Getting Started in the Markets Early with Shamus Madan of MBIT Podcast

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I love this podcast because it crushes your dreams and getting rich quick. They actually got me into reading stats for anything you're tuned in to the Investing for Beginners podcast led by Andrew Sather and Dave Ahern with a step-by-step premium investing guide for beginners. Your path to financial freedom starts now.

DAVE Alright, folks, welcome to Investing for Beginners Podcast. Today we have a very special guest with us. We have Shamus Medan from [the MBIT podcast](). He's the host and founder of this fantastic podcast. And he's going to share some of his insight into the markets, as well as investing and a lot of other great stuff. So, Shamus, welcome to the podcast. And thanks for joining us today.

SHAMUS Yeah, I appreciate you guys taking the time to let me join your podcast. I know I had Andrew back on the podcast a few months back; it was great. We talked about some beginners tips. And I'm excited to share some insights here on your podcast.

DAVE Yeah, that's awesome. So, Shamus, for those of the folks out there that are not familiar with you, could you kind of give us a little bit of a backstory real quick?

SHAMUS Yes. So currently, I'm a 16-year-old investor post of the ambit podcast; I started investing when I was 12 years old, started with Apple, not financial advice. But I did that because I wanted to invest in a company that I was very familiar with and enjoyed the products. And me being that young, I just thought it was cool to own a piece of a company and say, Oh, I'm a part-owner of Apple.

So I did that. And that got me hooked on investing. I've been long-term stuck with Apple ever since. And then, when I was 15, last year in November of 2020, I had a lot of knowledge; I've accumulated over four years of investing, especially with the March 2020 crash; I'm like, I want to share that with people. So I decided, You know what, why not to create a podcast. So I released my first episode around December 7, or December 8 of 2020, mainly discussing some recent news and events and why it's important and breaking them down into really concise episodes. So I started with that, which was good, but I realized how competitive that industry was. And it's really important to have some more valuable insights and provide new perspectives.

So I reached out to Zeb, FEMA, a research analyst for Jim Cramer's Charitable Trust Fund. And he's like, Hey, why don't you put some like little financial tidbits at the end? So, Mike, that's a great idea, because I've been invested in the market for a long time. And I think that's a good part to put at the end for people to learn about, especially the younger audience. So I started with that. And then I realized how valuable those types of tidbits could be. So then I made them into longer-form content and just transformed my podcast to new insights, interviewing guests talking about anything entrepreneurship, tech, investing wisely, or personal finance, and that have been trying to think growing it ever since by continuously posting new episodes interviewing a guest growing the social accounts. And yeah,

DAVE Yeah, that's awesome. So I have to ask what got you interested at 12 years old to be, you know, interested in the market, I have a nine-year-old daughter, and I mentioned this off the air. Whenever I talk about this kind of stuff, she just rolls her eyes and is boring. So you know how any dads or moms out there would love to get their kids a little more interested in this? I mean, what spurred this interest for you?

SHAMUS Yes, to be completely honest, I was not interested in the markets for most of my life. And my dad was telling me at ten years old, we're walking down this sidewalk, we were at the beach, and he's like, Hey, you should put some money in the apple, it's a good place to start. It was at $91 pre-split. And I'm like, Yeah, I'll wait for it to go lower. I didn't know anything about the markets. And I wasn't interested at the time.

And that showed that you couldn't force someone's interest. But you can be developed. Then when I was 12 years old, we were sitting on the couch watching some investing talk. And it's like, hey, why don't you start investing in Apple? Now would be a good time to start early would be a good advantage. I'm like, You know what, I'll do it. So the next day, we decided to start up a brokerage account; I've started investing only one or two shares to 66 pre-split. And I started with a very small amount of Apple and have continued to grow since then. But in the beginning, at least for the first year or two, it wasn't that exciting.

And I wasn't playing around with my portfolio. It just wasn't exciting. It was just sitting there. It was neat to look at how my portfolio changed every day, the amount of money, how much it decreased or increased. But it just wasn't exciting. And it wasn't until the last two years where I started finding interest in it. I think mainly because I was able to see that consistency in the market and sticking with it long term and keep investing in it makes a big impact. I have grown my portfolio a pretty significant amount since then.

And I'm like, okay, maybe I should teach others about this too, which is where the podcast came from. But it wasn't really; it didn't spark my interest until the past couple of years. So when I first started investing, it wasn't interesting. But over time, that's where I developed that interest.

DAVE So, do you think having skin in the game helped a little bit?

