Dedication

This eBook is dedicated to Will Bell, John the Old Italian, Henry Duan, Jeremy Jacek, Laverne Fields, Jean-Claude Amisial and anyone who aspires to be a great trader.

AUTHOR: Started 6 business, failed 3 times, 6 startups

My name is Paul Huen Chan. This is my 8th book on self-made billionaires. They are all published on Amazon Kindle. A little bit of background on me. I was born in China, grew up in Hong Kong, and completed all my college education in US. I worked many years as dish-washer, Seven-Eleven, construction, computer consultant etc. I have a PhD from School of Advanced International Studies, Johns Hopkins U. I love startups, having worked for 3 startups and started 3 startups myself. I can be reached at paulchan98@hotmail.com or at http://self-made-billionaires.blogspot.com. If I am not writing eBooks, I like snowboarding and learning Arabic..

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Chapter 1: Why Study Hedge Fund Self-made Billionaires

1.0. They are the best paid people in the world.

In 2008, John Paulson was paid $4B as a hedge fund manager. No other professions comes even close. The hedge fund managers are better paid than movie stars, sports stars, pop stars by at least 50 folds. Yet most of us have never heard of their names. They prefer secrecy because a lot of what they do are indeed “trade secrets”. In this book, I will try to uncover some of these secrets.

1.1 They are the best traders in the world

As human we all trade, most of us trade our time and energy for a job and a steady paycheck. We traded 4 years of our lives for a college degree. Every 7 or 8 years we trade our cars. Every 10 years or so, we trade our house. We all can benefit to learn to be a better trader.

Unlike the mutual fund industry, the hedge fund managers face little regulation: they can go long, go short, use leverage, buy distressed debt, buy sovereign debt and even go off-shore. That is why the best traders in the world want to be in this industry -- first, they have the freedom, second, the sky is the limit. When I mean the sky is the limit, some of the best hedge fund managers in this book earn more money in 1 year (John Paulson earned $4B in 2008) than John Bogle of Vanguard earned in his entire career. Not to belittle John Bogle, he is always my hero and I have a part of my retirement account with Vanguard for more than 20 years now.

1.2 They show us that markets are often not Efficient

These hedge fund managers make billions of dollars because they don’t believe in Market Efficiency Theory. To them, Market Efficiency Theory is for the masses. They make their big money by exploiting market inefficiency and mispricing.

Let’s begin.

Chapter 2: Methodology

It is really simple. The hedge fund self-made billionaire must have made at least $1B in the hedge fund industry according to Forbes 2015.

Once I received their names based on net worth from Forbes, I apply the 6 W approach: (1) Who are they? (2) Where did they get their education? (3) Which country are they from? (4) What is the name of the hedge fund they founded? (5) When did they found hedge fund? (6) What is their trading style? (7) What are some of their advice on how to trade?

Chapter 3. Who are they?

count	Last Name	First Name	Age	Net Worth in Billions	Fund and Year founded	Education
1	Soros	George	86	$24.50	Quantum Fund in 1973	London School Economics
2	Icahn	Carl	78	$20.30	Icahn Capital Management in 1968	BA Princeton NYU Med Dropout
3	Dalio	Ray	65	$15.20	Bridgewater Associates in 1974	MBA Harvard
4	Simons	James	77	$14.00	Renaissance Tech in 1982	PhD UC Berkeley
5	Cohen	Steve	58	$12.00	SAC Capital Adviser in 1992, since 2013 Point 72 Asset Management.	BA Wharton U Penn
6	Tepper	David	58	$11.60	Appaloosa Management in 1993	MBA Carnegie Mellon U
7	Paulson	John	59	$11.40	Paulson & Co in 1994	Harvard MBA
8	Griffin	Ken	47	$7.00	Citadel in 1990	BS Harvard U
9	Kovner	Bruce	70	$4.90	Caxton in 1970	PhD Harvard Dropout
10	Englander	Israel	67	$4.80	Millennium Fund in 1990	BA NYU
11	Shaw	David	64	$4.70	D.E. Shaw & Co in 1988	PhD Stanford U
12	Jones	Paul Tudor	59	$4.50	Tudor Investment Corporation in 1980	BS U Virginia
13	Druckenmiller	Stanley	62	$4.40	Duquesne Capital in 1981	Ph D U Michigan Dropout
14	Cooperman	Leon	72	$3.80	Omega Advisors in 1991	MBA Columbia
15	Robertson	Julian	83	$3.60	Tiger Fund in 1980	BA UNC
16	Platt	Michael	47	$3.50	BlueCrest Capital Management in 2000	BA,BS London Schl Economics
17	Och	Daniel	54	$3.10	Och-Ziff Capital Management in 1994	BA U Penn Wharton
18	Arnold	John	41	$2.90	Centaurus Adviser in 2002	BA Vanderbilt U
19	Overdeck	John	45	$2.80	Two Sigma in 2001	BS Stanford U
20	Siegel	David	45	$2.80	Two Sigma in 2001	BS Princeton U, PhD MIT
21	Halvorsen	Andreas	53	$2.80	Viking Global Investors in 1999	MBA Stanford
22	Loeb	Daniel	53	$2.70	Third Point in 1995	BA(S) Columbia U
23	Ackman	William	49	$2.60	Pershing Square in 2004	MBA Harvard
24	Lampert	Edward	53	$2.50	ESL in 1988	BA Yale U
25	Dinan	James	55	$2.40	York Capital Management in 1991	MBA Harvard

