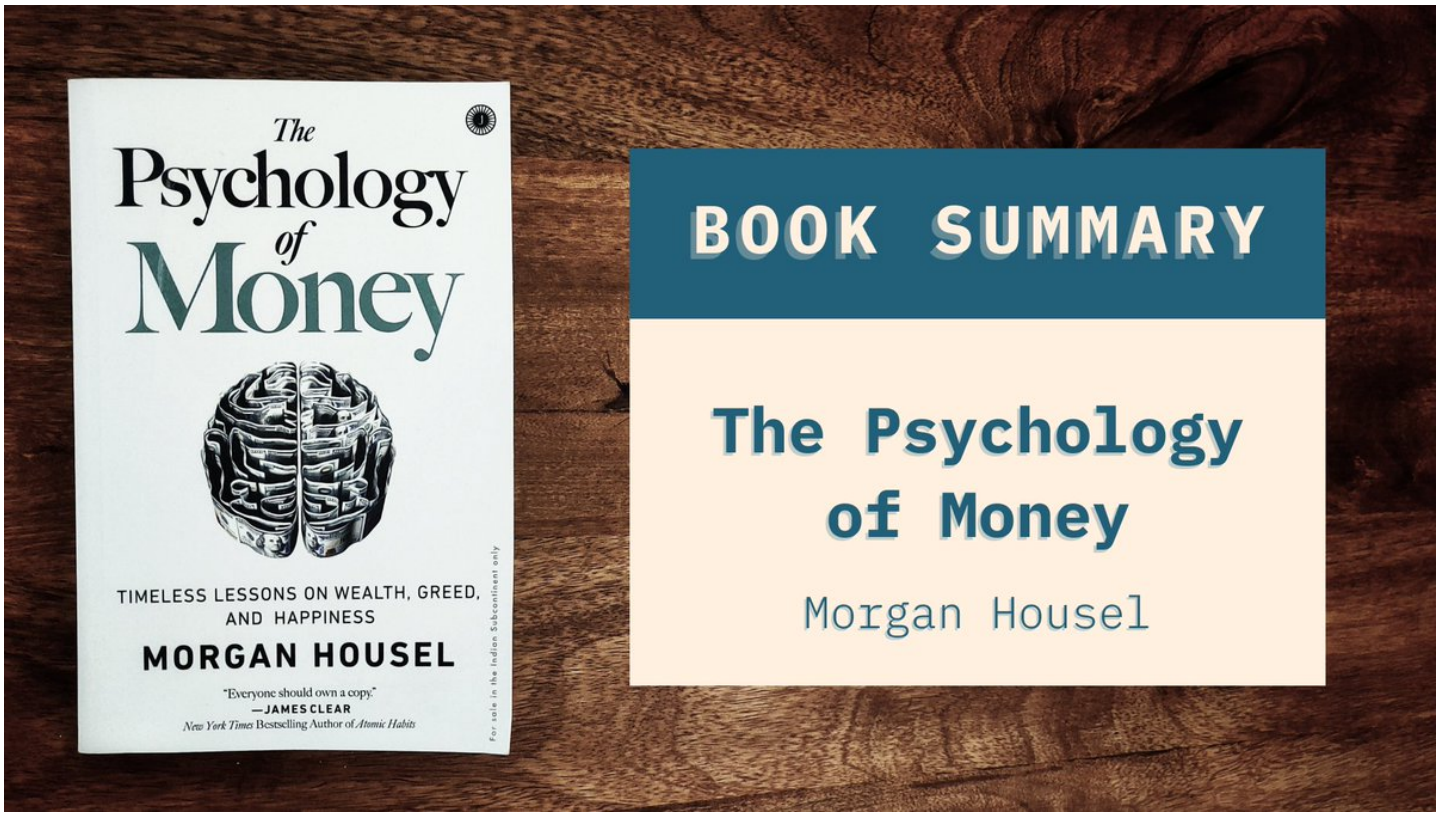
# Twitter Thread by Louis Pereira



**Louis Pereira**
@LouisPereira23

## A 21-Tweet summary of ■■■ ■■■■■■■■■■ ■■ ■■■■■, by @morganhousel.




1/21

A genius with poor emotional control can be a financial disaster.

