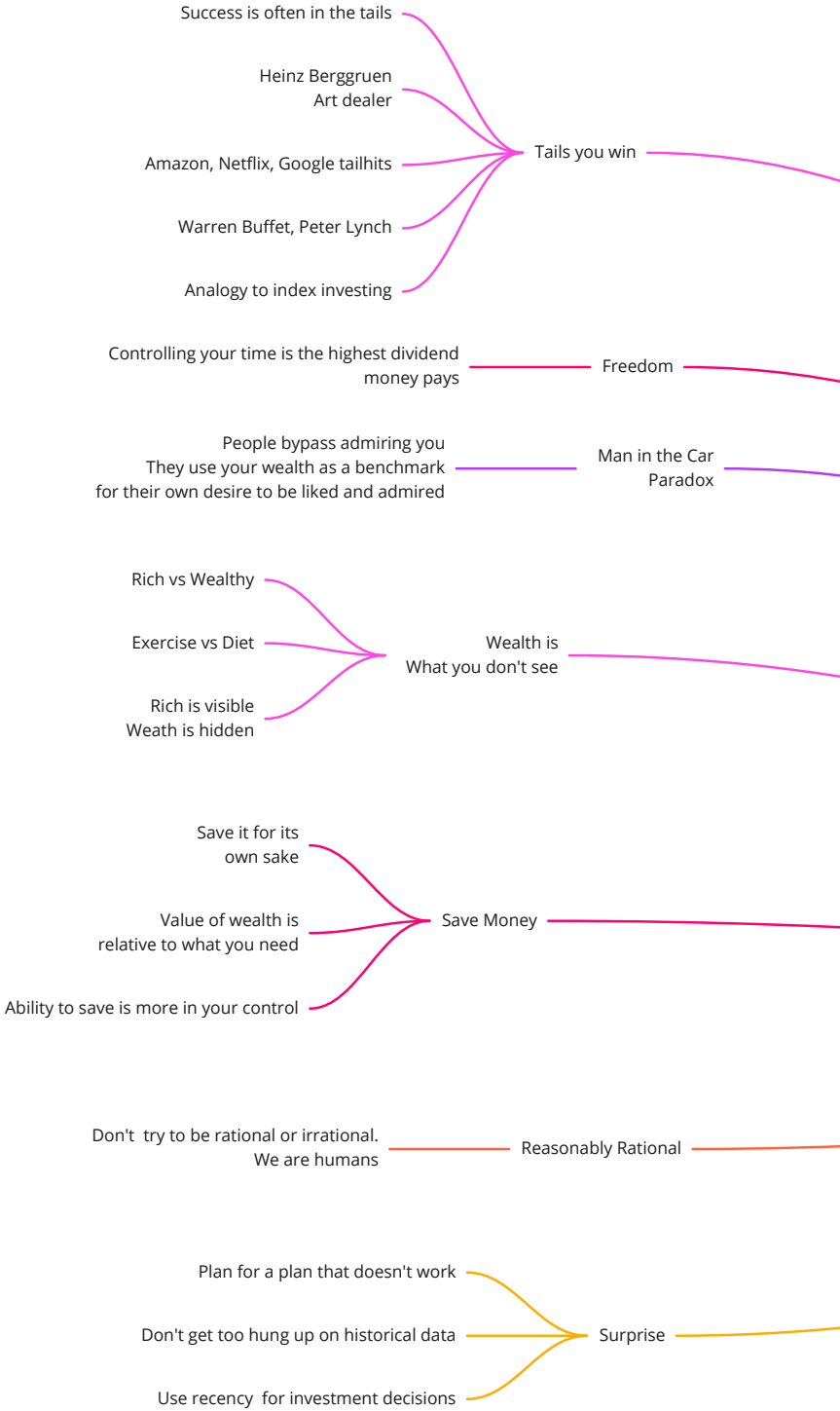
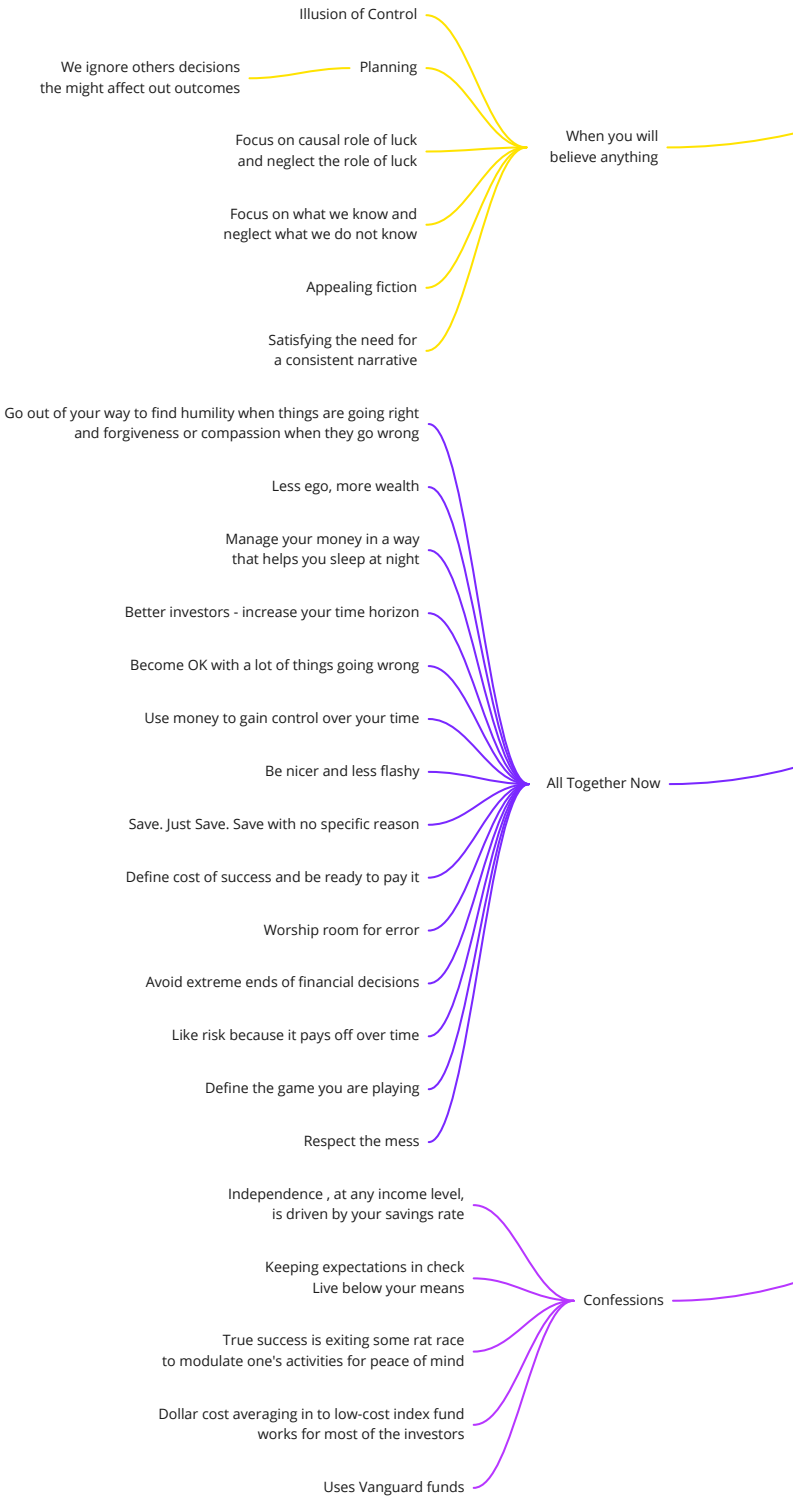
- No One's Crazy
  - Personal experiences matter
  - They influence more than what we read and understand
- Luck Skill Risk
  - Lakeside School
    - Bill Gates
    - Kent Evans
  - Be careful who you praise and admire
  - Be careful who you look down upon and Wish to avoid becoming
  - Focus less on specific individuals and case studies and more on broad patterns
- Enough
  - Rajat Gupta
  - Bernie Maddoff
  - The hardest financial skill is getting the goalpost to stop moving
  - social comparison is the problem
  - if not, will push you to insatiable appetite for more
  - many things never worth risking
- Compounding
  - Buffet vs Jim Simons wealth
  - PC storage increased by 30 mln times
- Getting wealthy vs Staying wealthy
  - Jesse Livermore
    - Lost everything he made
  - Abraham Germansky
    - Lost everything he made
  - Rick Guerin (Third member of Berkshire)
    - Lost everything he made
  - Plan to stick around for a long time
  - Plan on the plan not going according to plan
  - Barbell personality
    - Optimistic in long term
    - Paranoid in short term


Success is often in the tails
Heinz Berggruen
Art dealer
Amazon, Netflix, Google tailhits
Warren Buffet, Peter Lynch
Analogy to index investing
Tails you win
Controlling your time is the highest dividend
money pays
Freedom
People bypass admiring you
They use your wealth as a benchmark
for their own desire to be liked and admired
Man in the Car
Paradox
Rich vs Wealthy
