

**Philequity Corner (June 28, 2010)**  
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### **Kobe Bryant's Traits and the Stock Market**

Stock market insights can come from unexpected sources. In this article we will explain how the traits of NBA Finals MVP Kobe Bryant can be applied to successful investing in stocks.

- 1) **Focus** –Kobe admitted that his kids have started calling him “Grumpy” during the playoffs. In games he is always seen with a frown and a scowl. In interviews, he has this dead-pan look. His answers are often short, boring and nonchalant. However, this just shows how focused Kobe was. This was clearly evident in Game 1 of the Finals when a video caught Chris Rock teasing him while Kobe completely ignored the famous comedian.

In another instance, he admitted turning off his cellphone during the entire playoffs. In fact, he confessed that he irresponsibly deleted 500 messages from his cellphone to avoid distraction. His entire being is focused on basketball.

It's the same thing with Warren Buffett when it comes to the stock market. One time, his wife Susie changed the wallpaper in Buffett's study room. He did not even notice the change because he was totally immersed in his studies and analyses of his investments.

Just like in sports, keeping focused is also crucial when dealing with stocks. You should religiously follow the stock market. You should keep yourself updated with business and macroeconomic news. And you should study the fundamental and the technical analyses of the companies you own.

Kobe eats, breathes and sleeps basketball. Warren is the same with regard to the stock market. If you do the same thing – eat, breathe and sleep the stock market - you will definitely improve your success in investing.

- 2) **Practice, Hard work and Diligence** – Kobe has phenomenal work ethic. Even during off season he practices tirelessly and works very hard. His workout schedule consists of 2 hours running, 2 hours of basketball, 1 hour of cardio and 1 hour of weights. Kobe is also diligent after practice. He spends his time studying game films (like Michael Jordan) to see how the defense will play him. The time he puts in the preparation certainly shows up in the court.

In the stock market, you should also strive hard and continue to study in order to be successful. In Warren Buffett's case, he reads the news at home starting at 6:45am. He also reads 5 papers a day, all sorts of annual reports, magazines, company 10-K and 10-Q filings to the SEC. It is believed that Buffett spends 75% to 80% of his time reading while the rest is spent talking on the phone, playing bridge and a little bit of time buying or selling investments.

- 3) **Passion.** Kobe's passion for basketball is what sets him apart from other players. He is always in constant pursuit of perfection. His passion drives him to be ultra-competitive. Winning is all that matters to him.

Similarly, Buffett is as passionate with regard to investing as Kobe is with regard to basketball. He can talk on the stock market for hours on end without feeling exhausted. During the stockholders meeting of Berkshire Hathaway, he answered

more than 50 questions from the audience from 8am to 4pm with only a one hour lunch break.

You can try to emulate Kobe and Buffett's passion by reading as much as you can on the companies or stocks that you like; keeping abreast with the latest developments; spending time to look at charts, earnings, corporate and macroeconomic statistics and anything to do with stocks and the markets.

- 4) **Perseverance and Determination** – According to LA coach Phil Jackson, perseverance was one of the keys why the Lakers won against the Boston Celtics. After losing 3 of their first 5 games with the Celtics, the Lakers needed the last two games to win the championship. Even in Game 7, when they were down as much as 13 points in the 3<sup>rd</sup> quarter, Kobe and his teammates never gave up and eventually won by 4 points.

Kobe also showed great determination throughout the season. For 6 ½ months, Kobe has been coping with a sore right knee, eventually needing it drained in the postseason. He also suffered an avulsion fracture to his right index finger which hindered his shooting accuracy. Only after Game 7 of the Finals did he disclose that without the tape to his fingers, he cannot even grip a basketball.

In the stockmarket, there will always be failures and mistakes. Even Buffett admits that he makes many mistakes which cause him to lose money. As individual investors, you must have the fortitude and resolve to stay in the game. Success is more meaningful after overcoming failure. With blood, sweat and tears, victory is sweeter.

