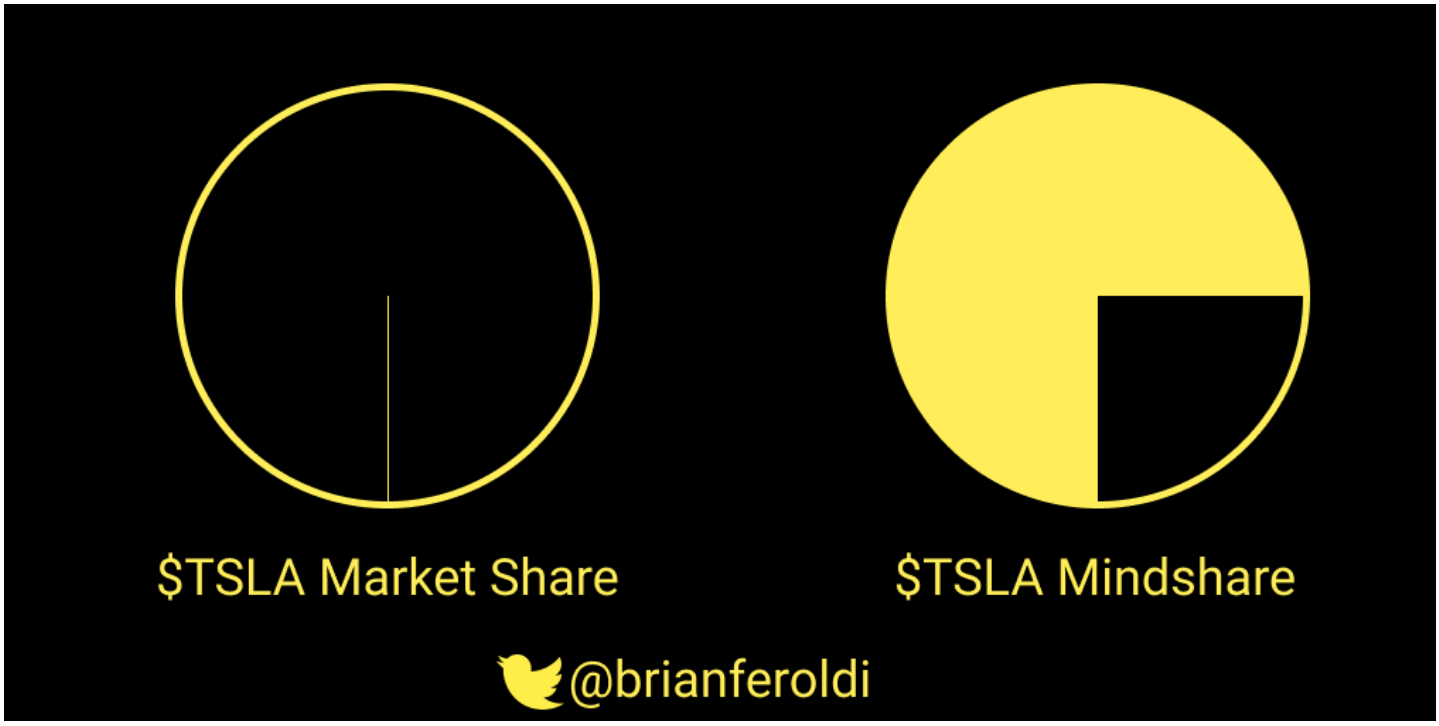


5: Category Mindshare

■■Name an electric car company
■■Name a search engine
■■Name a streaming service

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

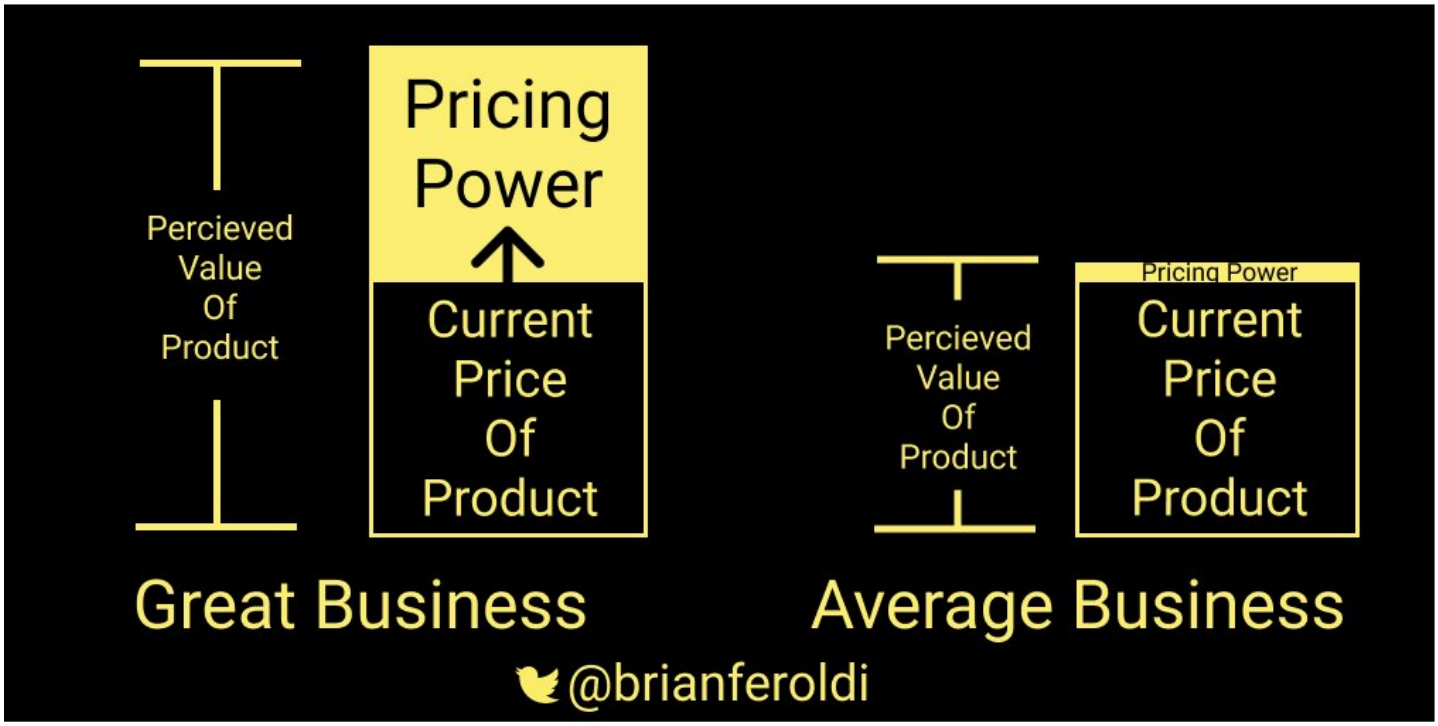
Find companies that grab all of the mindshare in an important, emerging market



6: Pricing Power

