

Everyone is a millionaire on hindsight

Description

With Bitcoin's price having broke through the \$10,000 threshold a few days ago, many of us are kicking ourselves in the ass for not having invested earlier.

For me, I'm kicking myself for not putting in MORE earlier.

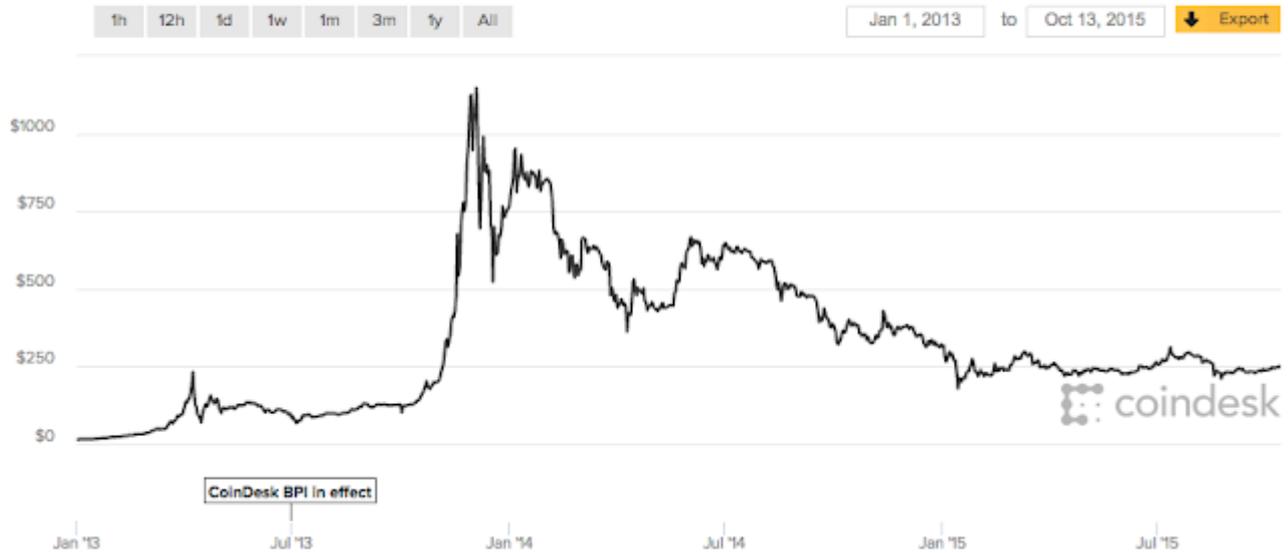


It is easy for us to look at Bitcoin's historical graph today and think, "Dang, it was so obvious. I'd be rich today if I had invested back then!"

But let's get real. Reality isn't that simple when you zoom in deeper, especially when you have no crystal ball to tell you what the future price will be.