- 5) **Learning from Mentors.** Virtually anyone can benefit from a mentor. And many basketball players can identify a special person who provided what they needed to develop as a person and as a player. In Kobe Bryant's case, it was his father Joe "Jelly Bean" Bryant and Phil Jackson.

Meanwhile, Warren Buffett had Benjamin Graham (his teacher at Columbia University) who provided him with an investing framework which is value investing. The investment principles are exactly the same today as when Graham taught him:

"An intelligent investor must be businesslike in approach." "Do a detailed analysis of the stocks to determine their intrinsic value." "Always have a margin of safety."

The good news is that these principles are easily accessible for ordinary investors. There are a number of books authored by Graham (e.g. Security Analysis, The Intelligent Investor) and more written about Buffett (e.g. The Snowball, The Warren Buffett Way, Buffettology, etc.). You can also look at Buffet's annual letters to the shareholders of Berkshire Hathaway. Hence, you can have Graham and Buffett as your mentors by studying their books and articles.

- 6) **Learning from the Greats** – In his own quest for greatness, Kobe continues to learn from the basketball greats like Magic Johnson, Michael Jordan, Jerry West, Oscar Robertson, Patrick Ewing and Hakeem Olajuwon. In fact, in an effort to take his game to the next level, Kobe solicited the help of Olajuwon last training camp. Known as the master of "The Dream Shake", Olajuwon gave Kobe a lesson on everything from head-fakes and ball fakes to spin moves and jab steps.

Even in the stock market, you can learn from the greats like Warren Buffett, Benjamin Graham Philip Fisher, Peter Lynch and George Soros.

Philip Fisher is considered the stock market's first tech investor by investing in Motorola and Texas Instruments in the mid-1950s. First published in 1958, his book, *Common Stocks and Uncommon Profit*, broke new ground in explaining how investors could value fast growing and innovative companies.

Peter Lynch was the fund manager of Fidelity Magellan Fund, one of the largest mutual funds during his time. The techniques he used to achieve nearly 30 percent per annum returns for his fund are summarized in his three books: *One Up on Wall Street*, *Beating the Street* and *Learn to Earn*.

George Soros is known to be "the man who broke the Bank of England" after he reportedly made \$1 billion during UK's currency crisis in 1992. He co-founded the Quantum Fund in 1970 (a hedge fund ahead of its time) with other well-known fund managers like Jim Rogers, Stanley Druckenmiller and Victor Niederhoffer. Soros published three books: *The Alchemy of Finance*, *The Crisis of Global Capitalism* and *The New Paradigm for Financial Markets*.

- 7) **Having a Competent Team** – In the NBA, even if you have the best basketball player in the game, if you don't have a talented team around, you won't be able to win a championship. Three years ago, the LA Lakers were just a playoff team even with Kobe around, but when they brought in Pau Gasol and signed back Derek Fisher, they became back-to-back champions.

It's the same thing in investing. You need research and advice from other people. Warren Buffett, for example, receives most of the acclaim for Berkshire Hathaway. But he has Charlie Munger (Vice-Chairman of Berkshire Hathaway), Ajit Jain (who heads Berkshire's reinsurance businesses) and David Sokol (CEO of Netjets and MidAmerican Energy). Over 80 CEOs from different companies are reporting directly or indirectly to him.

For individual investors, you should get a competent stockbroker who gives good advice. Invest with an experienced fund manager who will grow your portfolio. And bank with a trusted banker who will help you preserve your wealth, manage your assets and handle your finances. And just like in basketball, you trade and get rid of your stockbroker, fund manager or banker if they do not perform up to par.

Kobe Bryant's traits not only apply to successful investing, but also to life, in general. You should have passion in whatever you do - be it in sports, business or in studies. You should work hard and be diligent. Keep on learning and improving. Find a mentor, learn from the experts and collaborate with the best in your field. Lastly, you should have focus, determination and perseverance to achieve success in whatever business you are in.

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