26	Mandel	Stephen	59	$2.40	Lone Pine Capital in 1997	MBA Harvard
27	Robbins	Larry	46	$2.30	Glenview Capital hedge fund in 2001	BA U Penn Wharton
28	Coleman	Chase	40	$2.30	Tiger Global Management in 2001	BA(S) Williams College
29	Gottesman	Noam	54	$2.20	GLG Partners in 1995	BA Columbia U
30	Singer	Paul	70	$2.10	Eliott Management Corp in 1977	JD Harvard U
31	Dubin	Glenn	57	$2.00	Highbridge Capital Management in 1992	BA SUNY Stony Brook
32	Peltz	Nelson	73	$1.96	Trian Fund Management in 2005	Dropout U Penn
33	Hintze	Michael	62	$1.92	CQS in 1999	Harvard MBA
34	Lasry	Marc	55	$1.90	founded Amroc Investment in 1985 and Avenue Capital Group in 1989	JD NYU
35	Bacon	Louis	57	$1.81	Moore Capital Management (MCM) in 1989	MBA Columbia
36	Einhorn	David	47	$1.74	Greenlight Capital in 1996	BA Cornell U
37	Steyer	Thomas	58	$1.65	Farallon Capital Management in 1986	MBA Stanford
38	Howard	Alan	52	$1.60	Brevan Howard Asset Management in 2002	MS Imperial College London
39	Swieca	Henry	58	$1.54	Highbridge Capital Management in 1992	MBA Columbia U
40	Chanos	Jim	57	$1.50	Kynikos Associates in 1985	BA Yale U
41	Harding	David	54	$1.49	Winston Capital Managemen	MS U Cambridge
42	Klarman	Seth	58	$1.40	Baupost	MBA Harvard
43	Sandell	Thomas	54	$1.32	Sandell Asset Management in 1998	MBA Columbia U
44	Price	Michael	64	$1.28	MFP Investors in 1998	BA U Oklahoma
45	Chilton	Richard	57	$1.27	Chilton Investment in 1992	BA(S) Alfred U
46	Biondi	O. Francis	50	$1.17	Kings Capital in 1995	MBA Harvard
47	Higgins	Brian	43	$1.16	Kings Capital in 1995	BA Villanova U
48	Citrone	Robert	51	$1.03	Discovery Capital Management in 1999	MBA UVA
		Total	2776	$213.84		
		Average	57.83	$4.46	Average Age is 58, Average Net Worth is $4.5B	

There are altogether 48 of them. The average age is 58 and their average net worth is $4.5B. The average age of Forbes Billionaire is 67 and the average net worth of Forbes is $3.86B. So, the Hedge Fund Self-made Billionaires are almost 10 years younger than average and also 20% richer. What a nice place to be in.

Chapter 4. By Age, By Sex, By Country, By Immigrant

The average age is 58, which is young for self-made billionaire.

There is no woman in this group, no Chinese, no Japanese, no Indians, no Asian, no Arabs, no Latinos, no Africans. It is an exclusive club of white males.

By country: the following are non-Americans. There are 9. So the dominant nationality is American, with more than 80% of the world Hedge Fund Self-made Billionaires are Americans.

