

Monday, January 7th, 2019

“How to Grow a Stock Watch List”

To Focused Compounding free members:

This week marks the first Monday in 2019. And 2019 marks a change for Focused Compounding. Starting this year, we have created two different levels of membership. One level is the “*free member*” level to which you – the readers of this weekly memo – already belong. And the other is a “*premium membership*” level to which you can upgrade for \$60 a month (or \$50 a month if you use the promo code found at the bottom of this memo). Every Monday, I’ll be emailing a weekly something to each membership tier. You – as a free member – get my weekly memo on a general investing topic. The premium members get my stock watch list. So, I thought I’d spend this week’s memo on the topic of a “*stock watch list*.”

The weekly watch list I send out to premium members is actually 3 separate lists. The first list is my “***domestic*** initial interest post” pipeline. This is a list of 12 stocks ordered from the one I’m most interested in to the one I’m least interested in that I plan to write about for premium members in the weeks ahead. The 12 stocks on this list are all stocks I haven’t really analyzed at all before. There’s a much smaller watch list – right now, it’s just one stock – that is my “***foreign*** initial interest post” pipeline. And then there’s a third list which is my “*re-visit*” stock watch list. That list is for stocks I’ve already written up but plan – maybe because they have dropped in price since I originally wrote them up – to re-visit. Why have 3 lists? Process drives outcomes. The outcome I’d really like is to have a continual supply of equal amounts of foreign and domestic ideas for the accounts I manage. Right now, I have far more domestic ideas than foreign ideas. But, creating an entirely separate list for foreign ideas forces me to look hard for them, to keep track of them, and to realize I have so few foreign ideas. This process of having a separate foreign stock watch list should help drive the outcome of me coming up with more foreign stock ideas. This motto of “*process drives outcomes*” is also why I have a re-visit stock watch list. I never want to add a stock to the accounts I manage unless I’ve analyzed it at least twice. The first time to understand the stock in broad strokes. And, the second time, to zero in on the issues I identified as most important the first time. So, think first about the outcome you want from your stock watch list – or watch ***lists*** – and then create the process that will drive that outcome.

.....

As a Focused Compounding free member, you already have access to this new content:

[**Insego \(INSG\): A Uniquely Positioned 5G Company**](#)

[**Future Bright: A Macau Restaurant Operator with Restructuring Potential**](#)

[**Sonics & Materials \(SIMA\): A Profitable Net-Net Building a Cash Pile**](#)

If you upgrade to a premium membership, you’ll get access to this new content:

[**Green Brick Partners \(GRBK\): A Cheap, Complicated Homebuilder Focused on Dallas and Atlanta by GEOFF GANNON**](#)

To become a Focused Compounding premium member, go to focusedcompounding.com and use the promo code “*memo*” to save \$10 a month for as long as you stay a member.