Twitter Thread by EquityManiac



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As I completed 23 years on this lively planet and 5 years in this stock market, I want to share my 23 mistakes of my Investing journey.

A thread■

1. Quick Money
I begin with the stock market in a thought that it is an easy and fastest way to make money. Initially, I begin with buy and hold strategy but I felt, that is not what I came for and so I initiated with trading and in few months, (1/n)

I made some good returns, in the next succeeding month I lost my profit and my initial capital. (due to demonetization).

One quote revamp my mind “Rome was not built in a day and Hiroshima and Nagasaki were destroyed in a day” (2/n)

2. Taking tips from News Channels
I lost my faith in 2016 due to such a heavy loss and embark to take tips from TV channels and follow them on daily basis. I don’t know about others but this step failed me miserably. (3/n)

TV channels are just for TRPs, if they don’t provide tips, viewers shift to another channel, while you know the rest.(4/n)

3. Taking Tips from my Relatives
After TV buzz, I start taking tips from my relatives while this idea also failed, because they share their view on personal biases and not based on rationale.
Asking rationale looks like doubting their skills which hurt their ego. (5/n)

While investing without rationale is like falling into a deep well. (6/n)

4. Brokers are not your friends
If you have a broker as your friend, I advise don’t call him between 9:00 am-3:30 pm, Brokers always seeks thier profit motive. They try to maximize your trades to maximize their brokerage, even though you don’t want to trade or invest. (7/n)

5. Focusing on News, Information

In the initial stage, when I was into trading, I immensely follow the news and radar on the stocks which could be benefitted. I thought, am the smartest guy and stock never move as per expected behaviour as market discounts everything. (8/n)

6. Intraday, BTST and FNO
These 3 words written above are the most dangerous in the stock market. After looking at some successful trade, my confidence was at the peak and thought that I could make it big. (9/n)

I lost my money because I was overconfident and taking more risk without considering the risk-reward ratio (10/n)

7. Investing In penny stocks
After all my hardships in trading, I thought to end up trading and go for investing, begin with penny stocks and thought to make it big like 5x returns in 6 months or so and these penny stocks made my capital penny. (11/n)

I cognise that Penny stocks are not valued buy. They are value destructors. (12/n)

8. Timing the market
I begin to time the market to gain more profits but eventually it all lead to losses. Timing the market is the most dumb thing to do in the stock markets. (13/n)

9. Taxation Matters

Selling frequently also leads to higher taxation. At a time, it seems Like from April to December I was earning from myself and from Jan to march only for Government. If you know basic about taxation you will get my point. (14/n)

10. Patience is the most crucial part of Investing

When I begin with Investing everybody near me earn more than what ROI I could generate. (15/n)

I felt FOMO and try to enact their strategy to boost my profits but these made me realize that everybody has a different temperament and different vision and that’s why it’s called the market. (16/n)

11. Discipline is must
I was afraid to book losses and always biased about my holdings, in hope that it will recover one day and that never happened. In investing, if you know you are wrong, admit it and book your losses. There is no shame in booking losses. (17/n)

12. Management Quality and Integrity
Management is the most important point of investing, I failed to check the management quality of Yes bank and you know what happened with the share price. (18/n)

13. Buying stocks bought by MFs.
I always had a track of what mutual Fund is buying and selling and without any research. I buy those stocks and these steps also failed me miserably.

(19/n)

You don’t know what are their rationale is, you never know when they exit their position, so you end up at the negative tail of skewness. (20/n)

14. Buying Stocks bought by Big bulls

I rigorously followed and saw videos what RJ is buying, What RKD is buying and I was buying without my conviction. You get an idea of what would have happened
(21/n)

15. Not reading Books
As a beginner, I Suggest people to empathize more on reading rather than following any media or tips. Reading books helps to build your conviction and try to understand when to buy and when to sell, which is the most important part of the Investing. (22/n)

16. Be aware of your Behavior Biases.

In my initial trading days when most of my trades were going well, I was biased with control bias and overconfident bias for my trades, I learnt those and hopefully, I am aware of this right now. (23/n)

17. Don’t Consider luck as your skill

When my most trades were in my favour I thought it was skill rather than luck but once I came across one the book called fooled by randomness by Taleb and it changed my perception and understood the role of luck in investing. (24/n)

18. Most Money is made in bear Markets
I always had a misconception that money is made in the bull market but this pandemic changed my perception. It’s all about the bear market, bulls just take the credits. If you have bought some stocks in april you know what it means (25/n)

19. Exiting too early
In 2017 after I failed in trading, I was very frightened and whenever my stock moves up, I exit the stock so that I don’t have to face negative return from that stock which led to missed out many multi-bagger stocks. (26/n)

20. Financials are just a small part of Investing

In investing I highly empathized on financials rather than focusing where did these number come up from. I learnt that financials are the small part of investing you have to analyze more than that. (27/n)

21. Make a proper due diligence
In 2017 whenever want to buy some stocks I just go to screener and check is this a good company or not by just checking

their financials, many times stock didn’t perform well, after that I understood the core point of investing and now. 28/n

22. Conviction is the game.
If you are not convicted to buy a stock don’t buy, once upon a time when my broker uses to told me I just buy without any research and never build my conviction. If you cannot build a conviction you are not fit for this game. (29/n)

23. Circle of Competence (COC)
Be in your COC. Initially,as an investor, I was not knowing my COC and I used to buy some stocks which are in momentum and when you don’t understand the business you don’t know what information can impact the stocks and you end up being in the loss

End/
This is all my mistakes for individuals so that you don’t repeat this mistake and hope you get some learnings from this thread.

Chanakya says “Learn from mistakes of others, you can’t live long enough to make them all yourselves.”

Hope you learn something good today.

Please subscribe to my blog for such an amazing piece of writing.

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