Number	Name	Nationality
1	Thomas Sandel	Sweden
2	Andreas Halvorsen	Norway
3	Alan Howard	UK
4	David Harding	UK
5	Michael Platt	UK
6	Michael Hintze	UK, Australia (Immigrant from China)
7	Noam Gottesman	US, UK, Israel (Immigrant)
8	George Soros	US, Hungary (Immigrant
9	Marc Lasry	US (Immigrant from Morocco)

Chapter 5 Jewish Traders

The number of Jewish Hedge Fund Manager is 25 out of 48 or more than 50%. So the reputation of Jewish people as money wizards is true. No other group comes even close.

#	Name	Citizen	Immigrant From
1	George Soros	US, Hungary	Hungary
2	Marc Lasry	US	Morocco
3	Noam Gottesman	US, UK, Israel	Israel
4	Paul Singer	US	
5	Seth Klarman	US	
6	Daniel Och	US	
7	Carl Icahn	US	
8	Michael Price	US	
9	Steve Cohen	US	
10	Nelson Peltz	US	
11	Daniel Loeb	US	
12	David Tepper	US	
13	Bruce Kovner	US	
14	Allan Howard (UK)	UK	
15	Thomas Steyer	US	
16	William Ackman	US	
17	James Simons	US	
18	Henry Swieca,	US	
19	Glenn Dubin	US	
20	David Einhorn	US	
21	Israel Englander	US	
22	Stephen Mandel	US	
23	Larry Robbins	US	
24	Leon Cooperman	US	
25	David E Shaw	US	

Chapter 6 By Education

More than 90% of the Hedge Fund Self-made Billionaires are from the top universities in the world. There is one lonely college drop-out, and that is Nelson Peltz. The other 47 are all college graduates.

Overall Breakdown: Only 1 college dropout

Highest Level of Education	#	Last Name
PhD	3	Simons, Shaw, Siegel
JD	2	Lasry, Singer
MBA	15	Halvorsen, Dalio, Dinan, Mandel, Ackman
Master	2	Harding, Howard
BA	25	Soros, Icahn, Cohen, Griffin, Kovner, Englander, Jones Druckenmiller, Robertson, Platt, Och, Arnold, Overdeck Loeb, , Lampert , Robbins, Coleman, Gottesman , Dubin, Einhorn, Chanos, Price, Platt, Chilton, Higgins
College Dropout	1	Peltz
Total	48	

MBA Breakdown: about 40% has MBA from Harvard

MBA Breakdown	Total 15
Harvard	Dalio, Klarman, Biondi, Hintse, Dinan, Mandel, Paulson
Columbia	Cooperman, Sandell, Swieca, Bacon,
Stanford	Halvorsen, Steyer,
Carnegie Mellon	Tepper
UVA	Citrone

Harvard Factor: about 20% graduated from Harvard U

	Name	Total = 12
PhD		0
JD	Paul Singer	1
MBA	Klarman, Ackman, Dinan, Dalio, Biondi, Mandel, Hintze	7

BA	Kovner, Klarman, Ackman, Griffin	4

10 out of 48 Hedge Fund Self-made Billionaires are Harvard graduate, making it 20% (I noted that Klarman and Ackman are counted twice). No other university comes even close to Harvard dominance in the hedge fund industry.

Chapter 7 By Trading Style

There are 7 major trading styles. In the following table, I list them by names.

Number	Trading Style Description	Names
1	Macro-Global Top Down	George Soros, Stanley Druckenmiller Louis Bacon Michael Hintze Ray Dalio
2	Value , fundamental, Bottom-up	Seth Klarman Michael Price Thomas Steyer Leon Copperman Nelson Peltz Stephe Mandel
3	Corporate Raider Acitivist Investor	Carl Icahn William Ackman Daniel Loeb
4	Mathematics School (include computer scientist and statisticians)	James Simon Brian Higgins O'Francis Biondi David Siegel John Overdeck David Shaw
5	Distressed Debt	David Tepper Marc Lasry Paul Singer
6	Tiger Cubs	Julian Robertson Andreas Halvorsen Stephen Mandeln Chase Coleman Robert Citrone Louis Bacon (half Tiger Cub) Richard Chilton (half Tiger Cub)
7	Trends	David Harding
8	Mix	Steve Cohen Paul Tudor Jones Daniel Och James Chanos Glenn Dubin

