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01-03-2022

12:13

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My 10 Golden Rules of #investment ☐

A small insight into my learnings over the past 8 years

All Basics - Nothing Complex

For #investing, I follow KISS (Keep it Simple, Stupid)

cc - @dmuthuk, @Vivek\_Investor, @FI\_InvestIndia for my learnings over time from them

#StockMarket

1. Don't invest in something that I don't understand

Financial world is an ocean, there are many instruments ranging from debt to equity to crypto to P2P to ULIPs

I can't invest in everything. I need to pick the ones I understand to have confidence in my investment strategy

Investment must be rational; if you  
can't understand it, don't do it.

— Warren Buffett —

2. Avoid timing the market

No one knows the exact top & exact bottom of the market at any given point of time.

All the marco events which seem huge right now will become micro events in a 10-20 year span of the market. Think about investing as a journey & avoid to time

Only liars manage to always be out  
during bad times and in during good  
times.

— *Bernard Baruch* —

### 3. Stay away from noise

There are good stocks, there are bad stocks & there are noisy stocks.

It might just be a coincidence (or) a data-driven insight, every time a stock was in the news (or) stories started circulating it creates noise and eventually gets pumped and dumped

### 4. Stay Invested (for long-term)

10-20% returns in short term is good, but often one should look at the bigger picture.

Big moves in any stock are made only in less than 5% of the trading days in its lifetime. Only way to catch those gains in by staying invested for long

The key to making money is to stay  
invested.

-Suze Orman

### 5. If it seems too good to be true, it usually will be. Avoid FOMO effect

Many times when the stocks zooms up irrationally .

I sit back and analyze, how true is this ??

Often that has saved me from making bad investments & at insane valuations



## 6. Invest in business, not the stock

Maybe middle-class mentality of seeing the price rather than the item on the food menu, for the initial few years, I looked only at the stock price first

Now, I look at the business and invest in it. The stock price catches up eventually

## 7. Regular & uninterrupted investments

SIP in my opinion is the greatest ever financial concept made to achieve the long-term compounding.

2 things I follow religiously -

- Regular investment
- Increasing investment (over time)

Allowed me to build a decent corpus overtime



## 8. Reinvest the dividends

Overtime, I recognized that dividends are very powerful and have a capability to create a new income stream in ones journey.

Only way to enhance that is by reinvesting dividends and and building sizeable capital

ONLY MONEY MAKES MONEY

## 9. Concentrated Diversification

It looks like any OXYMORON in itself. But the balance of concentration & diversification is very important for generating optimal returns

Concentration allows quality

Diversification mitigates risk

## 10. Avoid Debt in the journey

Last but not the least. I learnt the hard way to avoid debt in the journey. Started my career with huge family debt which took ~12 years to clear (not 100% yet) and only way to avoid is being self sufficient

Build corpus first & enjoy wishes later

I thank

My parents for giving such a wonderful life

My family for being supportive through this journey

My Nation for everything

My mistakes for teaching me the learnings

My fellow investors for the wisdom through their learning @dmuthuk @Vivek\_Investor

@FI\_InvestIndia

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