An ordinary person with a handful of behavioral traits can be wealthy.

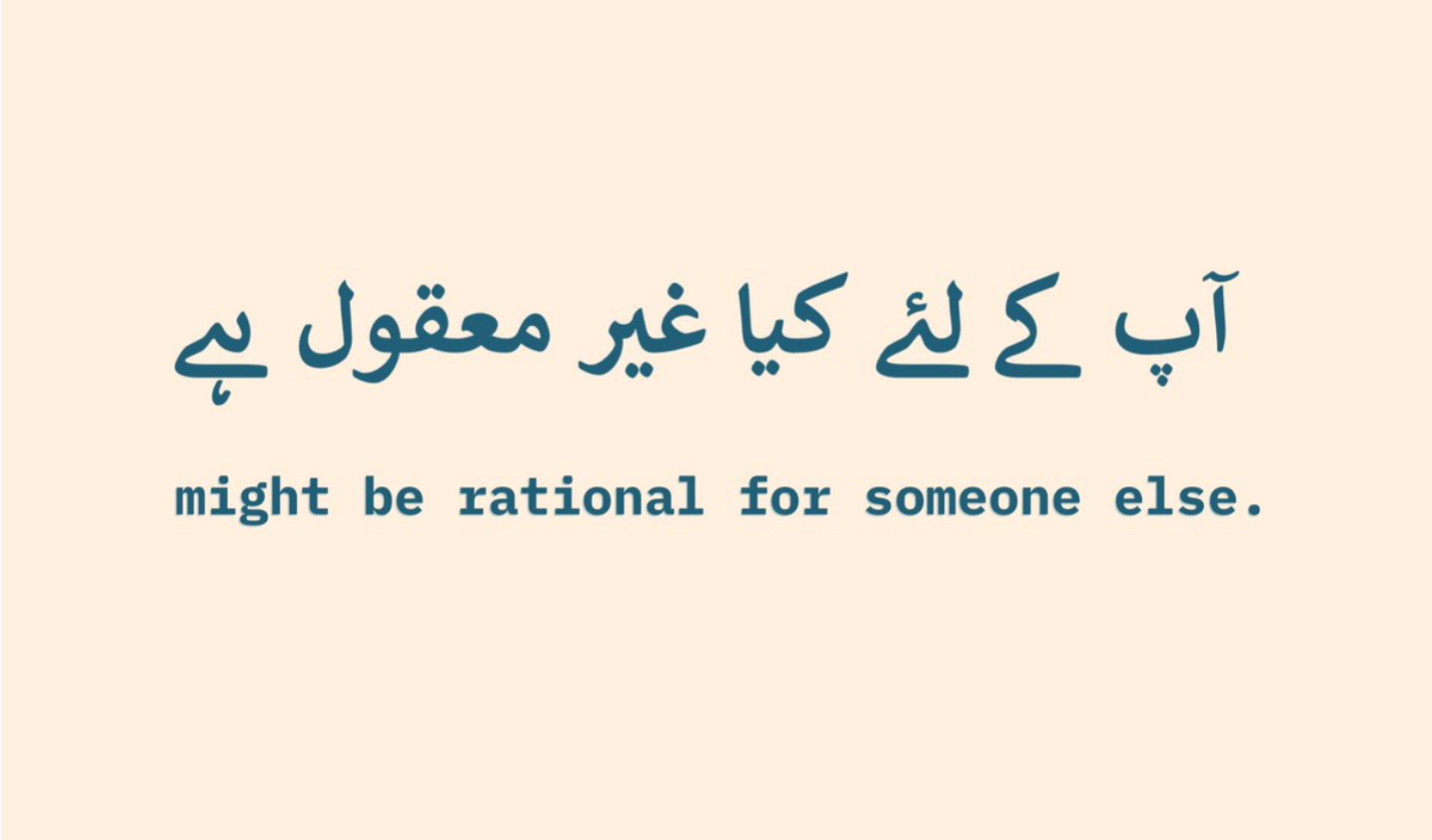
2/21

Every person has unique experiences that shape their views about money.