Exercise vs Diet
Rich is visible
Weath is hidden
Wealth is
What you don't see
Save it for its
own sake
Value of wealth is
relative to what you need
Ability to save is more in your control
Save Money
Don't try to be rational or irrational.
We are humans
Reasonably Rational
Plan for a plan that doesn't work
Don't get too hung up on historical data
Use recency for investment decisions
Surprise

- Room for Error
  - Margin of Safety
  - Purpose is to render the forecast unnecessary
  - Why does not factor this?
    - Somebody must know what the future holds
    - I am doing harm by not fully exploting
  - Lets you endure a range of potential outcomes
  - You want compounding and hence would want to be in the game
  - Ability to do what you want, when you want, for as long as you want, has an infinite ROI
- You will Change
  - We underestimate, how much we change
  - Avoid extreme ends of financial planning
  - No Sunk costs
- Nothing's Free
  - Don't try to avoid volatilty
  - Taleb says look out fields where there is volatility
  - Find a price and then pay it
- You and Me
  - Bubbles
    - Momentum of short term returns attracts enough money that the makeup of investors shifts from long term to short term
    - Long term investors playing one game start taking their cues from those short-term traders playing one another
- The Seduction of Pessimism
  - Pessimism is popular
  - man who despairs when others hope, is admired by a large class of persons
  - progress happens too slowly to notice, setbacks happen too quickly to ignore
