



Framework of stock market investing

There are two ways to be successful in the stock market in the long-term



You will see a theme in this presentation

That theme is how to get to your **risk as close to zero as possible**. That is the secret sauce on getting wealthy in the stock market



Rule #1 - 99% of people should only buy index funds such as.....

What is an **INDEX FUND**? Index funds are an investment vehicle that mirrors an entire index such as the S and P 500.

Ticker symbol VOO or SPY



VOO - Vanguard Index 500

The S and P 500 is the benchmark for all investments

Your investment returns should be compared to this index

The S and P 500 has returned about 9% on average for the last 100 years



Rule #2 Only invest in individual stocks if you know what you are doing

This requires you to become a lifelong learner and to constantly stay up to date with the happenings in the world. If you can't value a company **DO NOT** buy individual shares



Rule #3 Invest for the long-term

Be an investor not a trader! Only buy stocks if you intend to hold them for years.

“It’s time in the market, not timing the market”

-Warren Buffett



Rule #4 Buy Value - “Margin of Safety”

5. Only buy a company when the stock is priced below its **intrinsic value**. This usually means you have to go against popular opinion.

Your goal should be to buy a million VND for 500K



Rule #5 Enduring Competitive advantage

Warren Buffett calls these “**economic moats**”. Ask these questions to help determine if there is an economic moat:

1. Will the company be around and strong in 20 years?
2. If I gave you a billion dollars could you take out the company?



Rule #6 Circle of Competence

Buy businesses you understand

Stay away from difficult to understand businesses

Growing your circle of competence takes life-long learning



Rule #7 Diversification

Don't over diversify

A person following these investing rules should only own 3 or 4 great companies



Rule #8 Patience

Investing should be as exciting as watching paint dry.

It usually takes years for most investments to show great returns

Patience is the key attribute to investing.

Temperament is important than intelligence



Rule #9 Be a Contrarian

“Be fearful when others are greedy, be greedy when others are fearful” - Warren Buffett

Favored stocks underperform the market, while out-of-favor companies outperform the market, but the reappraisal often happens slowly, even glacially



Rule #10 Be a “Shameless cloner”

This is a shortcut for finding companies

Watch what the best, proven investors are buying/selling and copy their high-conviction bets - But only if you understand the business.

Rule #11 Blocking out the noise

Ignore media, friends, family when you know what you own and have a high-conviction





Everyone thinks they can beat the stock market

Most can't, 85% of professional fund managers can't beat the S and P 500 on average.

You have to **LOVE** investing and be constantly learning about businesses and the world at large to be successful.

If you don't, buy the S &P 500 and you will get rich over your lifetime anyways.