What makes no sense to you might be completely rational for someone else.

You don't know what they know.

Don't judge their monetary decisions based on your worldview.




3/21
Not all success is due to hard work. Not all poverty is due to laziness.

Acknowledge the role of luck and risk in all outcomes.

When you're taking risks, try to protect your downside.

When you get successful, acknowledge the role of luck.

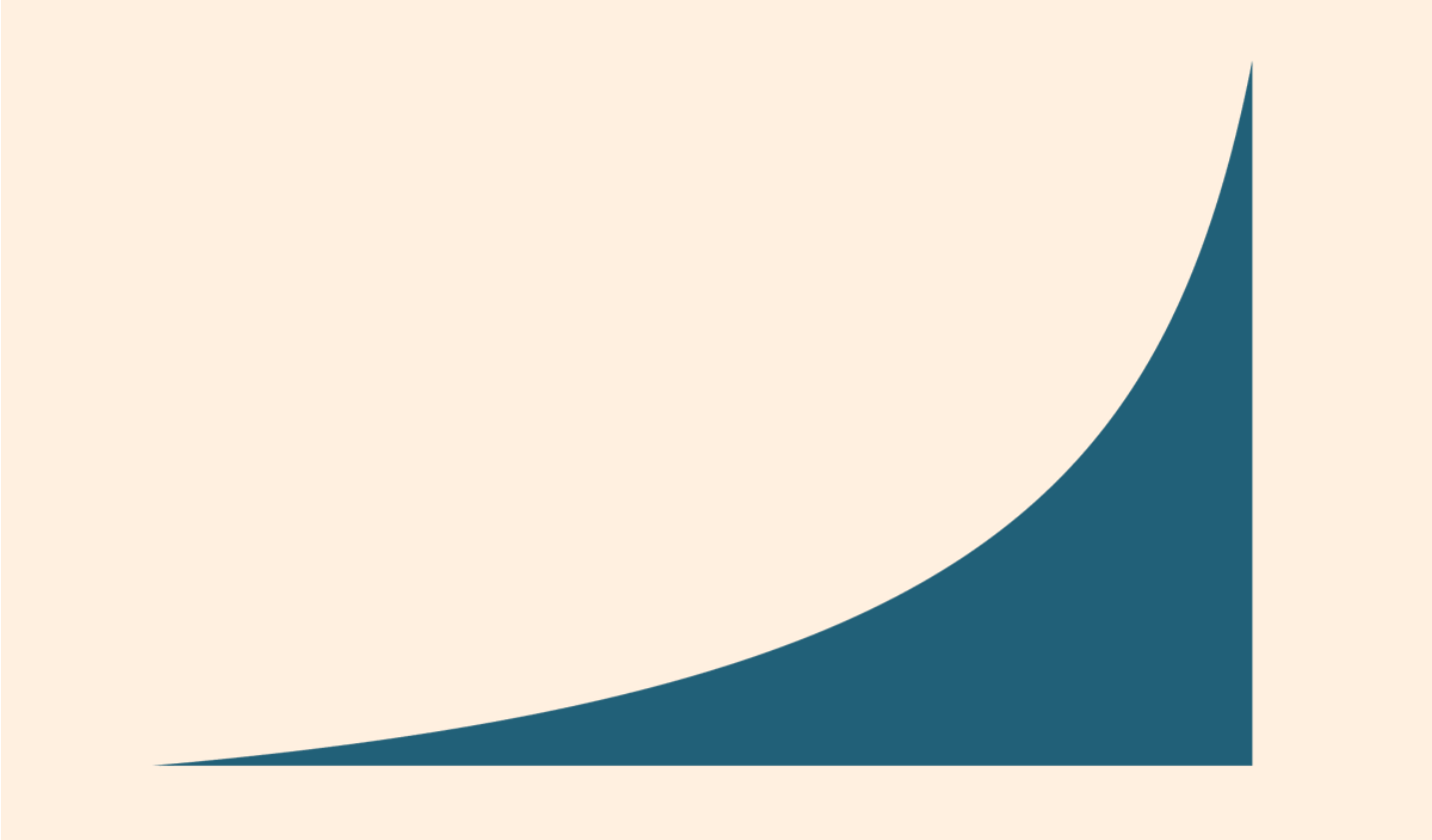
4/21
'Enough' is a decision, not an amount.