Bitcoin (USD) Price

Closing Price OHLC



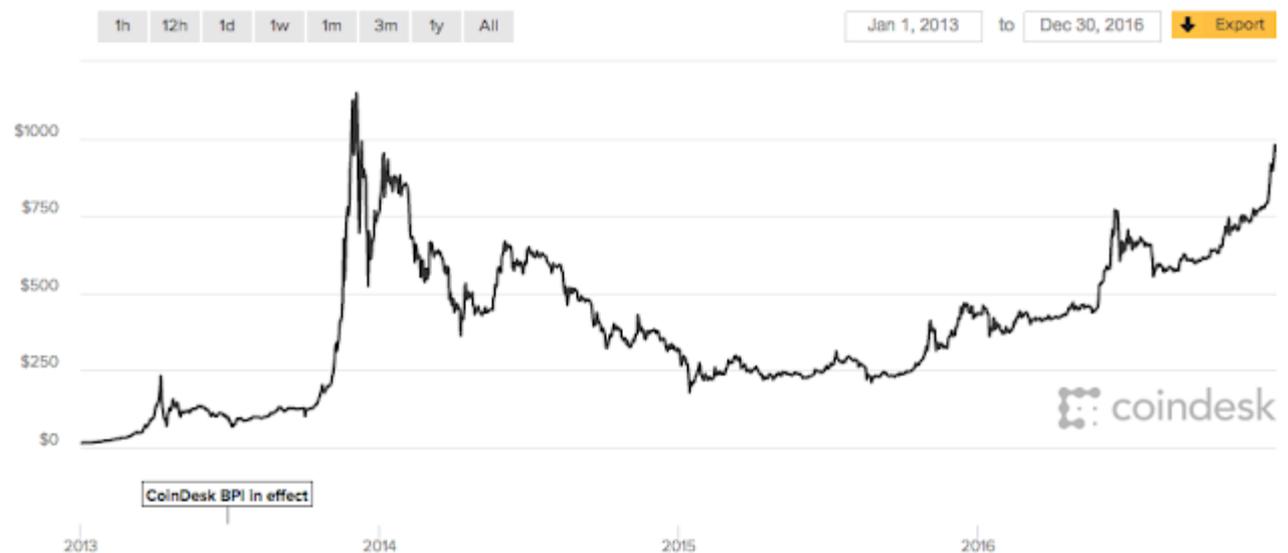
If you had invested \$10,000 in Bitcoin in January 2013 and held it until December (a 1000% gain), you'll probably be celebrating the fact that you grew your pot to \$100k. But then suddenly, the price starts free-falling. In less than 3 weeks, your \$100k has suddenly shrunk to \$50k. That's half your wealth gone!

What do you do? You'd probably sell in panic before you lose all your gains entirely. Then, as price starts recovering, you'll be kicking yourself for making such a stupid mistake and buy back more Bitcoins.

Then it drops again, this time crashing to below \$500, and for the rest of 2014 it continues on a downward spiral until it bottoms in January 2015. But then it stays low.

Bitcoin (USD) Price

Closing Price OHLC



In 2015, price (slowly) starts recovering. What will you probably think? Bitcoin will have to more than

triple in value to reach back its previous peak. And as it inches closer to the \$1000 mark, you look at the charts and think, “Hey, that looks like it could hit \$1000 and then crash again”. You decide to stay out.

Be honest with yourself. Each time you think about how you could have been rich today if you bought back then, ask yourself if you would have *really* been able to stomach the ride and hold onto your Bitcoins until now.

What would you have done?

“Shit, I better sell all my Bitcoins now before it goes to zero.”

“Nah, the price increase must be temporary. I’ll wait.” (and wait, and wait, and wait...)

“I don’t know if I dare to put in a large amount into this...”

Warren Buffett could have said the same – we all know about how he missed out on the meteoric rise of Internet companies – but does he?

In my case, I invested only money I could afford to lose, and I know that if I were to go back in time again, I would have done the same because **I simply didn’t have the knowledge then that Bitcoin would rise to \$10,000.**

It is easy to say “I wish I invested in XX a few years ago”. Heck, I do it too; just ask my husband.

Then I smack myself and say, “Okay Dawn, stop it. You know very well you would have made the same decision.”

A friend of mine [shared this post, written by a Joseph Lee](#), which I thought was worth sharing here to serve as a reminder for myself to keep coming back to this post whenever I start to harbour similar (useless) thoughts.

Joseph referenced Amazon’s stock, and there are many parallels here to Bitcoin. His words are reproduced below in grey:



When we look back at selected stocks 10 or 15 or even as far back as 20 years ago, we all wished we had looked into the crystal ball 20 years ago and seen the explosive growth of companies like AMZN and poured in all the money we had at that time, sat tightly for the next 20 years and today, we might even afford to buy a private jet!

But is it that simple ?

Look at how many choppy ups and downs the company went through between the years 1998 and 2012 before it finally took off steadily to hit a record high price of \$1,186 today. The chart resembles the choppy waters of a raging sea doesn’t it?