Chapter 8 Biographies

Chapter 8.01 Soros, George

Age 85 Net Worth $24.5B Forbes 12/2015
Citizen US, Hungary Born Hungary
Self-made in hedge fund , founder of Soros Fund Management in 1970 and co-founded Quantum Fund with Jim Roger in 1973

EDUCATION: BA Philosophy London School of Economics

RECORD A most interesting and complex trader.
1. He is the first trader in the world who made more than $1B in one day by betting against the Bank of England in 1992 (Stanley Druckenmiller shares the honor too). He made $1.8B in 1 day.
2. Not only is he the richest hedge fund founder and owner in the world, he holds the world record in philanthropy for billionaire traders. and donated more than $11B. Only Bill Gates had donated more.
3. Famous for his libido. married 3 times Tamiko Bolton (m. 2013), Susan Weber Soros (m. 1983–2005), Annaliese Witschak (m. 1960–1983) ,
4. Only self-made billionaire (or any other person for that matter) with a foreign policy

TRADING STYLE Macro global trader, short term and top-down
BEGINNING
1. He was born in Budapest, Hungary in 1930 to Jewish family. His father was a lawyer.
2. In 1947, at age 13, He escaped Nazi with his father by hiding underground
3. He emigrated to London, worked on odd jobs such as railroad worker and waiter to finance his education.
4. In 1951, he graduated from London School of Economics with a degree in Philosophy
5. In 1956 he moved to New York City, where he worked at F.M. Mayer Brokerage house as arbitrager. He would work there for 3 years.
6. Between 1963 and 1973, he was VP at Arnhold and S. Bleichroeder, where in 1967 he created the first off-shore fund called First Eagle Fund.
7. In 1970, he founded Soros Fund Management. He was 39.
8. In 1973, he co-founded Quantum Fund with Jim Roger.

SUCCESS
1 He is a short-term speculator
2. After 12 years, he and Jim Roger split part. He would replace Jim Roger later with Stanley Druckenmiller
3. For the next 40 years Quantum Fund would return more than 20% annually, making George Soros the richest man on Wall Street.
4. But he was not interested in making just money. He began his philanthropic endeavor to create an OPEN SOCIETY in the 1990s after the collapse of the Soviet Union.
5. He wrote more than 7 books.
6. In 1992 he famously bet against the Bank of England and made $1.8B profit that day macro-economic sovereign bet, with Stanley Druckenmiller.
7. Since 2013, he is not involved with day to day operation, that job was taken over by Scott Bessent
8. Also, in 2013, he also got married for the 3rd time with Tamiko Bolton,, who is 42 years younger e
9. In 2013, Soros is again the top Hedge Fund earner at $4B. Now in his 80s, he is still King of Wall Street.
.

QUOTES
From Robert Slater's book SOROS The Life, Times, and Trading Secrets of the World's Greatest Investor 1995 Edition

1.. Discern the Chaos, and you can make money

2. To survive in the financial market, sometimes means beating a hasty retreat.

3. When taking risk, don't bet the ranch

4. All of our views of the world is somewhat flawed or distorted

5. Not only do market participants operate with a bias, but their bias can also influence the course of events

6. The bias of investors towards a stock, whether positive or negative, causes the price to rise or fall

7. Boom/ bust sequences are prone to develop because markets are always in a state of flux and uncertainty

8. Once you know what the market is thinking, jump the other way, bet on the unexpected

9. Flawed perceptions cause the markets to feed on themselves. Market that feeds on its own frenzy always overreact

10. Detect self-reinforcing moves in the stock market and you will reap big profits

11 . Develop a thesis, and test it in the market

12. A key Soros success is access to world leaders

13. To succeed, let time hang heavily on your hands

14. Invest first, investigate later

15. Look for a sudden change, a change not yet identified by anyone

16. The market is always wrong, so if you copy everyone else, you are doomed to failure

17. To be in the game, you have to be willing to bear the pain \

18. When choosing, pick two, pick the best and the worst

19. If your investment is going well, go with your instinct

20. Short-term volatility is greatest at turning point, and diminishes as the trends goes

21. Reflexive connection do not operate with equal force in all the capacity in all markets at all time

22. The reliance on trend-following devices became greater than the capacity. of the market to accommodate

23. It takes courage to be a pig, when you are right, you can't own enough

24. Attain superior long-term result with preservation of capital and home run

25. It is not whether you are right or wrong, but how much you make when you are right and how much when you are wrong

26. Market has a tendency to overshoot

27. Lopsided trend-following behavior is needed to produce a violent market crash

Chapter 8.02 Icahn, Carl

Icahn, Carl
Age 79 Net Worth $20.5B Forbes 12/2015
Citizen US Born US
Self-made in investment, founded Icahn Capital Management in 1968