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

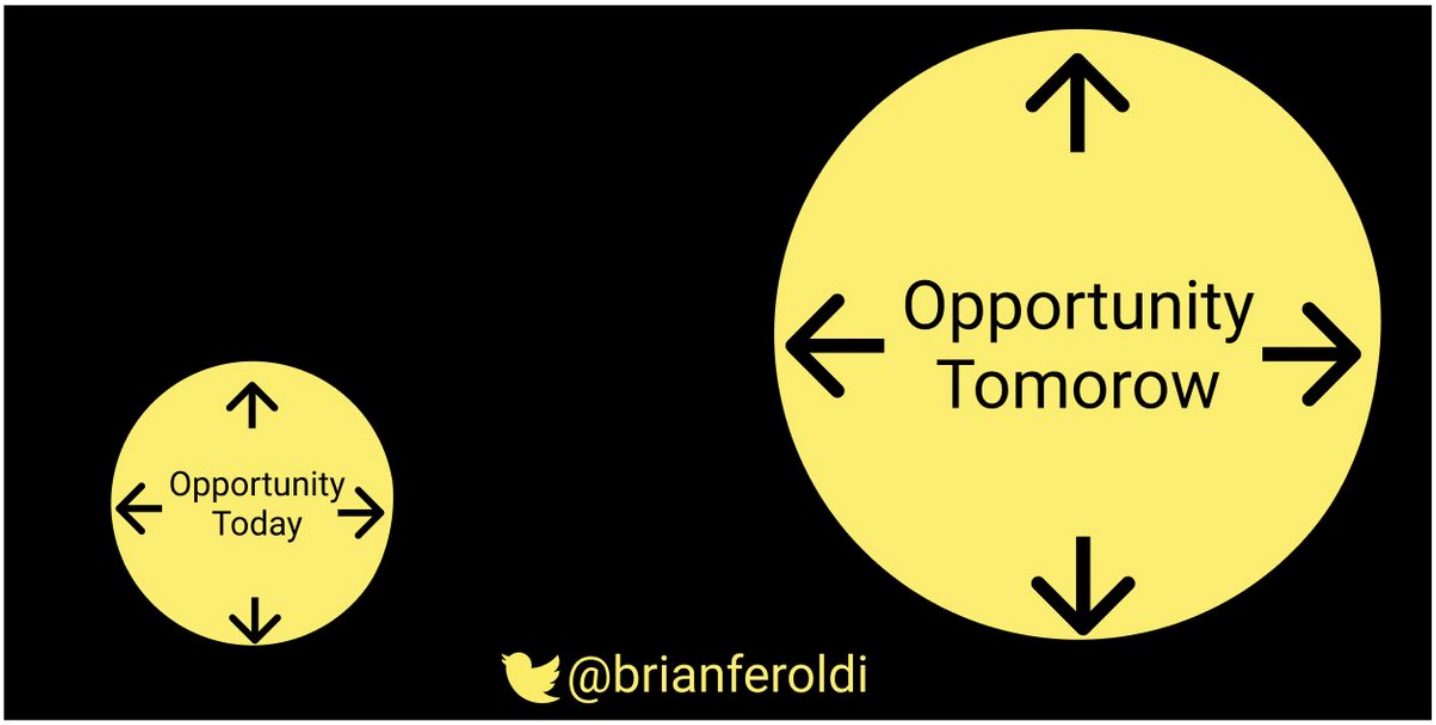
Find companies that create so much value that they can raise prices and not lose customers



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

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> 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