

“Moneyball” Investment Lesson... Putting the odds in your favor

The 2001 Oakland A’s had a big problem—a payroll that was half the size of other teams. This meant they couldn’t acquire the talent to stay competitive. With their backs to the wall, the general manager needed to find an unconventional way to discover undervalued players other teams were overlooking.



His approach was to use non-traditional statistical data to predict the value of players rather than solely relying on scouts’ recommendations. He identified On Base Percentage (OBP) as the single most predictive statistic to win ball games. The more times a player got on base, the more likely it was that he could score, thereby resulting in more runs/wins. Using this system, the A’s successfully competed against bigger payroll teams, even winning

20 games in a row, a major league record!

As for statistics to watch, an investing parallel to OBP is “relative strength”—one of the most predictive statistics to find winning stocks. It tracks a stock’s price movement relative to the overall market. When a stock begins to outperform the market, that can be the first signal it’s attracting new buyers—similar to putting players in scoring position. The security may be undervalued until more investors recognize improving fundamentals, higher growth rates or a higher number of favorable analyst recommendations.

Of course, as in baseball, statistics can tell you a lot, but outcomes are never certain. Markets are generally efficient, meaning current stock prices reflect all publicly available information. Similar to baseball, the key to a winning investment strategy is to put the odds in your favor, knowing that any competitive edge you uncover will likely be temporary. Like the A’s, other teams rapidly adopted OBP. The key is to keep searching for that new competitive edge, which could even be something in plain sight but—for the moment—ignored by others. When you do uncover an opportunity, seize it, as they don’t come very often.

THAT REMINDS ME OF A *story...*

A shop owner placed a sign above his door that said PUPPIES FOR SALE. A little boy saw the sign and asked how much they cost. “Anywhere from \$30 to \$50,” responded the owner.

The boy pulled out \$2.57 from his pocket and asked if he could see the puppies. One puppy lagged behind the others and the boy asked, “What is wrong with him?”

The owner said, “You don’t want this one, he doesn’t have a hip socket and will never be able to run or jump. If you want him, you can have him for free!”

The little boy became quite upset and said the dog is worth every bit of the full price, offering \$2.57 now and \$0.50 a month until the full price was paid off. The owner asked, “Why would you do that?”

To the owner’s surprise, the little boy rolled up his pants revealing a badly twisted, immobile leg supported by a metal brace. He softly said to the owner, “I don’t run so well myself, and I wouldn’t want my value based on that.”

Moral of the story: **A person’s disability doesn’t define them.**



SUCCESSFUL *entrepreneur*

Bob Iger, Disney CEO



Bob Iger was born on February 10, 1951, in Oceanside, New York. Bob’s father struggled with bipolar

disorder and viewed himself as a failure. Determined to succeed, Bob early on developed the habit of accepting every opportunity, even if he felt unprepared, which helped him learn quickly.

After college, Bob worked as a weatherman and had dreams of becoming a news anchor. He quickly realized the job wasn’t for him and shifted his goals. He ended up joining the American Broadcasting Company (ABC) as a studio supervisor in 1974. For \$150 a week, he did anything needed to get shows ready for airing, including showing up at 4:30 AM. Those grueling hours and a heavy workload set a strong work ethic that has stayed with him today.

Later, he moved to the sports department where he found himself under Boone Arledge, a legend in broadcasting, who was a perfectionist unwilling to accept excuses. When Bob mentioned he was drowning in work, Boone told him to “get a longer snorkel.” Boone also taught him to “innovate or die” and embrace technology.

Iger was chairman and CEO of The Walt Disney Company from 2005-2020. He applied his life lessons through acquisitions of Pixar, Marvel Entertainment, Lucasfilm and 21st Century Fox. He also added theme park resorts in Hong Kong and Shanghai and kicked off Disney+ before retiring in 2021.

In typical fashion, when Disney approached him in 2022 to come out of retirement and take back leadership of the company he helped build, he of course accepted.



What to do if you get pulled over while driving

As a driver, you don't want to see the red and blue flashing lights of a police officer in your rearview mirror. Your first thought is why you are being pulled over ... speeding, going through a red light, no turn signal or not coming to a complete stop at a stop sign.

When you see those flashing lights behind you, put on your turn signal and pull safely off the side of the road. Stay in your car and roll down the window as the officer is approaching. If the officer asks you, "Do you know why I pulled you over?" Simply say, no I don't.

The first thing to realize is that the officer has likely already decided to give you a ticket even before approaching your vehicle. The best course of action is to stay calm, humble and friendly. Let the officer describe what traffic ordinance you may have violated, but whatever you do, do not argue with the police officer about the violation.

Surveys have shown you have a 50/50

chance of avoiding a traffic ticket with a credible explanation. Four common explanations that might credibly describe your situation are:

- I didn't know I was speeding ... I was going with the traffic flow
- I have a medical emergency or am late for a doctor appointment
- Sorry, I am late for work
- I have to use the bathroom

When an excuse doesn't seem to be working, it's best to apologize, say you'll pay better attention next time and ask the officer to let you off with a warning. In fact, results have shown that 71% of those asking for a warning were given one.

Always remember to have your car registration paper, proof of insurance and driver's license with you. The officer will ask for these documents. Regardless of what action is taken, accept it. You will have the opportunity to present your case in traffic court.

LAUGH *studio*

What has two legs but can't walk?

A pair of pants!

What kind of music do mummies listen to?

Wrap music!



What did the left eye say to the right eye?

Something between us smells!

What is white when it's dirty, and black when it's clean?

A chalkboard!

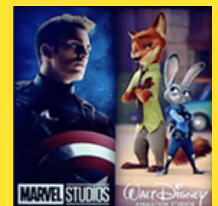
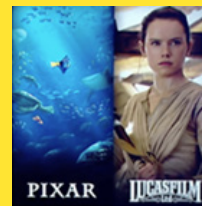
What is full of holes, but still holds a lot of water?

A sponge!

KIDS: If you have a joke you'd like to share, please send it to info@monetta.com. If we use your joke, we'll send you a special prize!

YOUNG *investors*

Match Bob Iger's quotes to his 10 Principles for Leadership to figure out the hidden message!



PRINCIPLE	HIDDEN MESSAGE
Optimism	
Courage	
Focus	
Decisiveness	
Curiosity	T
Fairness	
Thoughtfulness	
Authenticity	
Relentless pursuit of perfectionism	
Integrity	

LETTER	QUOTE
T	"The path to innovation begins with curiosity."
A	"Chronic indecision is not only inefficient and counterproductive but deeply corrosive to morale."
I	"You should never fake anything, and it is essential to be genuine and honest at all times."
E	"If you don't articulate your priorities clearly, then the people around you don't know what their own should be."
I	"[C]reate an environment where people know you'll hear them out[...]and that they'll be given second chances for honest mistakes."
V	The process of "gaining knowledge, so an opinion rendered or decision made is more credible and more likely to be correct."
R	"Don't be in the business of playing it safe. Be in the business of creating possibilities for greatness."
C	Have a "pragmatic enthusiasm for what can be achieved."
Y	"The way you do anything is the way you do everything."
T	"If you believe that something can be made better, put in the effort to do it."

Email the holiday message to info@monetta.com or submit it online at www.kidsnewsletters.com and be entered in a drawing to win a \$10 Target Gift Card! (Entries must be received by March 1, 2024).