EDUCATION BA Philosophy Princeton U, dropout NYU School of Medicine

TRADING STYLE Corporate Raider, Activist investor

BEGINNING
1. He was born in Queens, New York City in 1936 to Jewish family..
2. In 1957, he graduated from Princeton U with a BA in Philosophy
3. He joined NYU School of Medicine, but he dropped out after two years
4. Then, he joined the US army between 1959 and 1961.
5. In 1961, he returned from the Army and became a stockbroker in Wall Street.
6. In 1968, he formed Icahn & Co., a securities firm that focused on risk arbitrage and options trading

SUCCESS
1. In 1978, he began taking controlling positions in individual companies to force change and built up a reputation as a ruthless corporate raider..
2. Among his many corporate raid, the most famous was his attempt to U.S. Steel, launching a hostile takeover for 89% of the industrial giant for $7 billion in 1987.
3. He is famous for corporate governance and shareholder rights, battled with Dell, Apple, Chesapeake Energy, Herbalife, Motorola, Netflex, Twitter, After decades of battling with corporate boards, he has few friends in Wall Street
4 In 2015, he is, shared with George Soros, the richest man in Wall Street.

QUOTES
“You learn in this business: It you want a friend, get a dog”

“Their earnings are way down. It's time for management to go,”

“In life and business, there are two cardinal sins, ... The first is to act precipitously without thought, and the second is to not act at all. Unfortunately the board of directors and top management of Times Warner already committed the first sin by merging with AOL, and we believe they are currently in the process of committing the second; now is not a time to move slowly and suffer the paralysis of inaction.”

“If we’re going to make the company successful, you are going to have to look reality in the eye, and the reality is lower wages.”

“It’s the productivity we have to have if we are going to survive”

“I look at companies as businesses, while Wall Street analysts look for quarterly earnings performance. I buy assets and potential productivity. Wall Street buys earnings, so they miss a lot of things that I see in certain situations”

“In takeovers, the metaphor is war. The secret is reserves. You must have reserves stretched way out ahead. You have to know that you could buy the company and not be stretched.”

“I’m no Robin Hood. I enjoy making the money”
“I enjoy the hunt much more than the 'good life' after the victory.”
"CEOs are paid for doing a terrible job. If the system wasn't so messed up, guys like me wouldn't make this kind of money."

Chapter 8.03 Dalio, Ray

Age 66 Net Worth $15.4B Forbes 12/2015
Citizen US Born US
Self-made in hedge fund, founded Bridgewater Associates in 1974 in his apartment in Manhattan

EDUCATION Harvard MBA, BA Long Island U

RECORD He runs Bridgewater according to 210 principles that he's collected in a manual for his employees. The employee manual Principles covers in Socratic fashion: What is mistakes, honest communication, how to attack mistakes and how to act on it.

TRADING STYLE "global macro," investing on a large scale around the world on the basis of broad systemic factors. Dalio made a careful study of market history,

BEGINNING
1. He was born in Jackson Heights in Queens, New York in 1949 as the only child to an Italian family.
2. He began investing in stock at the age of 12 after working as a caddy at the Links Golf Club and saw how the rich talked about stocks.
3. By the time he graduated from high school, he had assembled a stock portfolio worth several thousand dollar
4. In 1971, he graduated from Long Island U.
5. In 1973, he graduated Harvard MBA
6. After completing his education, Dalio worked New York Stock Exchange, then later as Director at Dominick & Dominick LLC.
7. In 1974, he worked at Shearson Hayden Stone as a future trader.
8.   In 1974, at age 26, he married Barbara Gabaldon and also founded Bridgewater Associates in his apartment in Manhattan

SUCCESS
1. In 1981, he moved his office from Manhattan to Wilton, Connecticut.
2. In the 1980s, his firm Bridgewater started advising clients. In the 1990s Bridgewater grew exponentially by signing big clients such as the World Bank and Kodak.
3. In 2008, he correctly and famously predicted the global financial crisis
4. In 2010, he sold roughly 20 percent of the company to Bridgewater employee.
5. In 2011, he relinquished his role as CEO to “mentor”..
6. By 2012, Bridgewater Associate is the world’s largest hedge fund with asset managed in excess of 160B
7. By 2015, Bridgewater has grown to over 1,400 employees

QUOTES
“There are two main drivers of asset class returns - inflation and growth.”