Learn when to make it, and don't fall into the trap of risking your reputation for the chance to earn more money.

5/21
To be a better investor, understand compounding, and increase your time horizon.

With compounding, a small starting base can lead to massive outcomes given enough time.

Warren Buffet has been investing since his childhood, and >95% of t's wealth came after he turned 65.



6/21
Getting rich and staying rich require two different skill sets.

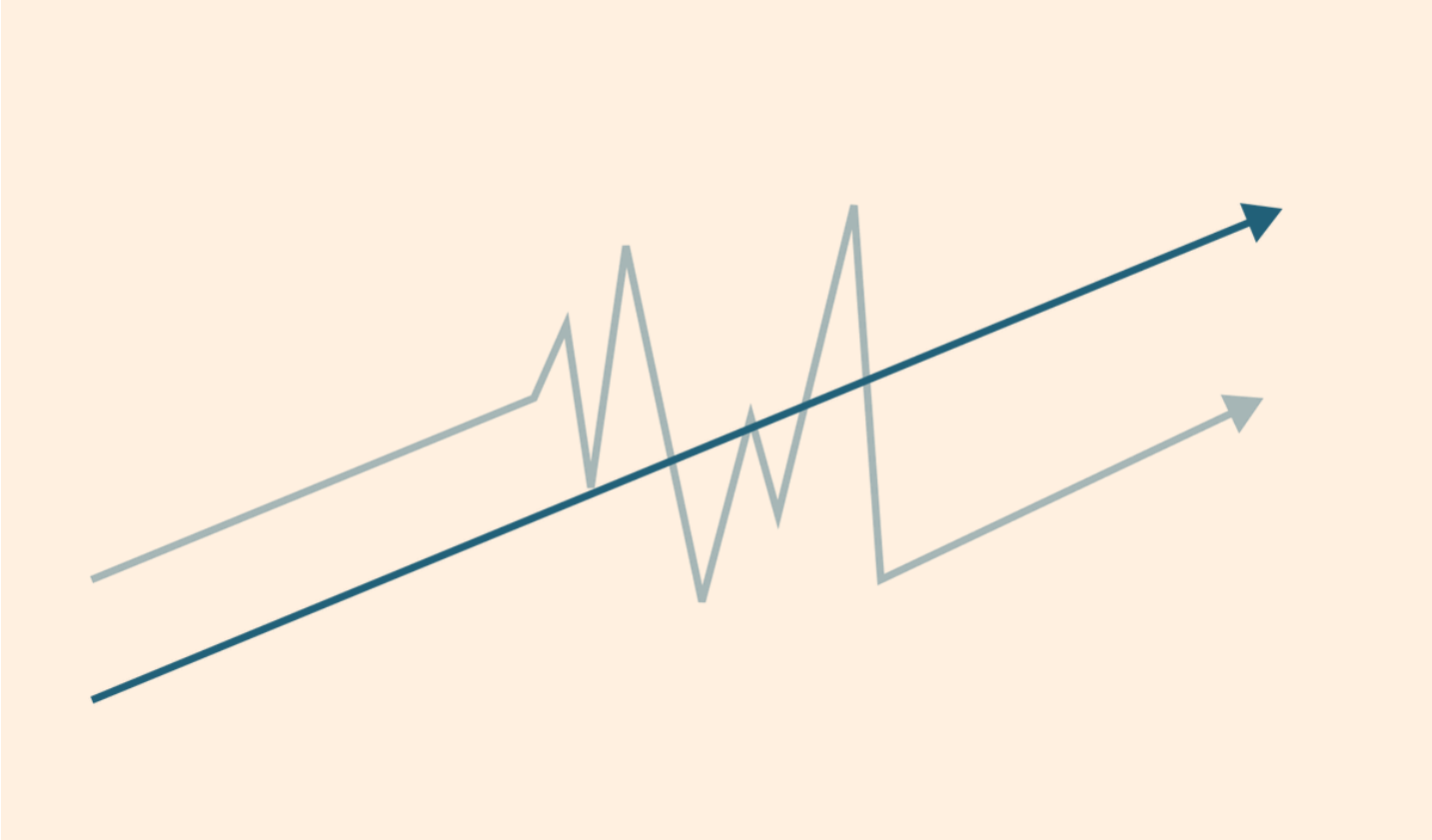
To get rich, you must maximize your upside and take advantage of luck.

