Twitter Thread by Edna Jennifer



Edna Jennifer
@JE_dna



As 2020 as 2020 was (no typo here), 2020 was a great year for some investors. If you invested in some stocks, you could have gotten 10 times your money. Crypto got more adoption etc

Going into 2021, the phrase “regression to the mean” has been on my mind. The phrase simply means

that life averages out, or life tends towards a steady average. That is, years of high gains or huge wins are often followed by years of lower ones such that when we look back, growth maintains a steady average

What does this mean? 2021 might not be as great a year for the stock

market and other high-risk investments as 2020 was. It also means that if you’re going into the stock market or buying crypto because you want to double/triple your money in a few months as some people did in 2020, that might not happen.

If you’re looking to invest, do it for

the long term. Don’t take high risk or invest in things you don’t understand. Take your time. Do the research.

“When the student is ready, the teacher will appear” - Lao Tzu
When the time is right, the right opportunity for you will present itself. You just have to prepare

yourself (get ready)

2020 has given some of us a taste of supernormal returns. People were doubling their funds in days/weeks etc. When we see returns like these, it isn’t easy to rate any investment that’s not offering something close to that in a similar time frame

But here’s

the harsh reality, most investment options don’t offer those kinds of returns consistently for a long time. Sometimes you’ll win, and sometimes you’ll lose. Any investment that gives you the ability to win massively also exposes you to the risk of huge losses.

Am I saying you

should pull out all your investment from stocks & crypto to put them in mutual funds, agritech and other fixed income options? Not exactly.

The 2 main things investment does for us is grow our funds AND protect our funds.

High-risk options like stocks, forex, crypto offer great

opportunities to grow your funds, but they offer very little protection for your money. It’s therefore up to you to find ways to protect your funds.

Two ways of doing this are: not investing what you cannot afford to lose in high-risk options and diversifying your investment.

While you have some/most of your money in stocks, Bitcoin etc., also have some in mutual funds, fixed income options to protect some of your money and serve as a buffer.

As far as investing in 2021 goes, while I think you could invest a part of your funds in the stock market,

crypto and other high-risk options (if you like), I also think you should consider investing in some fixed income options. There are quite a few with great returns.