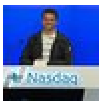
Twitter Thread by LearnLifeWealthTravel | Dream Big, Think Growth !!



LearnLifeWealthTravel | Dream Big, Think Growth !!
@AnyBodyCanFly

Peter Lynch is a great investment manager of all time. He is famous for introduction of PEG. (P/E growth)

According to Mr. Lynch the faster the company grows, the higher the P/E ratio you should pay for that company

Here is a Thread - Peter Lynch thoughts & my interpretations.

1. Investing is fun, exciting & dangerous if you don’t do any work

Fun becoz we tend to learn so many things

Exciting becoz it give great moments of celebration because of unimaginable wealth

Dangerous becoz it can be addictive due to greed & people may start finding shortcuts

2. You can outperform the experts if you use your edge by investing in companies or industries you already understand.

Study businesses, apply common sense and invest into something which you understand.

No need to adventure & no need to be part of anything or everything.

3. The stock market has come to be dominated by a herd of professional investors. You can beat the market by ignoring the herd.

Stay away from noise & crowd to come out as a winner.

4. Behind every stock is a company. Find out what it’s doing

The underlying entity of a stock is business. Choose to ignore everything else, but never ignore to study business.

Company includes few more things in addition to business like management, etc.

5. There is no correlation between the success of a company's operations & the success of its stock over a few months or even a few years.
In the long term, there is a 100% correlation.

Having patience, staying disciplined & staying teachable is the key towards making money.

6. You have to know what U own, and why U own it.

Invest only into something that U understand. Be very clear about the business, business & business

In addition don't be too diversified & don't be too concentrated.

My approach ~ Be well diversified, be reasonably concentrated

7. Long shots almost always miss the mark

Investing in early stage businesses may end up becoming more of hope stories and may not see the expected finish.

Wait for hope story to turn into real fundamental story before doing any meaningful allocation.

8. Owning stocks is like having children.

Nurture your investments by studying deep into every aspect associated with your companies.

In addition, don't get distracted by adding too many stocks that you may not be able to track.

9. If you can't find any companies that you think are attractive, put your money in the bank until you discover some.

Don't be in a compulsion or urge to invest. Take your time and stick to the process.

Invest only into something that fits into the approach.

10. Never invest in a company without understanding its finances.

Numbers aka fundamental parameters are important to understand.

Learn to understand the balance sheets & be well researched to interpret it right. There can be multiple interpretations.

11. Avoid hot stocks in hot industries.

Great companies in cold, non-growth industries are consistent big winners.

Where there is noise, there can be big vested interest. Stay safe.

12. With small companies, you are better off to wait until they turn a profit before you invest.

Small companies are vulnerable in any business environment as they compete with big leaders in order to survive & succeed.

Start small, add gradually with proven fundamentals.

13. If you are thinking of investing in a troubled industry, buy the companies with staying power.
Also, wait for the industry to show signs of revival.

Troubled sectors are in trouble for a reason. Don't catch a falling knife. Even if you want to, be with the biggest leader.

14. If you invest $1000 in a stock, all you can lose is $1000, but you stand to gain $10,000 or even $50,000 over time if you are patient.

Downside risk is zero while upside potential is infinity.

You only need few big winners. Stay focused.

15. In every industry and every region of the country, the observant amateur can find great growth companies long before the professionals have discovered them.

Observation is a powerful tool to pick companies early.

Professionals & experts do more of an over-analysis.

16. A stock market decline is as routine as a January blizzard in Colorado. If you are prepared, it can't hurt you.

Stock market is a cycle of rise & falls. A decline is a great opportunity to pick up the bargains left behind by investors who are fleeing the storm in panic.

17. Everyone has the brainpower to make money in stocks. Not everyone has the stomach.

If you are susceptible to selling everything in a panic, you ought to avoid stocks and stock mutual funds altogether.

Stock market is for risk taker & not for someone who avoid risk.

18. There is always something to worry about.

Avoid weekend thinking and ignore the latest dire predictions of the newscasters.

Sell a stock only when the company's fundamentals deteriorate, not because the sky is falling.

19. Nobody can predict interest rates, the future direction of the economy, or the stock market.

Dismiss all such forecasts & concentrate on what's actually happening to the companies in which you have invested.

In long run, business fundamentals overpower all kind of noises.

20. If u study 10 companies, u will find 1 for which the story is better than expected. If u study 50, u'll find 5.

There r always pleasant surprises found in the stock market – companies whose potential are overlooked.

Stock market is a place where opportunities always exist.

21. If you don't study any companies, you have the same success buying stocks as you do in a poker game if you bet without looking at your cards.

Nothing is a blind investment. Be independent, be well researched & build your own conviction.

Convictions can't be borrowed.

22. Time is on your side when you own shares of superior companies. Time is against you when you own options.

There is time value and it works best when time is on your side. Don't get into F&O, be a growth investor where you can study business, invest & then just sit patiently.

23. If you have the stomach for stocks, but neither the time nor the inclination to do the homework, invest in equity mutual funds.

You should own a few different kind of funds, with very very proven investors who pursue different styles of investing: growth, value, etc.

Read the entire thread once more to have a better understanding of the messages being conveyed.

Read good things, review yourself based on reading and identify your improvement points.

Reading is good but implementation is what matters.