To stay rich, you must survive by protecting your downside.

Only the investor who survives allows his wealth to compound.

7/21
A handful of rare events will determine your long-term investing success.

To be an investing genius, learn to do average things when everyone else is going crazy.



8/21

Freedom to do what you want is the highest form of wealth.

Identify activities that make you happy. Figure out a way to maximize the time you spend on those activities.

Then, marvel at your wealth.



9/21
Nobody is as impressed with your possessions as you are.

Humility, kindness, and empathy will bring you more respect than owning a fancy car ever will.

10/21
Spending money to show people how much money you have is the fastest way to have less money.

The world is filled with wealthy people who look modest, and non-wealthy people who flaunt their possessions.

Wealth is what you don't spend.

11/21
If freedom to do what you want is the highest form of wealth, then having savings to fall back on is the best wealth creation hack there is.

Beyond a certain level of income, the only thing stopping you from saving more is your ego.

12/21
You don't need a specific reason to save.

You can just save for saving's sake.

The world is unpredictable, you never know when you'll need it.

13/21
Instead of aiming to be rational all the time, aim to be reasonable a majority of the time.

This will help you enjoy playing the game for the longest possible time.

14/21
The most important driver of anything tied to money is the stories that people tell themselves and the preferences they have for goods and services.

These things change with every culture and generation.

15/21
When you're studying history to predict the future, the further back you look, the more general your takeaways should be.

Pay attention to broad patterns, not specific details.



16/21
Maintain a margin for error while planning.

This will help you stay in the game for long enough to benefit from experiencing an improbable successful outcome.