SHAMUS It does. I mean, I did start reading some books. So there is one thing that every investor should know is you shouldn't go in without knowing anything. You shouldn't just start pouring your money into the stuff, just assuming skin in the game will teach you everything because they'll teach you a lot, but you learn a lot more if you have some knowledge beforehand.

So I was reading books about Warren Buffett how he started. I read The Millionaire Next Door, which was a fantastic book. I was watching videos. I was consuming quite a bit of content Before I started investing. Then once I was investing for a bit, I was able to look through trends understand why things happened in the market, especially when I started taking macroeconomics. And that's where the skin in the game did help me learn and put connect the dots

ANDREW I've got a question for you. So I'm a bit shocked at the age of 12. Your dad said you should buy some Apple at $92 a share. And so you had $92 in the bank account at 12 years old?

SHAMUS Yes. Correct. I think it was more like candy Senate. I didn't start until 12. But yeah, I've been saving some money up since I was young. I would do chores; I would either wash cars or help with shoveling snow. I didn't have any purpose for the money originally; I would mainly save it up and hope I could buy something with it one day, which eventually I never did. Yeah, I started off saving.

And then long-term investing in the markets made me realize how impactful saving is how interesting it can be.

DAVE So, is your dad an investor? Or does he work in the finance world?

SHAMUS Yeah, so he owns his own business. It's called Junction Education. It's an education business that does mainly B2B stuff to create courseware. We've done some stuff with the street. We just did some stuff with FOS, Facebook, and Instagram, front office sports. But yeah, regarding personal finance and investing, he's been in the field for a couple of decades; I think he started investing a while ago. And once he had accumulated a lot of knowledge, he wanted to pass that some of that along to me, when he didn't start when he was a child, because that wasn't possible at that age.

There were a lot more restrictions. So it wasn't commissioned free, you needed to have X amount of money in the bank, or you needed a lot more financial restrictions before you could do anything. Now you can open up any type of brokerage account, you have no commissions, and you can start with $0 and start investing with $1. But yeah,

DAVE That's awesome. So all right, let's talk about some other interesting things here. So what do you think people most misunderstand about financial literacy?

SHAMUS Yeah, I'd say there are probably quite a few, but I can narrow it down to like 123. And the first one is that they can procrastinate. So every year you decide to wait on financial literacy is another year that you cannot take advantage of compounded market returns. And sometimes, I've just played around with a compound interest calculator. And it's interesting to see the earlier you start; you could start with a lot less money.

And you would have way more by retirement. For example, you could have like a 50k salary and end up with way more for retirement than someone who makes 500k a year because didn't decide to eat out all the time, purchase luxury sports cars, or live a lavish lifestyle, which is one of the key lessons from The Millionaire Next Door.

And then the second one is saving will solve financial stress. Now, I highly believe that saving is an essential habit to learn. But very few people have grown wealth over time by just sticking money in a bank account, and at least nowadays is depreciating by inflation because of the very low-interest rates. But yeah, those would be the couple of things I would say

ANDREW Millionaire Next Door, maybe you can talk about that book because I don't know if we've mentioned that book on the podcast yet; just the premise of its fascinating for people who haven't heard about it.

SHAMUS I read it a long time ago, back when I was like 12 or 13. But basically, its premise is to say the assets you own or believe to be owned do not determine where you are financial. One of the key lessons I learned was that you could have a giant mansion, but you might not even be able to afford it.

And you could have a lot less money than someone who lives in the small little cabin because they're putting money away. So the assets that you have don't equate to how far you are financial.

ANDREW And so it's kind of like The Millionaire Next Door concept is you could be how you can have millionaires next door to you. Don't you think they're millionaires? Because they don't have a house. But yeah, that could be the exact reason they're millionaires because they're not spending on these great assets.

SHAMUS That's exactly right. Yeah, because they decided not to spend lavishly to hold back, which gets people to be millionaires. So you don't become a millionaire by purchasing ridiculously expensive stuff eating out all the time. You become a millionaire by learning healthy financial habits.

DAVE How do you think that translates to what we're seeing in the markets now? Because you could argue that's what's driving all the frenzy lately is that everybody's trying to get rich quick.

SHAMUS Yeah, everybody is trying to get rich quickly. I think it's one reason why a lot of people are quitting their jobs. They're like, Hey, I see NFT's, Bitcoin, and all of these things that I feel like I could make more money than my job. I think that's one of the reasons why people are quitting their jobs because they see more opportunities.

