

INVESTING IN YOUR GUT

When it comes to investing on the stock market, Warren Buffett's success is unparalleled. Buffett is the second richest man in the world, and year after year has played the stock market with the lowest margin of error.

Warren Buffett believes that intuition is a central determinant of successful investment.

"Without intuition, you aren't investing, you are merely gambling," offers Buffett.

"There is no logical path to understanding the laws of expectations. Understanding requires intuition supported by experience," Bob Jajko, one of Australia's leading experts in the topic of investment intuition says.

"Intuition or gut feel as some may refer to it, is essential in understanding and in predicting trends and signs in the market place," Bob Jajko says.

Jajko believes that intuition is important in investment for three main reasons.

1. Knowledge and experience is limited. When researching an investment, the information available to an investor is infinite. It is impossible to see the whole picture. Intuition will give the investor the ability to sift through the information and pick out key facts.
2. Our knowledge of the future is limited. Intuition allows investors to interpret the signs and facts available to them in order to decipher the future.
3. Analysis can be open to misinterpretation. Investors can only make decisions based on the facts that are available to them. Often stock brokers are making multi million dollar decisions based on a summary of facts that was provided to them. Intuition will help investors distinguish fundamental information from non fundamental information.

"Logic and analysis can lead a person only partway down the path to a profitable decision. The last step to success frequently requires a daring intuitive leap."

An example of using intuition to make lucrative investment decisions is the story about the Nebraska Furniture Mart. Warren Buffett, as a local resident, knew about the store and the wonderful business and made several attempts to buy her out, but could not come up with a price that was acceptable.

One day Buffett came in and asked the owner what price she would sell the store for. The owner replied sixty million dollars! Without hesitating Buffett accepted the offer. Buffett seemed to have done little additional checking, settling the deal within a few days, without audits or due diligence. He knew a good deal when he saw it, and, as he was later to say, he trusted his intuition.

The business is now one of the largest furniture stores in the United States. Buffett received over 400% return on his investment in the first 5 years.

Intuition is a resource that provides an additional level of information that does not come from the analytical, logical, rational side of the brain. It can be a reliable and valuable tool when its language is understood and developed.

"Accurate intuition enables you to gain vital and valuable insight into possible investment prospects."

"The biggest misconception about intuition is that it is a quality that you are born with. Intuition is an innate quality, but it can be developed and cultivated. Intuition can be seen as a continuation or extension of natural processes, like instinct," Bob Jajko says.

"The Intuitive Mastery Programme was developed to harness the intuitive ability of investors and upper management, and to enable them to develop a competitive advantage that will help them become better players in the new economy."