



Stock market Tinder

In the middle of December 2020, veteran stockbroker David Shapiro called me out on Twitter. A couple of weeks earlier he had kindly invited me to take part in the inaugural Cristal Challenge, in which participants are asked to select five shares on the JSE, with performance being measured on an equally weighted basis over 12 months. As the name of the competition suggests, the winner would receive a bottle of Louis Roederer's finest, a snip at just over R5,000 from Makro and a staple of every after-party at the EFF national conference.

According to that tweet of David's my tardy response at the time could probably be because I was ready to jump in front of a moving train, like other Arsenal fans. A lifelong support for the north London club is an affliction he and I share. That's something I might write more about at some point; it's just a bit too painful at the moment, with our club clinging on to second place in the Premiership after leading for most of the season.

I answered him by quoting Leonard Cohen's famous line to Janis Joplin from the song *Chelsea Hotel*: "You told me again you preferred handsome men, but for me, you would make an exception." After two

decades of living mostly in the UK, I didn't really follow South African shares any more, but for David I would make an exception – he's a friend and a Gooner after all.

I had no stock picks up my sleeve, so I crowdsourced a portfolio. Calls went out to three friends back in South Africa, all ex-colleagues now in senior positions at respected fund managers. After some debate and whittling down, I ended up with a motley selection of stocks.

Following some wild swings over the course of 2021, I eventually sneaked into the top 10 of the field. Don't be too impressed, though: there were only 15 of us in that initial year (participation has grown more than tenfold since). All but two of the competitors beat the all share total return index comfortably – an encouragement for proponents of active investing.

I must confess I never set out to win the competition. Given the very public nature of social media, I just didn't want the humiliation of finishing stone last. Being an Arsenal supporter is bad enough.

Time in the market

So, I had fun, and I achieved my objective. But when I was invited back for another instalment the following year, I politely

declined – much like Cohen's relationship with Joplin, which never extended to a second date either.

While the Cristal Challenge has gone from strength to strength over the years, it now faces a rival in the form of the recently launched Fantasy Fund Manager competition. Given its endorsement by a number of well-known players from the South African financial ecosystem, the contest attracted about 3,000 entrants practically overnight. If you play on a smartphone, you can build your portfolio by swiping across the names of stocks you fancy – call it stock market Tinder, if you like.

Prizes are awarded for top performers over periods that are as short as a week and as "long" as six months. I hate to be a naysayer, but the problem lies in the length of time, as I see it. I understand that this kind of competition is not only fun, but also helps participants to get interested in the stock market and teaches them something. Hopefully this will lead to more people being able to fund themselves in retirement over time.

Much like Tinder, however, the downside of a competition like this is its focus on short-term gratification. Participants are given the incentive to take the biggest possible swing in selecting shares that will

hopefully shoot up quickly. I will stick my neck out and say that next week's winner probably won't be the best investor, but the luckiest gambler. Even six months or a year is not really long enough to discern proper skill, in my view.

Ask any professional investor about a realistic time horizon, and they'll steer you towards the long term. For some people, that will start at five years, for others perhaps 10 or more. But how much fun would it be to wait that long for the winner of a stock market competition in this age of clicking and swiping and tweeting? ✕

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