Twitter Thread by Danny Vena

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1) There are several secrets to becoming a successful #investor and most are hiding in plain sight.

2) This many sound like a cliché, but it hides a simple truth: buy quality companies. When I started #investing, I didn't feel like I could identify quality, so I bought a subscription to @TheMotleyFool and let them do the heavy lifting.

3) I paid $199 per year each for @TheMotleyFool #StockAdvisor and #RuleBreakers subscriptions. They have paid for themselves MANY times over.

4) Another obvious strategy that FAR too many #investors ignore is that "winners keep winning." "That one got away from me, and now I'm waiting for a pullback" has probably lost investors more money than every pullback combined.

5) To put this into practice, I look at the recent list of @TheMotleyFool recommendations and see which #stocks have put up double- or triple-digits gains in recent months and then try to understand why. In many cases, I end up buying the stock, even after 30% 40% 50% gains.

6) I also look at my own portfolio to see what stocks have jumped while I wasn't looking and see what's driving the gains. If I still believe in the #stock enough to own it, I usually believe in it enough to add to a winning position.

7) This isn't just hypothetical. About 3 year ago, I had to open a new SEP retirement account and wanted to populate it with recent winners. I used exactly the process outlined above to look for #stocks to buy. My first investment was on 2-23-18.

8) That portfolio currently holds 25 #stocks: $ALGN $ANET $APPN $AYX $CVNA $DOCU $GH $HUBS $IQ $JD $MDB $MGNI $MTCH $NVDA $ODFL $OKTA $PINS $ROKU $SFIX $TCEHY $TDOC $TTD $TWLO $WWE $ZS

9) I have added to several of those #stocks multiple times as they went up -- adding to my winners: $TTD $ROKU $MDB $TDOC (3 positions each) $APPN $DOCU $NVDA (2 positions each).

10) The value of the stocks in that portfolio has more than tripled in in less than three years, with an annualized return of 54%. It also posted 123% gains last year alone.

11) Here's the image from my brokerage detailing this portfolio's returns vs the market and various benchmarks.

Return	**54.70%**	**1.44%**	**129.73%**	--[6]	--[6]	**54.70%**
Aggressive[61]	12.13%	2.42%	18.24%	--[6]	--[6]	12.13%

Common Market Indices

	SELECTED PERIOD (%)	YEAR TO DATE (%)	ONE YEAR (%)	THREE YEARS (%)	FIVE YEARS (%)	SINCE INCEPTION (%) 2/13/18
S&P 500	15.28	1.31	19.62	--[6]	--[6]	15.28
MSCI EAFE (TRN)	5.81	2.12	10.10	--[6]	--[6]	5.81
Russell 2000	13.93	6.19	28.06	--[6]	--[6]	13.93
Bloomberg Barclays U.S. Aggregate Bond	5.95	-0.84	6.25	--[6]	--[6]	5.95
FTSE 3-Month Treasury Bill	1.56	0.00	0.55	--[6]	--[6]	1.56
S&P GSCI	-6.53	3.40	-22.20	--[6]	--[6]	-6.53

12) This isn't to say it works all the time with every stock (I'm looking at you $ANET $IQ $WWE). It also isn't because I'm a great investor. I have been extremely fortunate, in that I followed @DavidGFool's #RuleBreaking advice early in my investing career.

13) I add to my winners. I almost NEVER consider valuation when I am initially evaluating a stock -- I've seen too many people avoid stocks that ran for years because they were "too expensive." I rarely trim a "winning" position and almost never "buy the dip."

14) Exception to "buying the dip." If I have followed a stock extensively, and believe the market is overreacting to a bit of news, I will buy the dip. Recent example $FSLY. TikTok represented just 11% of revenue, but following news of a potential ban, $FSLY lost half its value.

15) Exception No. 2 to buying the dip. In a correction or recession, investors typically "throw out the baby with the bathwater" selling both good stocks and bad. The end of March was an excellent time to buy stocks. I did.

16) Finally, and perhaps most importantly, remember that time is on your side. Sometimes stocks take years to find their stride. I bought $TSLA in 2013. It was a successful investment, but you could still buy shares for less than $50 in Oct. 2019. Recently trading for $880.

17) A stock can only ever go DOWN 100%. A big winner, however, can grow multiple times its original value over the years. MOST of the time, the best thing to do when a stock isn't performing (over the short-term) is -- nothing.