Invest Like Shaquille O’Neal by Following These 3 Simple Rules

Description

After one of the best careers in NBA history, Shaquille O’Neal has settled into a busy retirement life pursuing many different interests.

You probably know Shaq as one of the analysts offering his thoughts pre-game and over halftime during the NBA’s marquee games on TNT. But he’s also used his time away from basketball to pursue educational opportunities, further his music career, and become a sheriff’s deputy. Shaq is also well known for his investing acumen, boasting a diverse portfolio filled with all sorts of interesting assets.

O’Neal has reportedly built an investment portfolio worth approximately US$400 million — a feat that’s doubly impressive considering more than half of NBA players experience money problems after they retire.

Needless to say, the man who calls himself Big Diesel is an investor you should pay attention to. Here are three Shaq-approved ways to grow your own investment portfolio.

Invest in the basics

We’ll often see ultra-wealthy investors put their cash to work in new technology, hoping to invest in the next big trend or killer app. When they work out, these investments have huge upside potential. But they usually don’t, taking the whole investment with them as they crater.

While Shaq does occasionally take these kinds of bets — he was an investor in Google before the company had its IPO, for instance — his portfolio is filled with pretty boring stuff. He owns restaurant franchises — Krispy Kreme, Auntie Anne’s, and **Papa John’s**, to name a few — fitness clubs, and car washes.

The bulk of O’Neal’s portfolio is in pretty boring stuff. It’s clearly working for him, since he’s disclosed he now earns more than $30 million every year.

Invest in what you know

In 2013, the long-time basketball player and NBA analyst made it official and bought a minority stake in the Sacramento Kings. We don't know all the details around the investment, but one important thing to note is Shaq's 2-4% stake in the team was likely worth somewhere between US$10 and US$20 million when the investment was made. This isn't exactly chump change.

Just six years later, *Forbes* lists the Kings as being worth $1.58 billion. This means Shaq's investment is worth anywhere from US$30 million to US$60 million. In other words, O'Neal tripled his investment in a short period of time.

Is it just a coincidence a man who spent the last 25 years in and around the NBA put his capital to work owning a franchise right before values skyrocketed higher? I doubt it.

Regular investors have this advantage, too. You might work for a publicly traded company in the midst of doing big things. Or perhaps there's a local business nobody else understands as well as you.

Shaq's most important investing rule

O'Neal recently did an interview with the *Wall Street Journal* where he revealed his most important investing rule — the one thing that trumps all others. I'll let Shaq explain it.

"I heard Jeff Bezos say one time (that) he makes his investments based on if it's going to change people's lives. Once I started doing that strategy, I think I probably quadrupled what I'm worth."

Canadian investors looking for that kind of exposure have to look no further than **Shopify** (TSX:SHOP)(NYSE:SHOP), a company that allows anybody to easily become an online entrepreneur. Shopify provides website building tools, inventory control, payment processing, and much more to anyone looking to sell their wares online. The company has helped countless people throw off the shackles of a traditional 9-5 job.

Some investors might think Shopify is overvalued today, but that doesn't really hold up when we apply Shaq's mindset to the investment. We've just scratched the surface of online retailing; 90% of all purchases are still made in traditional stores. And the company is expanding into new segments of the market, including financing receivables and building its own fulfillment network.

Shopify recently reported revenue growth of 50% annually. It still has an incredibly long runway ahead of it. If it can keep growing at this pace, investors who think $411 per share is too much to pay today will nostalgically wish the stock was this cheap five years from now.

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