“I think that the first thing is you should have a strategic asset allocation mix that assumes that you don't know what the future is going to hold.”

“Constantly probe the people who report to you, and encourage them to probe you.”

“A beautiful deleveraging balances the three options. In other words, there is a certain amount of austerity, there is a certain amount of debt restructuring, and there is a certain amount of printing of money. When done in the right mix, it isn't dramatic.”

“The best advice I can give you is to ask yourself what do you want, then ask 'what is true' — and then ask yourself 'what should be done about it.' I believe that if you do this you will move much faster towards what you want to get out of life than if you don't!" -

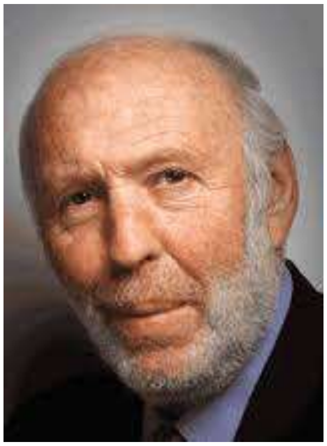
"Success is achieved by people who deeply understand reality and know how to use it to get what they want. The converse is also true: idealists who are not well-grounded in reality create problems, not progress."

“I learned that there is an incredible beauty to mistakes, because embedded in each mistake is a puzzle, and a gem that I could get if I solved it, i.e. a principle that I could use to reduce my mistakes in the future."

“The people who really change the world are the ones who see what’s possible and figure out how to make that happen.”

“The consensus is often wrong, so I have to be an independent thinker. To make any money you have to be right when they’re wrong.”

Chapter 8.04 Simons, James



Age 77   Net Worth $14B Forbes 12/2015
Self-made in Hedge Fund, founded Renaissance Tech in 1982

EDUCATION BS MIT , PhD Mathematics UC Berkeley

RECORD He went from Math Professor to Hedge Fund Billionaire

TRADING STYLE Mathematical Modeling

BEGINNING
1. He was born in Jewish family in Newton, Massachusetts in 1938. He is the grandson of the owner of a shoe factory in Massachusetts
2. A math wizard, in 1956, at age 18, he received BS from MIT,
3. At age 23, he earned PhD in mathematics from UC Berkeley.in 1963. He said he traded soy beans contracts but lost money while at Berkeley. He concluded he could not do graduate work and trade at the same time.
4. During the time of the Vietnam War, he worked as researcher (in reality a code-breaker) in Institute for Defense Analysis IDA,
5. He was math professor at State U New York Stony Brook. He later was Chairman of the Math Department
6. In 1982, in his 40s, he founded his hedge fund and named it Renaissance Tech

SUCCESS
1. in 2006, the Financial Times named him “the world’s smartest billionaire”
2. His Medallion Fund is one of most successful hedge fund and ranked in the top 3%.
3. He is a pioneer to use mathematical modeling to the hedge fund industry. After consistent superior results, he also raised his management fee of 5% and a profit participation rate (was 36%, now 44%), vs the industry average of 2% and 20%.   His higher fee structure would later be copied by DE Shaw and Two Sigma. [
4. . He retired at the end of 2009 as CEO of Renaissance Tech. He was 71
5.   His fund is also closed to new investor.

QUOTES
“I wasn’t the fastest guy in the world. I wouldn’t have done well in an Olympiad or a math contest. But I like to ponder. And pondering things, just sort of thinking about it and thinking about it, turns out to be a pretty good approach.”

“One can predict the course of a comet more easily than one can predict the course of Citigroup's stock. The attractiveness, of course, is that you can make more money successfully predicting a stock than you can a comet.”

“We have three criteria: If it's publicly traded, liquid and amenable to modeling, we trade it.”

“I want a guy who knows enough math so that he can use those tools effectively but has a curiosity about how things work and enough imagination and tenacity to dope it out.”

