

Posted to the Gilder forum - December 15, 1999

Read Books!

Jan:

>>>Denny, I can't help but value your experience and would appreciate your opinion how you would evaluate and make these decisions.

Thanks!

Investing is a very personal thing, it has to fit one's life style. That also means that each one of us has to study and develop his investment style. It would be wrong for me to tell you what and when to buy. My recommendation is to read the old GTRs several times until you understand "GilderSpeak." Also read a lot of good investment books. The ones I like include "[Reminiscences of a Stock Operator](#)" by Edvin Lefevre, "[One Up On Wall Street](#)" by Peter Lynch, "Money" by John Kenneth Galbraith, "[Stocks for the Long Run](#)" by Jeremy J. Siegel, "[The Gorilla Game](#)" by Geoffrey A. Moore and "[The Roaring 2000s](#)" by Harry S. Dent, Jr., and for desert "[The Money Game](#)" by 'Adam Smith' (a pseudonym). I think you might want to read them in that order. Of course, if you are in a rush to invest your money, and now we seem to be in a mini-correction (or at least, at the end of the January Effect), you might want to buy the Gilder Nine. The report is available on the GTR forum.

Recently I have been doing a lot of thinking about the "S-Curve." Harry Dent places a lot of emphasis on it in his book "The Roaring 2000s." The argument, in short, is that the lifetime of any product can be divided into three approximately equal periods of time. The first period is when early adopters start buying. The second period is when the product has been acquired by about 10% of the population. The third period is when the market is saturated, at about 90% of market penetration. The first and third periods are of slow growth while the middle period shows very fast growth. In a way this is similar to the "Technology Adoption Life Cycle" in Geoffrey Moore's "The Gorilla Game."

My feeling is that we are at that 10% adoption point in the Telecom game or paradigm. This means that we have 5 to 10 fabulous years to come (with its inevitable corrections). That is why I don't feel that you have missed out on QCOM or ARMHY, there is plenty time left to buy them. Of course, those of us who bought earlier will earn more from them but the end is still 5 to 10 years away.

The companies in the GTR do not walk in lock step. Since I feel that investing too soon is a waste of resources (don't invest before the product reaches the 10% market penetration level), I don't invest in some of them for the time being. For me, a good time to start investing is when a company has had, at least, one or two quarters with positive earnings. I broke this rule when buying GBLX and GSTRF!

Denny