Twitter Thread by Hurricane Capital



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Peter Lynch’s 25 Golden Rules (from Beating the Street)

25 GOLDEN RULES

Before I turn off my word processor, I can't resist this last chance to summarize the most important lessons I've learned from two decades of investing, many of which have been discussed in this book and elsewhere. This is my version of the St. Agnes good-bye chorus: • Investing is fun, exciting, and dangerous if you don't do any work.

• Your investor's edge is not something you get from Wall Street experts. It's something you already have. You can outperform the experts if you use your edge by investing in companies or industries you already understand.

• Over the past three decades, the stock market has come to be dominated by a herd of professional investors. Contrary to popular belief, this makes it easier for the amateur investor. You can beat the market by ignoring the herd.

• Behind every stock is a company. Find out what it's doing.

• Often, there is no correlation between the success of a company's operations and the success of its stock over a few months or even a few years. In the long term, there is a 100 percent correlation between the success of the company and the success of its stock. This disparity is the key to making money; it pays to be patient, and to own successful companies.

• You have to know what you own, and why you own it. "This baby is a cinch to go up!" doesn't count.

• Long shots almost always miss the mark.

• Owning stocks is like having children—don't get involved with more than you can handle. The part-time stockpicker probably has time to follow 8–12 companies, and to buy and sell shares as conditions warrant. There don't have to be more than 5 companies in the portfolio at any one time.