

Twitter Thread by [Brian Feroldi](#)

[Brian Feroldi](#)

[@BrianFeroldi](#)



My ■ Biggest Investing Mistakes ■

1■ Only looking at the share price

I bought penny stocks at the start

My logic: 100 shares of \$1 stock > 1 share of \$100 stock

WRONG!

The price of 1 share is meaningless!

What matters is how great the company is!

2■ Only looking at dividend yield

I bought stocks with 10%+ yields

My logic: 10% yield > 1% yield

WRONG!

The dividend got cut and the share price dropped -- a double-whammy!

A high yield is Wall Street's way of saying "this yield is not sustainable, watch out"

A high dividend yield
is a sign that a company used to be great



but no longer is



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3 ■ Selling a great stock early

I bought \$DXCM in 2007 for ~\$6


I sold it 1 month later after a 15% gain

Current price: \$412.58

I was in a rush to take profits, so I missed out on HUGE upside

If the opportunity is huge, hold!



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4■ Not buying a great stock due to valuation

I've made this mistake over and over again

I didn't buy \$ZM at \$80 because the valuation was "insane"

Current price: \$455

If you like everything about the company except the valuation, but some

Even if it's just a little bit

5■ Buying too much of a "sure thing"

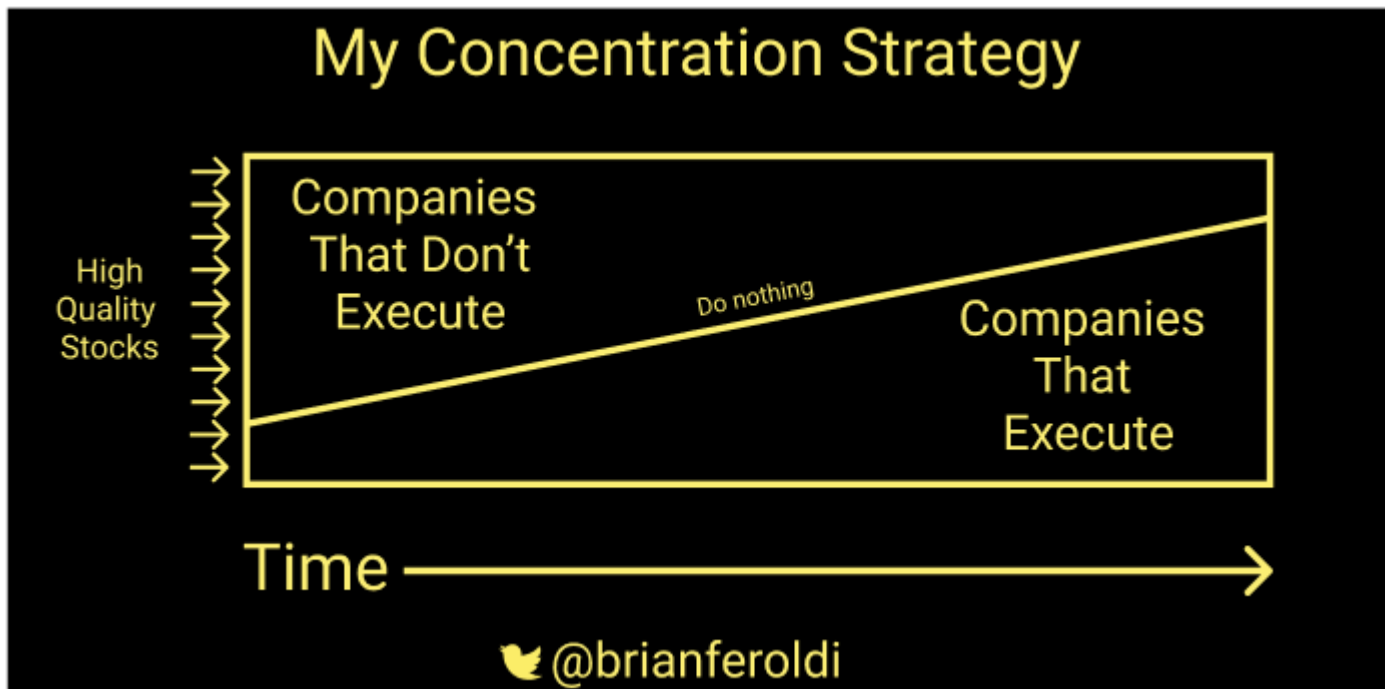
I thought \$KMI was a SURE THING in 2014

I made it my largest position at \$35

\$KMI fell 70% in 2015

70%!!!!!!

