

Tom Bradley

Investing and Life



“Your investment philosophy is very interesting. What you’re saying about investing, does that apply to how you live your life?”

I was asked this question at the end of a media interview. My response: “Hell no. They’re very different. If I lived my life

the way I invest, I’d wear shorts and flip flops in December, own the ugliest house on the block, drink tap water at Starbucks and wonder why I had no friends.”

Investing is very different from almost every other aspect of our lives. And the differences make it difficult for normal, well-balanced people to be successful investors. Let me explain.

First of all, investing is totally perverse. It’s irrational and stubbornly unreasonable. Markets go up when they should go down. Good news is interpreted as bad. And your best moves will feel terrible when you’re making them. I hope your life has a more logical flow to it.

As an investor, you have to ignore the noise and hyperbole of the day-to-day markets. The more you can extend your time frame, the more successful you’ll be. Investing is all about looking forward two or three years and giving strategies time to play out.

In real life, it’s all about what’s going on now. You’re constantly reacting to the information of the moment, whether it be via texts, e-mails, tweets, traffic reports and weather forecasts. You have instant communication and Internet access in the palm of your hand.

A good investment plan is intended to be boring. It’s about laying out a road map and following the signs. No spontaneity or flexibility. No 4 a.m. gold medal hockey parties.

Investing is all about making decisions based on as much information as you can gather. But as Bob Hager used to tell me, “If you wait for all the information, you’ll be too late.” Buying a stock isn’t anything like buying a car. There are no Consumers Reports, online customer reviews or test drives.

In your portfolio, you’ll own some stocks that have a few warts on them and aren’t well liked. That’s not the way you want to live your life, but successful investors know that any asset can be a good investment at the right price. Indeed, if you feel comfortable with everything you own, it’s likely that you’re not well diversified.

With regard to price, a purchase for your portfolio should never be made without considering the numbers. Valuation has to be at the core of every investment decision. When buying a home, however, valuation may be well down the list of factors being considered, after proximity to transit and schools, the feel of the neighbourhood and the all-important media room. And math doesn’t even come into play on vacation properties, second (or third or fourth) road bikes, and grande skinny soy vanilla lattes.

Self-help books encourage us to commit to the moment and live every day like it’s our last. There’s no advice like that to be found in a good investment book or any of Warren Buffett’s letters. Investing is about not getting distracted by the current and focusing on the future – about being measured in your moves, to the point of being boring. It’s about being prepared to run against what your friends and the nightly news are saying. And when it comes to this perverse little part of your life, price is always important and good looks are highly overrated.

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