

LIFE, INVESTED

What I See When I Watch Basketball

David Booth
Founder and Chairman

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It's [my favorite time of year again](#): March Madness, the NCAA competition held each spring to determine the national champions of college basketball.

Many fans look forward to predicting who's going to win the whole thing—what's become known as “bracketology”—but not me. In my mind, March Madness is captivating because [it's completely unpredictable](#). What I love is witnessing an arena full of athletes trying their absolute hardest, working together to achieve a common goal. Watching college basketball provides clear evidence that we, as human beings, can do so much more together than we're capable of on our own.

In this way, it reminds me of the [human ingenuity that drives the stock market](#). The value of the stock market grows every year because of the power of people to solve problems in more and more inventive ways. In both basketball and markets, we don't know who is going to win, but we know someone is going to win—and that win will carry us all forward in some way.

What I'm interested in is seeing all these talented, dedicated people deal with uncertainty. How do they come together to solve problems? What works and what doesn't? What do they learn in the process? Only one team can win each game, but every single member of both teams is doing the absolute best they can do. And that's my definition of winning—in [basketball, investing, and the rest of life, too](#).

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Typically I watch a game once, and if it's a team I'm really interested in, I'll go back the next day and watch it again. Many of my friends are amazed that I'm willing to watch a basketball game when I already know the score. I value process so much that knowing the result doesn't diminish the experience. This time I'm trying to figure out the science of how the game was played—to see what was skill and what was luck. Were both teams

performing at a high caliber, or was one team better prepared or better coached than the other? That's what I'm looking for. I want to learn from the experience, just like the players and coaches do.

This is a lot like what I've done over the course of my career in investment management. When we talk about empirical research in the science of finance, we mean studying the way stocks have performed over the course of the past 100 years to understand more about how the market works. We watch the game over and over and over again.

Because I'm getting so much more from a game than its outcome, I'm not devastated when my team loses—though I'm thrilled when my team wins. I understand that individual games and tournaments are just steps along a team's journey. Most long-term fans feel the same way I do. Team allegiance gets passed down through generations, and fans don't abandon their teams after a loss. They stick with them. Kind of like how long-term investors understand that the market will deliver short-term ups and downs, but provide a worthwhile reward in the long run, to those who stick around.

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