# Twitter Thread by Ram Bhupatiraju



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**Excellent list of "Investing Lessons". Very relevant and useful stuff for individual investors. h/t @FMUndercover**

The List ■

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# 21 investing lessons I've learned

1. Find a great business then worry about price. Don't buy anything **just** because the terms are attractive.
2. Make sure you understand the business. Know your circle of competence.
3. Concentrate on what you know, not what you don't know. Ignore the noise.
4. Read and think.
5. Be patient.
6. When in doubt, do nothing.
7. Be sceptical. Never rely on someone else's interpretation.
8. Balance sheet strength is crucial for long term investors.
9. Maintain an audit of your decisions. Keep track of successes and failures.
10. Only invest in a company you're happy to hold if the market crashes 50%.
11. Resist pound cost averaging. Reinforcing success is a better approach than compounding failure.
12. Pay attention to accounting, particularly below the line items.
13. The biggest losses tend to come from being wrong about the business.
14. Look for companies with pricing power. Falling margins can be the first and only sign that pricing power is waning.
15. Avoid companies subject to excessive regulatory or government interference.
16. Complacency is a killer. Keep checking the investment case stacks up.
17. A business that converts all its profit into cash is more valuable than one that has to reinvest a proportion of profits to generate the same level of growth.
18. Operating leverage is one of the most underappreciated aspects of investing. It can cause a bad business to go bust almost overnight and a good one to significantly increase its margins over time.
19. Style drift and thesis creep are two of the most common reasons behind a loss.
20. The integrity and ability of management (in that order) matters greatly. So does culture.
21. Focus first and foremost on risk – how much you could lose – not how much you could make.