



It's only a point

Ever heard of Conor Niland? Neither had I, until I came across his autobiography recently. Given that it's finals week at Wimbledon, I'll give you a hint: he's a retired tennis professional from Ireland whose highest ranking was No 129 in the world.

Between 2005 and 2012, Niland won about \$250,000 in prize money. I doubt that would have been enough to pay for all the nights in hotels and flights around the globe over that period. But he did collect enough memories to write a very readable book about how tough the life of a sports professional can be when you're not at the top of the game: *The Racket: On Tour with Tennis's Golden Generation – and the other 99%*.

Which brings me to another book about the same sport, written more than 50 years ago by Simon Ramo, *Extraordinary Tennis For the Ordinary Player*, in which the author suggests that tennis isn't one game but two. For top professionals, it's a winner's game, where most points are made by serving aces or hitting glorious passing shots. For the typical amateur, it's a loser's game, where the majority of points are not in fact won, but lost in the form of double faults, hitting into the net or missing the court altogether.

Based on Niland's recent book, perhaps we can now say that tennis is in fact three games: one for the handful of elite players, another for the remaining 99% of professionals, and the third for the rest of us losers.

In 1975, veteran investment consultant and author Charles Ellis based his famous article, "The Loser's Game", on Ramo's book. He mentions examples other than tennis which are also loser's games, including politics: in the UK, for example, millions of people voted *against* Rishi Sunak (as well as Keir Starmer, for that matter) last week, rather than *for* either of them.

The same will no doubt be true in the US presidential election later this year.

Returning to Niland: he might not have had the most lucrative career in professional tennis, but he did beat Roger Federer once, in an under-14 match in 1994. Following Federer's eventual retirement after considerably more success than the Irish journeyman, he was recently asked to deliver a commencement address at Dartmouth College in the US. If you've not seen it yet, do watch the whole thing on YouTube – it's well worth 25 minutes of your time.

"It's only a point," Federer suggested as part of his speech, focusing on the

fact that, whatever may have just happened on court, good or bad, you've only won or lost a single point, which doesn't really add up to that much in the scheme of things. Just reset and go again.

Federer also provides an interesting statistic: even though he was the victor in almost 80% of all the singles matches over the span of a stellar career, he won only 54% of the individual points over the period. This underscores the fact that, even for the most successful professionals, tennis is mostly a loser's game. In Federer's case though, he clearly won a few more points that really mattered than his opponents over the years.

Net gains

As it happens, a success percentage in the low 50s over the long term is not only good enough to ensure that you can end up a tennis legend, it also applies to the world of investing: if you compare up days in the market to down ones over time, you'll note that, even during the longest and strongest bull markets, equity indices actually exhibit (slightly) negative returns nearly every second day on average.

Expanding your time horizon helps: if you focus on quarters rather than individual days, the likelihood of a profitable outcome improves to about two-thirds.

Measured over a year, we witness positive returns nearly three-quarters of the time, and over 10 years, the probability goes up to about 95%. Which is why you should not check your portfolio performance too often: all of us suffer from loss aversion, which means that the high prevalence of losing days will depress us more than the joy we experience on the up ones.

One way to win the loser's game is not to dwell on the regular losses – in investing, as in tennis. So, forget about your portfolio for a while ... and enjoy the finals at Wimbledon this weekend instead. **x**

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