My Investment Failures

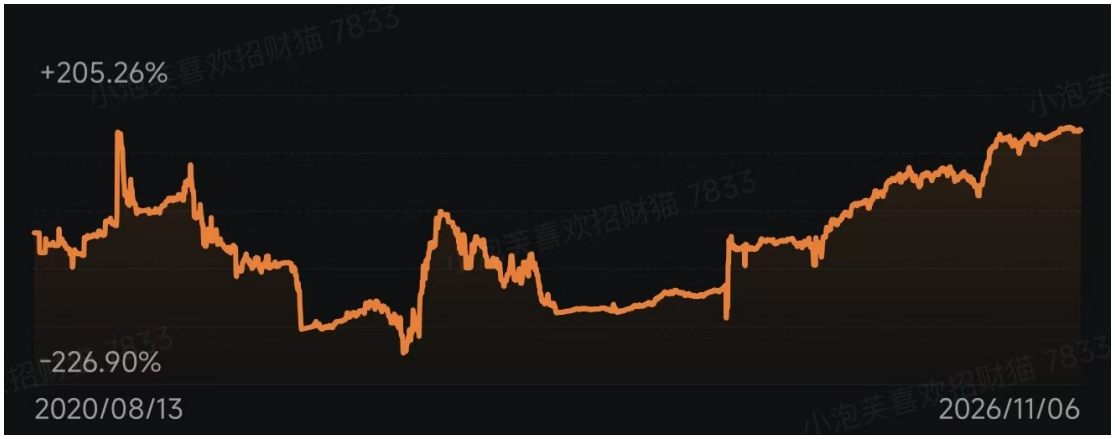
Good evening, fellow Toastmasters and distinguished guests.

I’ m now a CFA charterholder. But do you know why I decided to take the CFA exams?

Because I lost a significant amount of money in 2023.

Not just a little money. Not just a small mistake.I lost almost half of my annual income.It really hurt.I kept asking myself: How could I recover from such a huge loss?So I decided to study for the CFA.

This chart shows my investment returns from 2020 to 2026. You can see a huge loss in 2023, followed by a gradual recovery from 2024 onward.



Fortunately, I not only made back every dollar I had lost, but also turned a profit. Looking back, I have paid expensive tuition for my investment failures, and I have learned some lessons from my mistakes. Today, I’ d like to share three lessons with you.

Lesson 1: Don’ t Be Fooled by Mental Accounting

I started investing in international markets in 2020.

Hong Kong IPOs were booming, and I made a lot of money quite easily.

It felt amazing. So I started investing more⋯ and chasing higher prices.

Why?Because the profits came so easily. It didn’ t feel like real money. It felt like free money — the kind of money you get from a lottery win or gambling.

In behavioral finance, this is called mental accounting bias.

It means we treat money differently depending on where it comes from, even when the amount is exactly the same.

But when the Hong Kong market turned into bear market， I lost all my profits… and a large amount of my own capital.

So here’ s my first lesson: Whether money comes from your salary, a lottery win, or investment gains, it has the same value and deserves the same respect.

Don’ t let mental accounting fool you into spending it carelessly.

In fact, money earned through luck deserves even more caution, not less. We can not always be so lucky, can we?

Lesson 2: Do not chase high prices

Do you know how much Tencent is trading at today?

It's around four hundred Hong Kong dollars.

I once bought Tencent at a relatively high price, much higher than that.

Why? Because a friend of mine had made a lot of money from it. I feel ,I saw his profits ,I feel envious ,I had a fear of missing out.

So I followed him ,just like a sheep followed the crowd. When the market turned against me ,I lost a significant amount of money.

This experience taught me something important about human nature.

When prices go up, people tend to become more greedy when prices fall ,people tend to become fearful.

Warren Buffett once said, Be fearful when others are greedy, greedy when greedy when others are fearful.

It sounds easy but in real life, It's really hard.

Investing is not just a test of financial knowledge.

It's also a test of patience, discipline and above all, the ability to control our human nature.

Lesson 3: Think Globally and Diversify

Even after opening an international investment account, I continued to invest mainly in Chinese companies — Tencent, Meituan, and others.

Why?Because I thought I understood them better. They felt familiar to me.

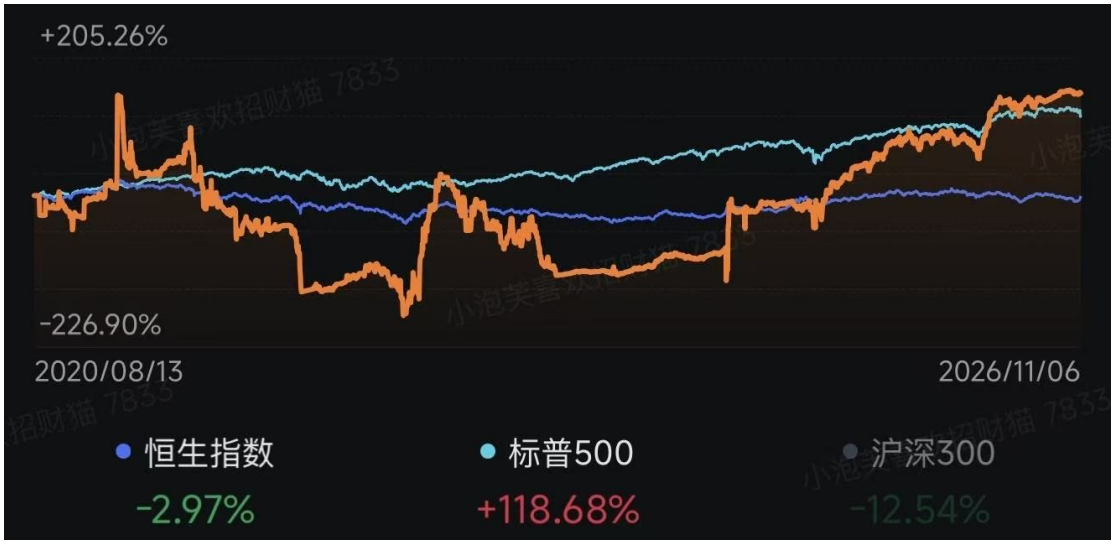
Later, I realized I was making another common mistake: home-country bias.Investors tend to invest more in their home markets than in foreign markets.

What is the result? A less diversified investment portfolio.

If the domestic economy becomes weaker, your portfolio may be under pressure.

An investor should not be limited by where they live.We need to look beyond our home markets and think globally.

Look at this chart again. We can see that the S&P 500 has delivered much stronger returns than the Hang Seng Index.



With the rapid development of AI, we can see the strength and potential of US technology companies. And the US market gives us access to some of the world’ s leading technology companies.

Why fish in just one pond when there is a whole ocean out there?

Closing

My investment failures cost me a lot of money. There was a time I was so stressful that I couldn’t sleep well.

What I have learned is investing is not simply to make more money so we can buy more things.

Because some of the most important things can not be bought, like a good sleep, a healthy body and peace of mind.

We invest to make our lives better — not more stressful.

So don’ t take risks you cannot afford. And never invest in something you don’ t understand.