Twitter Thread by Investment Books (Dhaval)

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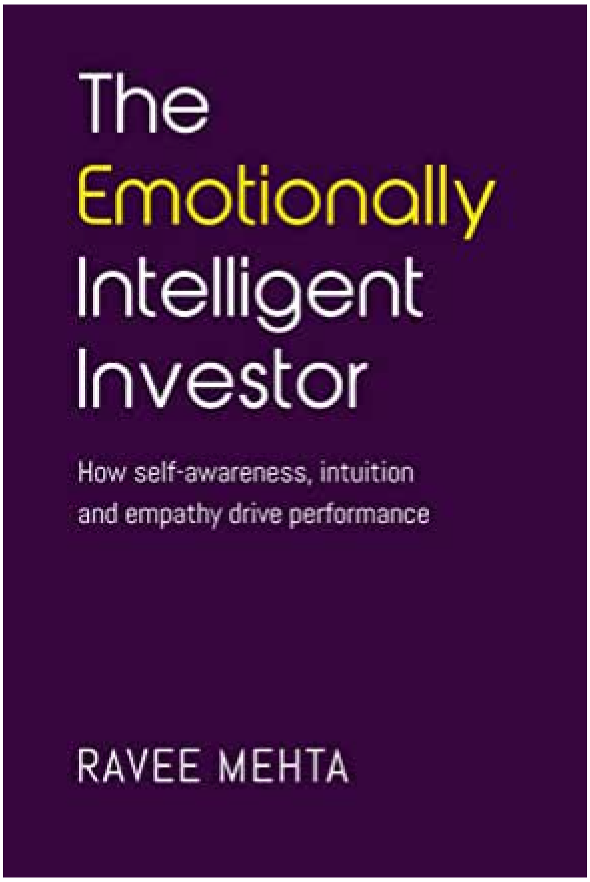
10 Key Takeaways from the book: The Emotionally Intelligent Investor



1. Investing success does NOT come from ignoring or suppressing emotion. Assuming that you have relevant expertise, disregarding intuition and empathetic feelings because they cannot be explained, is a mistake!

2. Self-awareness is the first and most important step in improving as an investor. An investment approach needs to fit with your unique set of motivations, personality traits, weaknesses, and strengths. Don't try to be exactly like Warren Buffett if you are not like him!

3. Humans have certain common investing vulnerabilities, but everybody is unique in their susceptibility to them. Consider your weaknesses to be the investing biases and traps to which you are most prone.

4. Because we are constantly changing, introspection should be incorporated into the daily and weekly routines of any investor. Try writing in a trading/Investing journal.

5. An investing style that involves riding trends can require very different personality traits and competencies than a more contrarian investment strategy. It is important to make sure an investment's thesis matches the approach.

For example, don't get shaken out of a highly contrarian bet just because short-term business conditions are slightly worse than expected.

6. Trading success involves recognizing and taking advantage of the mistakes of others. This requires empathy.

7. Technical analysis is a tool for empathizing with the current shareholders of an investment. Investors that completely ignore stock charts are potentially missing out.

However, avoid getting caught in the weeds of chart reading without thinking about what the chart is telling you regarding how other shareholders may be feeling.

8. Management teams of the companies we invest in should be self-aware and trustworthy. They are making investments every day with our money.

9. Intuition is not a magical sixth sense. It is based on pattern recognition. Within an overall market that can seem quite random, there are many patterns that repeat over and over again.

The expert investor is good at quickly spotting these patterns developing. Fundamental analysis is very important, but good decision-making should start with intuition and should then be safeguarded with logic.

Every potential investment should remind you of something that was successful where luck was not a major factor.

10. Intuition is best built through objectively reviewing prior decisions. It is important to make this a continuous process, since investing intuitions can become obsolete. Gut instincts can also be developed through mental simulation exercises.

Instead of simply listing risk factors, try to visualize failure and then work backward to understand patterns that help with sensing danger. Mental simulations can also help with portfolio construction and are a useful way to leverage the intuitions of others.

Here is the link of the book:

https://t.co/g7cwp21SLn

Substack Post: https://t.co/rlNfmCakml

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