

THE PSYCHOLOGY OF INVESTING

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Walter & Norman

- **Walter**

- Viewed money as the ultimate goal in business.
- Always willing to do business with almost anybody as long as the enterprise was not immoral or illegal. He loved to wheel and deal.
- Excitement of deals seem to blind him to the risks involved.
- While he acknowledge the existence of risks, in an academic sort of way, he never really comprehended them on an emotional level.
- This trait made him a tremendous promoter, and he has an amazing ability to raise venture capital. Unfortunately, it also made him a poor businessman. When he lost his shirt, as it were, a lot of trusting people lost theirs as well.

- **Norman**

- Viewed money as a mere consequence – important to be sure, but not the only reason for being in business.
- Limited his involvement to ventures for which he was trained.
- Careful to investigate each opportunity fully to make sure there were no surprises.
- Once he became involved, he developed a detailed plan and followed it through to completion.

Conclusion

- Success in business is often nothing more than knowing and heeding the principles of Holy scripture.
- He who manages his business or his personal affairs accordingly will prosper, and he who ignores these biblical teachings does so to his own harm.

Scriptural Principles:

- A warning against seeking wealth – “People who want to get rich,” according to Apostle Paul, “fall into temptation and a trap and into many foolish and harmful desires that plunge men into ruin and destruction.” (1 timothy 6:9).
- A warning against greed – Studies show that most bad investments are made out of greed. A man sees an opportunity to get rich quick, and it blinds him to the risks involved. Inevitably his family suffers the consequences. As the ancient sage observed, ‘ a greedy man brings trouble to his family...’ (proverbs 15:27).
- A warning against chasing fantasies – the writer of the proverbs declares: “he who works is land will have abundant food, but he who chases fantasies lacks judgment.”
- An exhortation to exercise good judgment and seek wise counsel - A simple man believes anything, but a prudent man gives thought to his steps (Proverbs 14:15). He who walks with the wise grows wise, but a companion of fools suffers harm (Proverbs 13:20).
- An exhortation to be diligent in everything – The plans of the diligent lead to profit as surely as haste leads to poverty (proverbs 21:5). It is a wise man who makes himself diligent in the matters

...the power to make wealth

Value

That which we obtain too easily, we esteem too lightly. It is dearness only which gives everything its value. Heaven knows how to put a proper price on its goods.

Thomas Paine

To Buy or Not To Buy

The question to ask before buying a stock is: 'if this is my last naira will I invest it on this stock.'

Ola Adaraniyo

Excellence

We are what we repeatedly do.

Excellence, then, is not an act, but a habit.

Aristotle

The secret of success in life is for a man to be ready for his opportunity when it comes.

Benjamin Disraeli

Buy when the sheep are selling and sell when the sheep are buying. Don't wait to buy stocks. Buy stocks and wait.

Robert C. Allen

Excellent Virtues

- Patience
- Instincts (your way)
 - Liquidity

...the power to make wealth

THINK BIG! PLAN BIG! ASK BIG!

- The size of your success is determined by the size of your belief.

David Schwartz

- Man's reach should exceed his grasp or what's a heaven for.

Dr Wayne W. Dyer

- Make no small plans here

Abraham Lincoln

MAKE NO SMALL PLANS HERE.

...the power to make wealth

SEEING THE UNSEEN

- All men of actions are first dreamers.
- We are told not to cross a bridge till we come to it, but this world is owned by men who have crossed bridges in their imagination far ahead of the crowd.
- Eyes that look are common. Eyes that see are rare.

SEED TIME AND HARVEST TIME WILL NEVER CEASE

(...opportunities will always be available)

All that a man has to do in life
to be successful is get few
things right and avoid big
errors.

Investing should be dull. It shouldn't be exciting. Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas...it is not easy to get rich in Las Vegas, at Churchill Downs, or at the local Merrill Lynch office.

**-Paul A. Samuelson,
Nobel economist**

Buy quality, and hold,holdhold
.....hold..... hold.... forever.

Warren Buffett

Whether you want to believe it or not, you and you alone have the best judgement when it comes to your money. You must do what makes you feel safe, sound, comfortable. You must trust yourself more than you trust others, and that inner voice will tell you when it is time to take action.

-Suze Orman, The 9 Steps to Financial Freedom

Keep-it-simple

Invest in top quality companies with products you know, and hold them forever. Buy profitable companies run by honest, competent managers who are generating lots of cash that's reinvested in the company.

-Warren Buffett

Greed

It creates a buying frenzy at the top of a bull cycle. Investors jump in too late, when prices are peaking. Then they hang on as the market drops, even buying on dips, expecting short-term corrections. More drops follow as the bear chomps away at their stocks. They hold on, confused, hoping against hope. Finally panic sets in, triggering sales at the bottom.

Forget about hitting home runs,
swing for singles.

THE ONE KEY TO SUCCESS IN INVESTING - **DISCIPLINE**

...the power to make wealth

If you don't know who you are, the stock market is an expensive place to find out. A very expensive place.

-Adam Smith

A lot of junks are out there waiting to snatch your hard-earned money.

Investing is not a 100 metres dash. It is
a marathon.

Wisdom In Investing

- Will I be comfortable with this stock one year or more down the line.
- Invest only in stocks you can take your eyes off.
- Make the decision today that you will be comfortable with tomorrow.
- Short term investment is same as speculation. Invest and ignore every form of speculation.

Diligence

- A man diligent in his work will stand before kings, and not before obscure men.

SUCCESS

= 1% inspiration + 99% Perspiration

= spirit (intense prayers) + soul (imagination) + body (work at it)