And there are more opportunities now than there ever were before with the internet and these things, and I think we'll continue to see that long term where people will have an easier reason to leave a job because of the number of opportunities outside of the workplace. And then we're seeing people like financial influencers and whatnot, making six figures a year just by building their things and doing what they want to do instead of working for somebody else. So yeah, you could do that as a side hustle, too. But yeah,

DAVE That's a very good point. All right, what's the most important lesson you've learned from investing?

SHAMUS, I've learned quite a few. But my number one would be products that are different from a company. There's an example I had with Fitbit, I purchased a very small amount, but I purchased some Fitbit back when I was 14 13 14. Because my premise was, hey, I like these trackers; I've used their products, I think their company will go far. And it didn't; it ended up not doing well at all; it's really important to understand that products are not the same thing as a company; a company is based on the financial aspect, how they're making money off of it. Still, you can't base a good strong company based on products, like Apple has some really great products at the beginning of their career.

But it doesn't mean they weren't necessarily a strong company; then they weren't. They were not doing so great. They ended up doing great now. But if you're deciding to invest, just make sure that even though you might like a product, the product does not equate to a company.

DAVE Yeah, I would agree with that. It goes a little bit along with what Peter Lynch was talking about when he talked about buy, which you know, sometimes that can be good, but sometimes maybe not so much. Because sometimes there are companies out there, that you may love the product, but it may not be a great investment, my favorite company and pick on is Tesla so that you could argue that you know, the cars are great, but maybe buying the company may not be well, in my old opinion is maybe not the best choice.

But you know, I think that's probably really good advice. Alright, so let's say that we're new to investing; where do I start?

SHAMUS Yeah, so you could start in a couple of places. But first, you kind of want to make sure that you're saving enough. So the general rule of thumb is to save at least 20% of your paycheck. However, if you can't do that, that's fine, then start with a smaller number and build your way up from there. After you have built up an emergency fund, which should be at least three to six months of expenses, then you can move on to investing. So you first want to make sure you have a solid foundation before you start putting playing with your money and putting it at risk and only risk what you're willing to lose. But one of the most important things I've been able to control is FOMO.

It can be difficult to see other investors making hundreds if not 1000s of percent increases on their trades. But you have to make sure to do your due diligence. So the key thing to remember is, to begin with, an index fund, like maybe vo or spy, when you first start. And when you feel comfortable, then you can begin researching other companies and looking into investing them and analyzing them doing a fundamental analysis on them, especially now new investors need to recognize we're in a bubble at least I think now, understanding some basic economics helps here too, for example, the government can't keep pumping trillions of dollars into the economy and not expect a consequence. Elon Musk talked about it the other day on the Wall Street Journal and what the government hasn't been very good at.

And it's very clear his asset allocation. If it were up to me, I'd have some of the world's most successful CEOs who have been able to asset allocate and be advisors for the Fed. Now what happens with the government is if there isn't enough money, they'll print some more causing inflation, which is fine, you want continued inflation, but a high percentage at 6.2% might not be that great, especially if it's the highest in 30 plus years. So because of this economic situation, we're going to see volatile market support and understand that with stocks and FTS crypto. It's important to invest and only risk what you're willing to lose. And if you're looking into long-term investing, stick with it. Keep analyzing the company, trust your gut, and do the due diligence and keep yourself educated.

DAVE I'd like to talk about this FOMO idea a little bit. I think that's something that is maybe not discussed a lot, but it is certainly real right now because you cannot go on social media in any way, shape, or form. Whether it's Twitter, Facebook, Tik, Tok, Snapchat, any of those, you're going to see somebody out there talking about how great their portfolio is doing.

And then you look at yours. And yours was like that. And it's really hard not to buy into that enthusiasm, hype, or whatever term you want to sell. How do you fight against that?

SHAMUS I don't know if I necessarily fight against it. I generally have my own opinions on what stocks to buy. And like if someone posts something saying this is important to buy, you should look into investing in this. I'll look into it, but it doesn't mean I'll place a trade or invest in it just based on what someone posts on social media.

I mean, you can see with Elon Musk, he'll post he could write Doge right now on Twitter, and the crypto would pump insanely just because he put that one little tweet, and then you see some stuff on Tik Tok to like you have these people showing their portfolios or how to get rich quick through this type of trading strategy. And it's just stuff that you want to research on your own.

Because if it doesn't do well on, you're going to blame the person who taught you on Tik Tok. But at least if you know you did your research, then there was nothing else you could do. But it's always important to not fall into the; what I like to say is take most of your emotions out of investing, keep with the facts, and with the research and what you know.

DAVE Alright, let's talk about the research. You've mentioned that a few times. So what does that mean to you?