Lesson: Cap your exposure, NO MATTER YOUR CONVICTION, and let your portfolio concentrate itself



6■ Only looking at P/E ratio

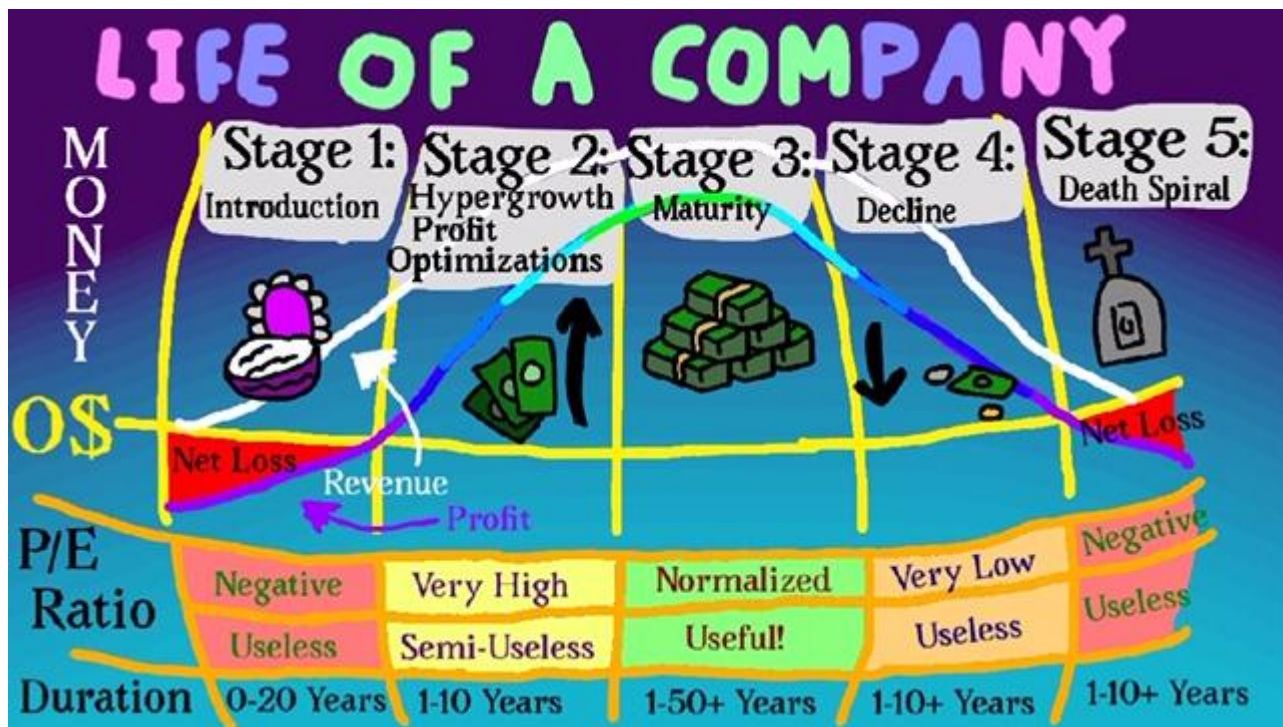
I use to apply the P/E ratio to ALL stocks

I didn't buy \$CRM in 2005 at \$5 cause its P/E ratio was >100

Current price: \$240

Lesson: P/E ratio only works on stocks that are OPTIMIZED FOR EARNINGS

Don't use it on companies in phase 1, 2, 4, 5



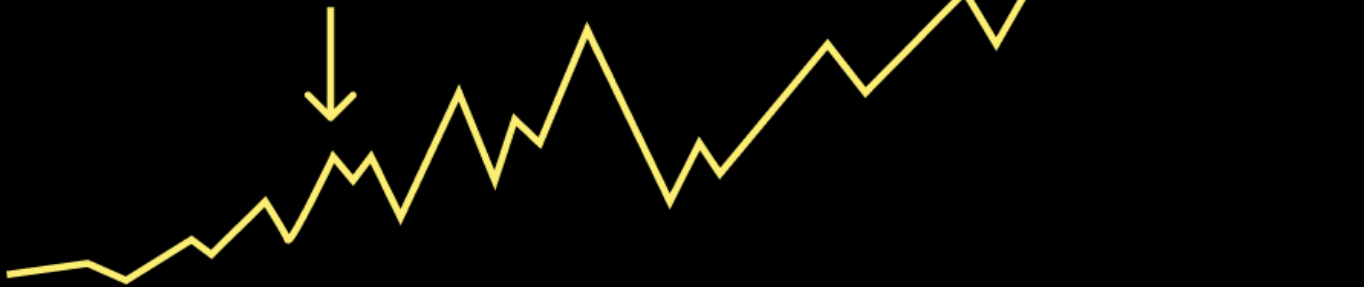
7 Thinking "I Missed It"


Great companies can win for years and years and years!

