Twitter Thread by Max Koh



Max Koh
@heymaxkoh

I'm lucky to attain financial freedom before 30.

I credit Fintwit for my learnings.

Here's 10 key concepts every investor must know:

1. $$ needed to retire
2. Researching a business
3. Reading annual reports
4. Reading earnings calls
5. Criteria of a multi bagger

(Read on...)

6. Holding a multi bagger
7. Economic moats
8. When to buy a stock
9. Earnings vs cashflow
10. Traits of quality companies

Here's my 10 favourite threads on these concepts:

1. How much $$ do you need to retire

Before you start, you must know the end game.

To meet your retirement goals...

How much $$ do you need in your portfolio?

10-K Diver does a good job explaining what's a safe withdrawl rate.

Hint: It's NOT 4%.
https://t.co/9fYzeiImQz

> 1/
>
> Get a cup of coffee.
>
> In this thread, I'll help you work out how much money you need to retire.
>
> — 10-K Diver (@10kdiver) July 25, 2020

2. Research a business

Your investment returns are a lagging indicator.

Instead, your research skills are the leading predictor of your results.

Conclusion?

To be a good investor, you must be a great business researcher.

Start with this:
https://t.co/LnsbkeBI8f

> 1/ Thoughts on Research Process
>
> I was invited to present my research process at a college in the US. I am sharing all ten slides here.
> pic.twitter.com/z0tjZcogfH
>
> — Mostly Borrowed Ideas (@borrowed_ideas) September 27, 2021

3. Reading annual reports

This is the bread and butter of a good business analyst.

You cannot just listen to opinions from others.

You must learn to deep dive a business and make your own judgments.

Start with the 10k.

Ming Zhao explains it well:
https://t.co/e7grxwrKkA

> \U0001f9d0How to Read 10Ks Like a Hedge Fund\U0001f9d0

\u201cFundamentals don\u2019t matter anymore!\u201d I\u2019ve heard this a lot lately on Fintwit.\U0001f644

But, for those who\u2019ve diversify beyond $GME and $DOGE, here\u2019s a primer on what metrics fundamental buy-side PMs look at and why:
(real examples outlined)
\U0001f447 pic.twitter.com/tLlNRvpnDK

— Ming Zhao (@FabiusMercurius) May 7, 2021

4. Reading earnings call transcripts

Here's my secret:

To understand a business in the shortest time...

Read the latest 6-8 earnings transcripts.

There's only one problem - It can get dry.

Ryan's process of blending audio with visual is a great hack:
https://t.co/ExdzI7tJ6a

1/4 My process for going through earnings calls \U0001f53d

Listen to the call on 2x speed using the @BorsaHQ app but with the transcript in front of me.

Having both audio and visual helps a lot.

With only visual, I find myself skimming and with only audio, I find my mind drifting.

— Ryan Reeves (@investing_city) June 12, 2020

5. Criteria of multi baggers

All good investing is pattern recognition.

But first, you need to know what patterns to look for.

Qualities like mindshare, optionality, pricing power.

Brian Feroldi breaks down the 10 traits of multi baggers here:
https://t.co/tJ7XF5Xe9q

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

Here are 10 traits they all have in common:

— Brian Feroldi (@BrianFeroldi) June 23, 2021

6. Holding a multi bagger

To profit from a multi bagger...

you first need to HOLD a multi bagger.

Many investors forget that the big money is made from the holding.

Check out this sick thread of how Ram achieved a 100 bagger from Lululemon:
https://t.co/Skv2qLnudK

> My first 1\u20e30\u20e30\u20e3 bagger. Finally.... Love you $LULU \U0001f495
>
> I'll not pretend to be an expert on 100 baggers (this is a nominal win, read Pt11), but will just share some general and some specific lessons I came across thru my holding of $LULU.
>
> 12 Lessons from the 12 year journey. \u2b07\ufe0f pic.twitter.com/QMs80qxJJl
>
> — Ram Bhupatiraju (@RamBhupatiraju) September 10, 2021

7. Economic Moats

This concept was made popular by Pat Dorsey.

He shared 4 main moats in his book "The Little Book That Builds Wealth".

Brand...
Network effects...
Switching costs...
Cost advantages...

Thomas does a good job explaining them:
https://t.co/Gg0pqJ3KPG

> Economic moats are never stable.
>
> It either gets wider or narrower every day.
>
> More than 90% of stock market returns are generated by companies with widening moats.
>
> Learn how to spot companies with widening moats \U0001f447
>
> — Thomas Chua (@SteadyCompound) October 1, 2021

8. When to buy a stock

I first learnt this years ago from Tom Engle, aka TMF100.

It was in a private board on The Motley Fool.

It taught me how to buy stocks at good value points.

Brian took it a step further and elaborated with real examples:
https://t.co/BPfwr8raaA

> How to build positions at "better and better value points"
>
> Let say I wanted to build a position in $MA from scratch
>
> Here's my step by step process
>
> 1) Enter ticker into Yahoo Finance and click on "statistics"
>
> More:
> \U0001f447\U0001f447\U0001f447\U0001f447\U0001f447\U0001f447\U0001f447\U0001f447\U0001f447\U0001f447
> pic.twitter.com/mdg7pcnPuK
>
> — Brian Feroldi (@BrianFeroldi) September 23, 2020

9. Earnings vs cashflow

You need to know the difference.

Because many of the best growth companies have negative earnings.

They depress earnings on purpose. To invest in growth.

To value these companies well, you need to understand cash flow.
https://t.co/0nFpJeY7pN

> 1/
>
> Get a cup of coffee.
>
> In this thread, I'll walk you through the key differences between *earnings* and *cash flows*.
>
> The punch line: Just because a company reports $1 of *earnings*, it does NOT mean the company has $1 more *cash* to distribute to owners. pic.twitter.com/MUPiYfd1Qc
>
> — 10-K Diver (@10kdiver) July 4, 2021

10. Traits of quality companies

I leave the best for the last.

Remember, you're not buying a stock ticker.

You are owning companies.

So learn to spot the attributes of a high quality business.

Thank you Patrick for this gem.

My jaw dropped:
https://t.co/c04ccd683A

> Have been lucky to meet with or study hundreds of companies in 2021.
>
> Here's an ongoing list of company attributes that I find interesting...
>
> — Patrick OShaughnessy (@patrick_oshag) August 20, 2021

*BONUS:

If you enjoyed this and want more useful investing principles...

Here's a few more of my favourite Tweets.

Be sure to check out this thread:
https://t.co/ebbTfPXFVJ

> In early 2020, I discovered Fintwit.
>
> I had a 6 figure portfolio.
>
> Since then, I've grown it several fold.
>
> And attained my own version of financial freedom before age 30.
>
> I owe a lot to the investors here.
>
> Here's a list of my favourite tweets I've bookmarked and revisit often: pic.twitter.com/zziiNkum2Q
>
> — Max Koh (@heymaxkoh) September 28, 2021

If you found this helpful...

Follow me here at @heymaxkoh

I share about how I attained financial freedom, while still working at a 9-5 job.

Also...

If you'd like to find this thread easily later, you can hop back to the top and retweet this.

https://t.co/j2alJHM42w

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— Max Koh (@heymaxkoh) October 4, 2021