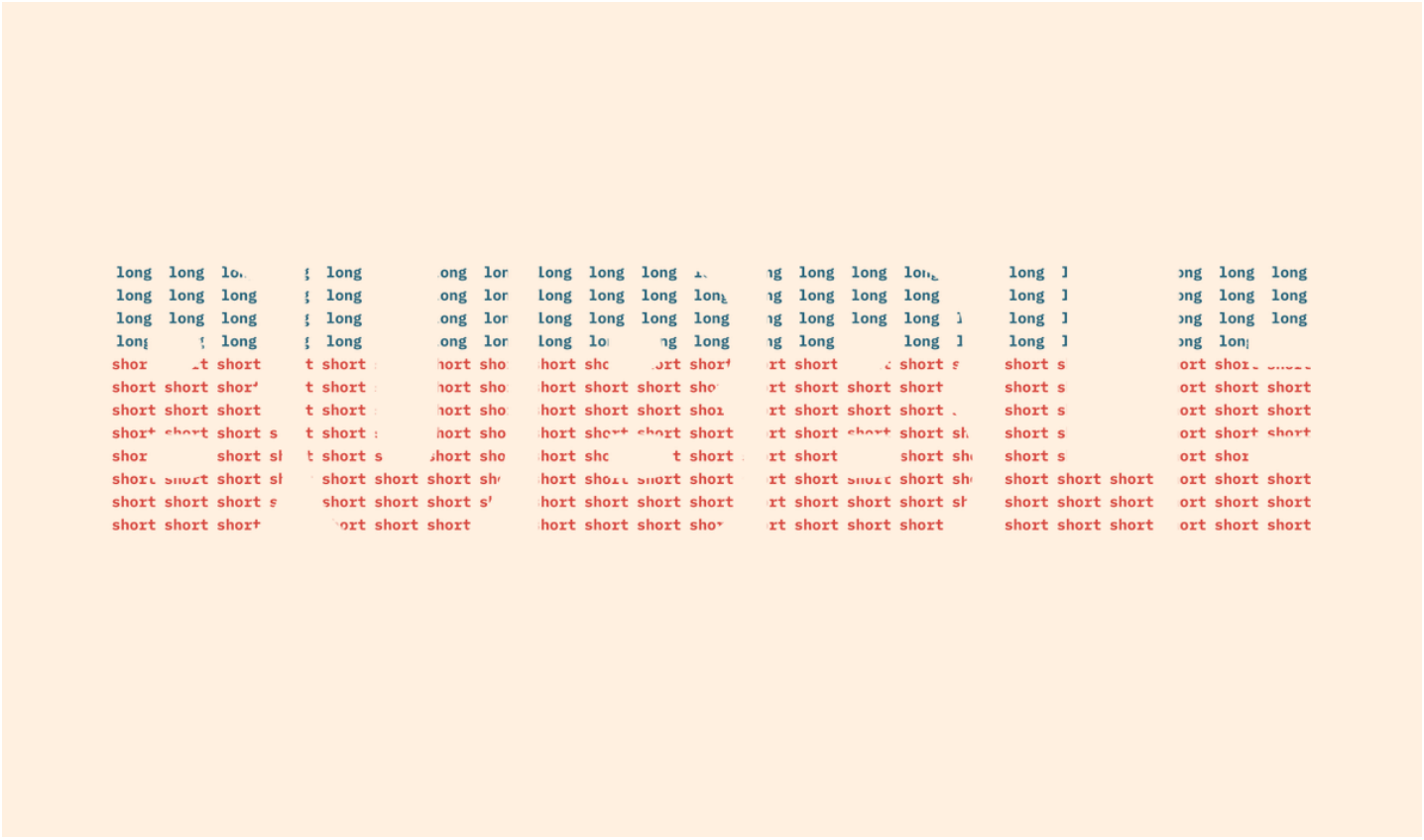
17/21
Nothing is free. Just because something doesn't have a price tag, doesn't mean it doesn't have a price.

This is true for financial markets as well.

Volatility combined with uncertainty is the price you pay for higher returns.

18/21
In financial markets, bubbles form when the momentum of short-term returns attracts enough money that the makeup of investors shifts from mostly long term to mostly short term.