  - Wright brothers flying plane vs. flood, disasters, bankruptcy
  - easier to create a narrative around pessimism(driven by single points of failure)
  - growth stories are difficult to write as they evolve slowly
  - Pessimism reduces expectations, narrowing the gap between possible outcomes and outcomes you feel great about


When you will believe anything
Illusion of Control
Planning
We ignore others decisions the might affect out outcomes
Focus on causal role of luck and neglect the role of luck
Focus on what we know and neglect what we do not know
Appealing fiction
Satisfying the need for a consistent narrative
All Together Now
Go out of your way to find humility when things are going right and forgiveness or compassion when they go wrong
Less ego, more wealth
Manage your money in a way that helps you sleep at night
Better investors - increase your time horizon
Become OK with a lot of things going wrong
Use money to gain control over your time
Be nicer and less flashy
Save. Just Save. Save with no specific reason
Define cost of success and be ready to pay it
Worship room for error
Avoid extreme ends of financial decisions
Like risk because it pays off over time
Define the game you are playing
Respect the mess
Confessions
Independence , at any income level, is driven by your savings rate
Keeping expectations in check Live below your means
True success is exiting some rat race to modulate one's activities for peace of mind
Dollar cost averaging in to low-cost index fund works for most of the investors
Uses Vanguard funds