SHAMUS So there's a couple of different things. First, you can look at the financial statements; if you don't understand them, you don't have that; you could also look at things like fundamental analysis and search for stocks trading at prices higher or lower than their real value. This is kind of what Warren Buffett did, mainly value investing.

But a little bit of fundamental analysis, but if the fair market value is higher than the market price, then the stock is deemed to be undervalued, a buy recommendation is given. Now, it doesn't mean it can't go down because it can always go down.

But in contrast, technical analysis, which is some of the stuff you're seeing on social media, of these quick trades, ignores the fundamentals in favor of studying historical price trends of the stock using tools like a trend, spider, and other tools like that.

DAVE Okay, so when you do research, what does that entail for you? Are you reading through all the financial documents? Are you studying other things that other people are writing about the companies? Like what kinds of things do you know, do you look for?

SHAMUS Yeah, financials are a very small part of what I look at. So I look at, I mean, one of the important things is how much they spend in r&d. But I also read a lot of articles I researched regarding where they're headed. For example, I recently invested in Nvidia, not financial advice, but I saw the acquired one of the world's leaders in semiconductors for AI.

So I've been looking into an NVIDIA for months, but I didn't decide to place a quick trade just because I read that article. So I continued researching, reading other articles, watching videos, seeing different perspectives, seeing the good and bad. So it's not just a one-sided thing. That way, I could get all the research out in front of me and have all the facts laid out, and then I can make a decision based on that.

DAVE That's awesome. So can you give us some of the tools that you use to kind of research some of these things?

SHAMUS Yeah, I don't use any software. So for me, I just start looking stuff up reading articles. As I mentioned, just searching the company looking up the ticker, Yahoo Finance, you could look through some of the financial statements there reading what the company has said, yeah, that's pretty much it.

DAVE Okay. You don't have favorite websites or anything that you like to hit up.

SHAMUS CNBC is one that I use for a lot of business news. And I like to use it for different perspectives to Yahoo finances I use for the financial statements, as I mentioned. Still, I like CNBC, how they layout their content, explain, and sometimes also have a video. But yeah, I also like to take it from various sources. That way, it's not just one-sided.

DAVE Andrew monopolizes the conversation.

ANDREW Anything else you feel like we haven't covered, Shamus,

SHAMUS I think you guys covered a lot. I enjoyed the conversation here. Um, I think it's personal finance. And investing is something that many young people won't think about. But it's really important, and you don't even have to like it, you just got to start learning about it, right?

Like, you could invest half the amount of money starting at a young age and be left with over a million dollars by retirement; that is someone who invests double starting at in their 30s. And you'd have, like, half of someone who invested when they're young. So I think the real key point is, do the research. Start early? And don't procrastinate on it.

DAVE Preach on brother preach on

ANDREW Do you have any advice for somebody younger? Want to get started for the very first time? What would you say to them?

SHAMUS Yeah, I know, when I found when I was younger, the first type of content I started consuming was video. So you could just look at some reliable sources of videos on YouTube. Just look up how to start investing, or Tik Tok like there are some financial accounts out there, including myself, which we'll discuss how you can start investing in like short-form content. That way, you can see it real quick. You can get more data points and see how other people are doing it: the more information, the better.

DAVE Yeah, that's right.

ANDREW Where can people learn more about you check out more of the stuff you got going on if they want to listen to more of the content you provide online?

SHAMUS Yeah, I appreciate it. So I'm currently MBIT podcast, or MBIT podcast if you just search that up. Apple podcast. Spotify is everywhere. I'm also on Twitter at MBIT podcast and Tik Tok and Instagram @MBIT podcast, Instagram; I don't post as much, but on Twitter, I post most of my stuff but yeah, Thank you.

DAVE That's awesome. So, Shamus, we appreciate you taking the time out of your day to come to talk to us. This was a fascinating conversation. And I learned a lot. And it was really interesting to hear you talk and you, you're doing great things, my friend, and keep doing what you're doing and keep shouting all this from the mountaintop because more and more people need to hear this.

And it's encouraging to me to see younger generations like you and Andrew picking this up and taking with it and running with it. So keep doing what you're doing.

SHAMUS Yeah, I appreciate that. And thank you guys for carving the time app to let me be on your podcast.

DAVE It was our pleasure. Alright, so I'll go and take us out. Alright, folks, well, that will wrap up our conversation for tonight. We wanted to thank Shamus for taking the time to talk to us. It was a fantastic conversation. We enjoyed it. So without any further ado, I'll go ahead and sign us off; you guys go out there and invest with a margin of safety. Emphasis on the safety. Have a great week. We'll talk to you next week.

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