I haven't bought lots of great stocks because I thought the good times were over

If it's a great company, you can get in late, and still win big

It's Too Late,
I Missed It



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8 ■ Comparing myself to other investors

I have a bad habit of comparing myself against other successful investors

but, if other investors are doing better than me, SO WHAT?? That doesn't matter!


What matters is how I am doing compared to my goals!

Comparison is the thief of joy

Don't Compare Yourself
To Ridiculously Successful People



Compare Yourself To Who You Used To Be

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9 ■ Not listening to people I trust

I have ignored buy recommendations on \$SHOP, \$NFLX, \$NVDA, \$ZM, \$MTCH, \$IDXX, \$TWLO, \$ADBE

FOR YEARS

Even though they were recommended by [@DavidGFool](#) [@TomGardnerFool](#) and [@FoolJeffFischer](#)

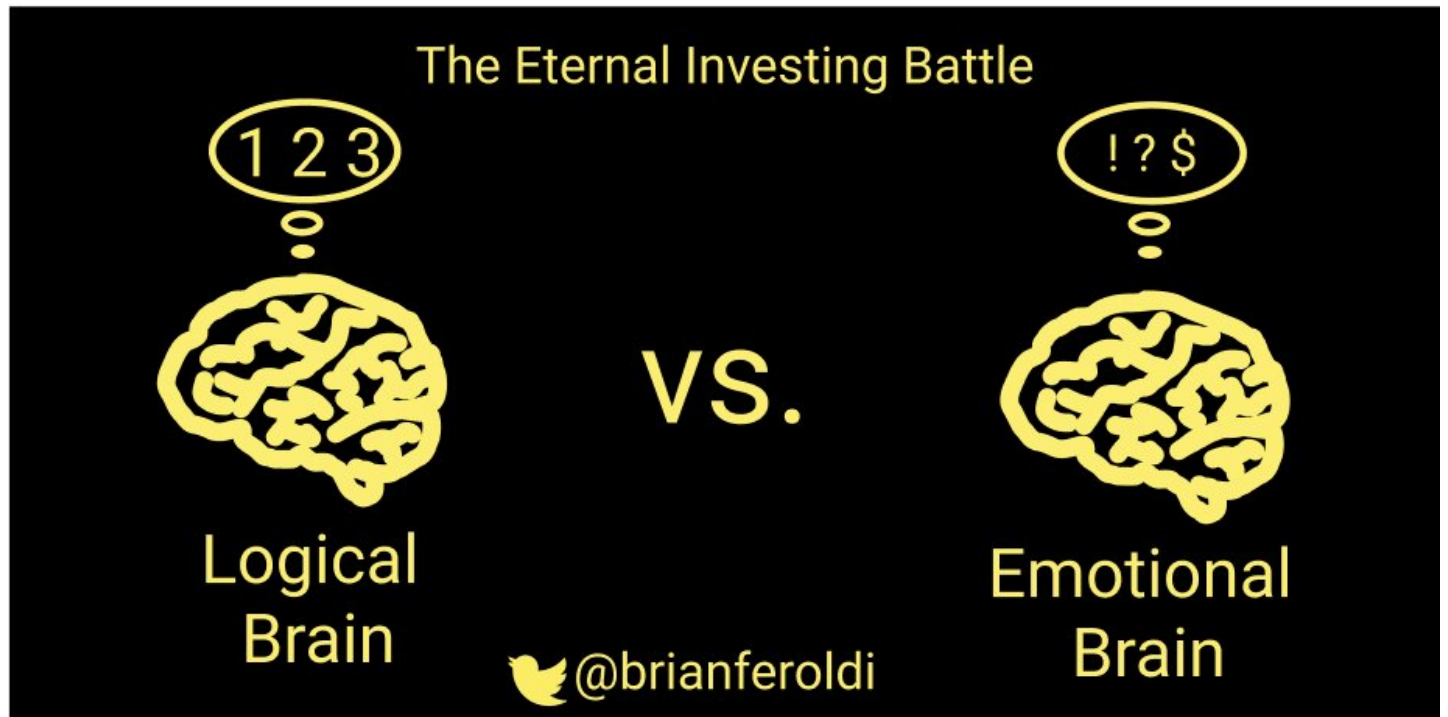
All of whom are much better investors than me!

■ Repeating the same mistakes

I have a habit of learning investments lessons the hard way AND slowly

I can all but guarantee that I'll repeat some of these mistakes again (especially the "not buying on high valuation" mistake)

What can I say - I'm human



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