

Peter Lynch Style – Personal Development LARGE Portfolio

Dear fellow investor,

In order to give more value to you from a research, knowledge and actionable perspective, I've decided to launch a 100k Peter Lynch style portfolio that will hold 20 to 30 stocks, maybe even more – I'll see how many I can follow. I'll build it over the next year and call it the LARGE LYNCH STYLE PORTFOLIO.

The strategy is simple, I'll focus on Lynch style investments and rotate 30 stocks in the portfolio depending on which is a better buy at the moment, from the more than 100 we will follow. This, Lynch kind of strategy should give good returns and it should give enough good businesses to source from for my LUMP SUM, MODEL and Private portfolios where only the best of the best go. The total return on investment should be great.

I completely agree with Walter Schloss, the legendary value investor, that said: "You have to own a stock to know it!" And that is what I am going to do. The more I own, the more skin in the game I have, the better decisions will I make long-term.

This is against some of my investing principles like portfolio concentration. But, it is more of a personal development endeavour, related to the research platform. I think I can improve the long-term value I offer by doing this because the best way to learn something is by doing it. The thing is the following:

1) Investing is pretty simple, but extremely boring – Lump sum portfolio

For me, investing is pretty simple, you buy good cheap businesses, you wait a few years for the natural cyclical market forces to kick in, for disgust to turn into exuberance and you make a lot of money. Rinse and repeat a few times in your investing life cycle and you really do extremely well. I've done that a few times over the past 20 years and I'll keep doing that over the next 20 years. This is and will remain the lump-sum portfolio and the model portfolio.

On a separate note with the lump-sum portfolio, you know I have my 100k in it, but as it will be my wealth building vehicle, I'll be adding to it as I get to extra funds (by transferring from the personal portfolio or adding directly but in an index fund way, where portfolio allocations remain the same).

For example, I have been looking at real-estate investments to deploy the money we got from [selling our home](#) in the Netherlands and I have found some interesting investments, however all include a hands on approach, as does all real estate, and I really don't want to bother with contractors etc., especially when there are stocks out there that give me similar or better returns. So, I'll be adding some money to the lump-sum portfolio over time, but I'll keep the allocations at the same percentage as currently of the portfolio and you'll see where I'll add and where not (not adding implies a partial sale - I'll make it like a fund investment to follow so the performance can be measured – more about that during 2020). The lump-sum portfolio remains the core of what I do and will be doing, however:

2) The simple and boring takes away from research and knowledge – a motivation thing

I believe it is Walter Schloss who is quoted for:

"You can only know a stock if you own it"

Therefore, investing in only 5 businesses, makes me lose knowledge that I would get if I would own more businesses. So, I'll invest in 30 businesses, be 100% invested within the learning portfolio and source the top investments from there to put into the lump sum and model portfolios.

By owning, I know I'll do a better job at knowing the sector and the business which will pay huge dividends over the coming decades. Plus, it will hopefully be profitable because I would have bought stocks like Livent in August of 2019 😊.

It will also make my research more fun, I'll have much more motivation to learn, it will balance the risk over the 3 portfolios, and give more action to the platform for those interested. But, I'll make sure to clearly separate the level of risk, knowledge and weight between the 3 portfolios. REMEMBER, the LEARNING portfolio is made to increase the value of the research over time through additional learning. So if I invest 5k into something and goes to zero, I will not care that much because it is an investment into knowledge. Hopefully something else will go from 5 to 15 to make up for the loss, but it is not the main goal even if making money is always a goal (what can I do? I am wired that way).

Investing strategy Lynch Portfolio – on 30 positions – the capital invested should be \$99k. Thus, I'll invest \$1.5k in the first buy for the position, then if still attractive another \$1.5k and a further \$1.5k if really attractive. That is it. 3 purchases max with max investments \$4.5k and min investment \$1.5k.

3) Personal wealth and investing strategy perspective

To put things further into perspective, I think it is best to put a weigh to all portfolios:

- LUMP SUM PORTFOLIO DEVELOPMENT OVER THE NEXT DECADE – MY WEALTH VEHICLE – will hopefully be above the million range (hopefully 5 positions, not more) – I'll source the positions from current ones and the LEARNING PORTFOLIO
- MODEL PORTFOLIO – continue adding 1k per month (5 to 10 positions, a bit more risk than the lump-sum portfolio) - I'll source the positions from current ones and the LARGE PORTFOLIO
- LARGE PORTFOLIO – max 100k to be built over 2020 and 2021 for research purposes (**WILL NOT INCLUDE WHAT IS IN THE LUMP SUM PORTFOLIO – I know that already pretty well**)

4) Investing is about knowledge and learning, constantly learning

I am launching the portfolio to keep learning – Buffett missed on Google in 2004, if he had put \$10 billion in it then, it would be now \$500 billion, thus BRK's market cap would be above a trillion now. However, for such things you need knowledge, and I learn best by doing and owning. By owning a little bit of Google, he could had bought \$10 billion of it in 2009, after having 5 years for learning about it – that would now be \$100 billion 😊.

However, please understand the risks involved in learning – 100% LOSSES WILL BE THERE 😊

The LARGE portfolio, will also remove some risk from the Lump sum and Model portfolios as the risk of not knowing will be in the learning portfolio, and not in the other two portfolios which should be another benefit of this.

4) Another example - OIL

Currently there is a strong bullish and bearish thesis on oil, something I'll dig into and report. However, I figure that if I owned an oil stock, even with a small amount, I would be able to understand the sector better, how the stocks move, and then perhaps in 2025 or whenever pull the trigger on something for the lump-sum portfolio or the model portfolio. That is it! JUST ABOUT KNOWLEDGE – it is how I work best and plus it will make my work more fun. When I research now, I'll be looking for 20 stocks to own, all different and I'll expand my universe. That is the whole point of it.

5) Timing and development of portfolio

I'll open a separate account – probably with SAXO for lower fees, and then keep the Model portfolio and Learning portfolio there because of the low trading fees on smaller amounts.

Whenever I make a trade, as always, I'll send an email, in such a way, you'll also expand your knowledge.

I'll also make a clear table of all portfolios and add it on the top of the portfolio's thread to make everything clear and not add confusion 😊.