

# KIM: Golf's vexing challenges also apply to investing

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INVESTING

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The U.S. Open always features high drama and twists and turns of fate. Jason Day collapsed from a bout of vertigo on Friday, but gutted it out and played in the final pairing on Sunday. Dustin Johnson let his 2-stroke lead slip away, but rallied with a birdie on the 17<sup>th</sup> hole and had a putt to win on the 18<sup>th</sup>.

Golf's newest phenom, Jordan Spieth (age 21) had a disastrous double bogey on the 17<sup>th</sup> hole, but coolly recovered for a birdie on the 18<sup>th</sup>. In the end, Spieth prevailed, becoming only the sixth player to win both the Master's and U.S. Open in the same year.

This historic occasion is a good opportunity to update a past column with lessons from golf applicable to investing.

Jason DeSena Trennert is Managing Partner/Chief Investment Strategist of Strategas Research Partners, LLC. I have followed his work throughout my career. Trennert is also an avid golfer and penned an essay, "The Greatest Games—Golf as a Metaphor for Investing...and Life."

Trennert cited The Lure of Golf, where Herbert Warren Wind wrote, "There are few contemplative golfers who have attempted to analyze why the golf virus hits a man so hard. The game's singular fascination, in their consensus, rests on the fact that while you play against par, against your opponent, against the topography, and against the elements, in golf, as in no other sport, **your principal opponent is yourself.**"

Trennert drew the following parallels between golf and Wall Street:

- 1) **It's hard to have everything going for you at the same time.** It's rare to be equally proficient off the tee and on the green. It's similarly difficult for investors to capture the market's fundamental, technical, and psychological rhythms simultaneously. Trennert says, "More often than not, success comes not from perfection, but from a series of small successes that allows you to grind out solid performance."
- 2) **Each investment decision and golf shot is independent of the next and performance can be fleeting.** There are no "gimmies" in golf or investing. It doesn't matter if you crush a 5-iron 247 yards to within twelve feet of the cup, if you 3-putt. Ask Johnson. Similarly, it doesn't matter if you once **had** a profit in a stock. It's where you sold it that counts. All golfers know the pain of having an otherwise great round spoiled by one or two bad holes. Trennert says for investors, success is increasingly a function not of just picking the right stocks, but avoiding the bad ones.
- 3) **Both games are humbling and can seem like they're unfair.** In investing, professionals know there is no difference between being smart and making money. It doesn't matter where you went to school; performance ultimately equals smarts. Trennert says, "Because no style points are awarded in either, investing and golf may be the fairest games of all."
- 4) **Ultimately, the highs and the lows keep you coming back.** The romance involved with golf and investing is both are extremely difficult and can never truly be mastered, which makes success all the sweeter.

Investors can be their own worst enemy. Tiger Woods is finding out the same is true in golf. As Lao Tzu said, "Mastering others is strength. Mastering yourself is true power."

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