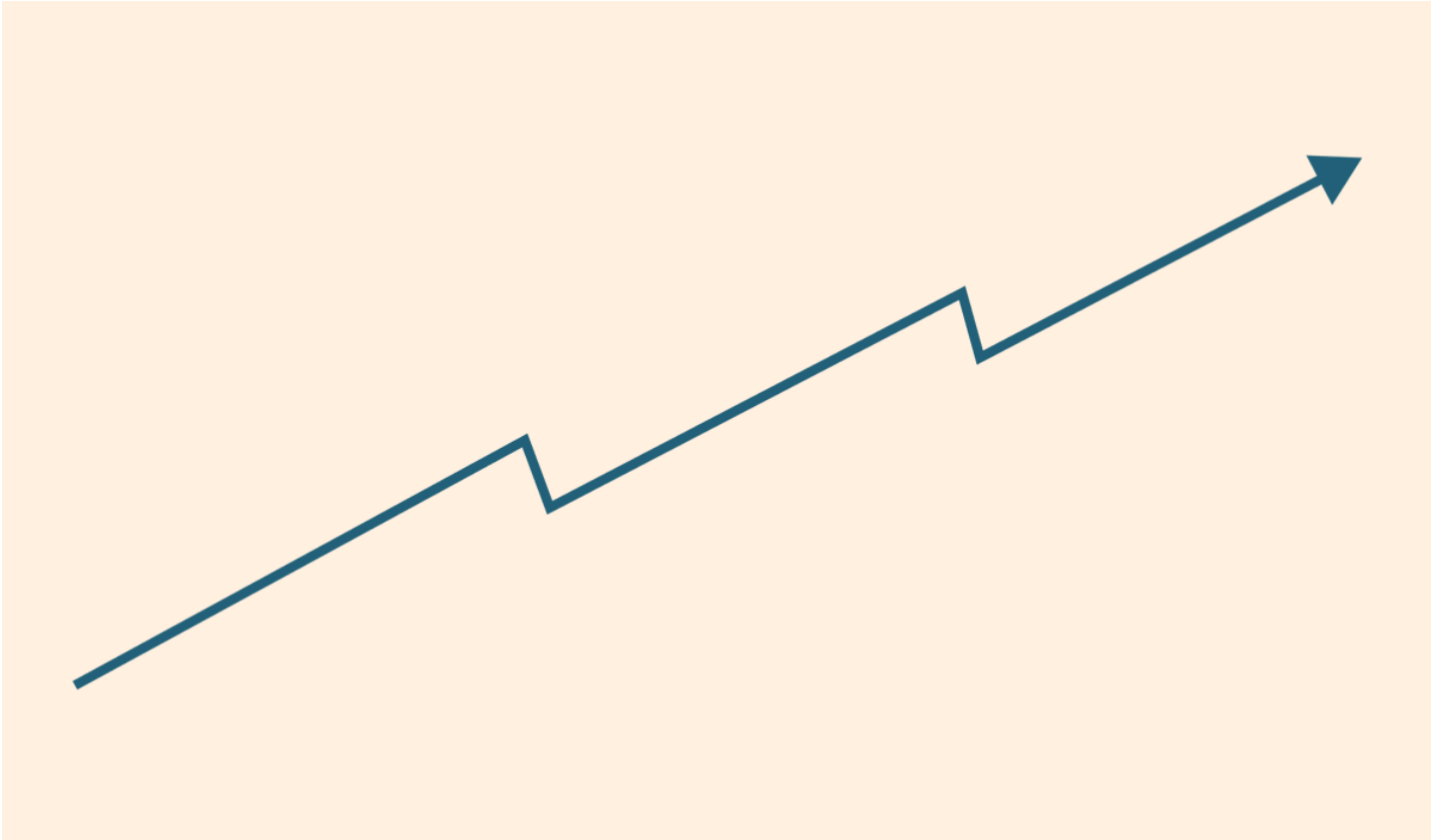
To recognize a bubble, learn to recognize the incentives of other investors.



19/21

Progress happens too slowly to notice, but setbacks happen too quickly to ignore.

This makes pessimists sound smarter than optimists, even when the optimists are likely to be right.



20/21
Stories are the most powerful force in the economy.

We all have incomplete information. We use stories in our heads to fill in the gaps.

The more we want something to be true, the more likely we are to believe it.

21/21
In sum:

Be humble.
Think long term and save more.
Prioritize the reasonable over the rational.
Use money to gain freedom over your time.
Understand risk and maintain a margin for error.
Manage your money in a way that helps you sleep at night.

That's it!

This is the first of 21 books that I'll be summarizing in 21 tweets each in 2021.

If you enjoyed the summary, I'd be grateful if you retweeted the first tweet so it reaches more people.

https://t.co/IHqsTL8V7s

> A 21-Tweet summary of \U0001d5e7\U0001d5f5\U0001d5f2 \U0001d5e3\U0001d600\U0001d606\U0001d5f0\U0001d5f5\U0001d5fc\U0001d5f9\U0001d5fc\U0001d5f4\U0001d606 \U0001d5fc\U0001d5f3 \U0001d5e0\U0001d5fc\U0001d5fb\U0001d5f2\U0001d606, by @morganhousel. pic.twitter.com/TVGNH23WZy
>
> — Louis Pereira (@LouisPereira23) January 18, 2021