Suppose you had been lucky enough to invest several thousands in AMZN at around \$10 in 1998 and it shot up to \$120 (a 12-bagger) at the peak of the dot-com bubble in year 2000, would you not have sold most of it, if not all of your investment in AMZN since you grew your money 12-fold in a few short years?

Imagine what would have happened if you had become greedy and think the stock will continue smoothly up to give you maybe a 120 bagger in another 3 years time in 2003?

That's how most people get sucked into that kind of thinking whenever there's some mania going on and everyone is telling everyone else the kind of easy money they made and why you should not miss the boat and join the 'party of easy money'.

What happened then?

The music stopped, the bubble burst and the party came to an abrupt halt.

Anyone who did not take profit while AMZN was rising to \$120 got badly burnt- particularly if you had joined the party too late and bought near \$120, you'll be the victim who suffers the "highest degree burn" in that calamity.

Will you be feeling very happy hanging on to a stock you had bought at say \$100, watched it plunge all the way down to a bottom of about \$7 in 2001 – a 90% loss?

*AMZN never recovered back to \$120 again until almost **10 years** later in 2010.*

How will you feel during those 10 long years?

Let's get real.

If I were you, I'd probably be kicking myself when the crash happens for my greed in joining the 'party of easy money' and most likely will dump AMZN sometime between 2002 and 2010 just before AMZN took off!

When after dumping AMZN in the year 2010, let's say, you watched AMZN lift off from that point to \$200 or even \$400 in 2015 but you were already too scared to touch AMZN since you were badly burnt in 2001. How will you feel?

Will you not kick yourself again for being so foolish not to load up on this super stock in 2010 instead of dumping it off since it just broke even after 10 long years, having bought it at the peak before the bubble burst?

*You see, **everyone is a millionaire or a billionaire on hindsight.***

You and I will never be so clever as to spot every opportunity or smell danger by recognising a 'bubble' until it's too late.

So why do I even bother to ramble on and on with my long story, you may wonder.

It's to prove to you and me and all who bother to read, that we should refrain from talking in terms of "if only I had done this and that" then 'I will be sitting on a pile of cash today'. "If only I knew..." "If I had the foresight to know..."

Things are never that simple in life.

Instead of lamenting and regretting for having missed the boat of cryptocurrency and Amazon, allow me to gently but strongly advise you to make the greatest investment in your life.

Invest in yourself.

*Then the returns in future will be so handsome you'll never have to kick yourself again because you'll be so wise, you'll be able to recognise most opportunities when they come by and profit from them slowly but surely, that at the end of the rainbow, you'll surely find the proverbial **pot of gold**.*

I know why I bought Bitcoin only a few months ago, and why I only bought it using money I could afford to lose. The price has more than doubled since then, and it is easy for me to wish I had bought it even sooner (or more of it when I did), but I know why I didn't. Do you?

You see, **we often forget that we have information today that we didn't have in the past**. What is obvious today was not obvious in the past, but nothing has really changed about the fundamentals of Bitcoin.

Harping on these kind of self-defeating thoughts don't bring us anywhere, nor do they make us richer (unless you can invent a time-turner...or get Hermione Granger to lend you hers).

Folks invested in Amazon, Facebook and Apple because they believed in their strategy and that these companies would eventually come to dominate. The ones who invested in Bitcoin did so because they believed in its breakthrough technology and that it would become a store of value in the future. They made a projection of the future of the company based on hard facts and then decided to put in their money. None of us had any clue that Amazon / Facebook / Apple / Alibaba / Bitcoin would succeed, but they *believed* it would based on its underlying fundamentals.

So let's focus on the future. If you want to make sure you don't make that kind of stupid mistake again, then the best thing you can do for yourself is to invest in your **knowledge**.

Read. Take courses. Go for workshops. Talk to like-minded people. Listen to experts speak. Watch the news. Absorb information.

That'll increase your chances of spotting the next Facebook or Bitcoin.

That's what I'm doing. What about you?

With love,
Dawn

Category

1. Crypto
2. Investing
3. IPOs
4. Stocks