“We don’t want to give away our big secrets here.”

“Patterns of price movement are not random. However, they're close enough to random so that getting some excess, some edge out of it, is not easy and not so obvious-thank God. God probably doesn't care. Thank whoever.”

“I wanted to do mathematics from the time I was 3. Literally. I would think about numbers and shapes.”
“Everyone in the company read the book about LTCM (Long Term Capital Management). It makes you wary in a general sense. Our approach is very different. We don't start with models. We start with data. We don't have

any preconceived notions. We look for things that can be replicated thousands of times. A trouble with convergence trading is that you don't have a time scale.”

“We are not a teaching organization. We are a research organization. We hire people to make mathematical models of the markets in which we invest.”

“As an employer, it’s more and more difficult for me, if that were my objective, to hire Americans or American-trained-and-born people into the company. We hire research guys in math and physics in reasonable numbers, and almost all of them are non-U.S.”

Chapter 8.05 Cohen, Steve

Cohen, Steve
Age 59 Net Worth $12.0B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded SAC Capital Adviser in 1992, name changed to Point 72 Asset Management. in 2013

EDUCATION BA U Penn Wharton School

RECORD Lost battle with SEC, SAC forced to break up. He could only trade on his own, but still made almost 1.8B profit in 2014**.**

TRADING STYLE The firm relentlessly digs "for information about publicly traded companies to form a 'mosaic,' building a complete picture of the company's prospects that an edge.

BEGINNING
1. 1. He was born in 1956 in Great Neck, New York. He father was a dress manufacturer who worked in Manhattan's garment district.
2. He is one of 7 children to a Jewish family.
3. In high school, he developed a liking for poker. and credited learning to take risk
4. In 1978, he graduated from Wharton School U Penn with a degree in economics.
He reported started trading with $7,000 of his money while at Wharton
5. Cohen got a Wall Street job as a junior trader in the options arbitrage department at Gruntal & Co and after 6 year he was running the entire division
6. In in 1992 with $25M, $20M from him, the rest from investors, he started his own Hedge Fund SAC Capital Adviser. SAC was taken from his initials of Steven A. Cohen.

SUCCESS
1. He became one of the most successful hedge fund firm by averaging 25% return in its first 10 years
2. Beginning in 2008, his hedge fund firm had been under SEC investigation
3. He finally pleaded guilty to insider trading of some of of his employees.
4. Though not directly implicated himself, after he paid a hefty fine of $1.2B, in 2013 and was forced by SEC to split up
5. SAC Capital returned the majority of its investor funds. And he named the new company Point 72 Asset Management.
6. On December 9, 2013, SAC agreed to sell its reinsurance business, SAC Re
7. In 2013, despite forced by SEC to shut down its fund, Steve Cohen still made $2.3B in fee

QUOTES
“The way I understand the rules on trading on inside information, it's very vague.”

“I'm not an introvert. I'm media shy.”

“A basic principle in going short is that there has to be a catalyst.”

“It's hard to find ideas that aren't picked over and harder to get real returns and differentiate yourself. We are entering a new environment. The days of big returns are gone.”

"One of the questions I ask (potential employees] is: "Tell me some of the riskiest things you've ever done in your life." I want guys who have the confidence to be out there; to be risk takers. Not much (of my education in economics at Wharton) A few things they taught you were helpful.

“They taught you that 40 percent of a stock's price movement was due to the market, 30 percent to the sector, and only 30 percent to the stock itself, which is something that I believe is true. I don't know if the percentages arc exactly correct, but conceptually the idea makes sense.”

“I compile statistics on my traders. My best trader makes money only 63 percent or the time. Most traders make money only in the 50 to 55 percent range. That means you're going to be wrong a lot. If that's the case, you better make sure your losses are as small as they can be, and that your winners are bigger.”

"If you think you're wrong, or if the market is moving against you and you don't know why, take in half. You can always put it on again." If you do that twice, you've taken in three quarters of your position. Then what's left is no longer a big deal. The thing is to start moving your feet. I find that too many traders just stand there and let the truck roll over them.”

“(for a trade) that there has to be a catalyst.”

“One thing I like to do is pair up traders. You need a sounding board. You need someone who will say,

"Why are we in this position?"

“I want my traders to be highly focused. I want them to know a lot about something, instead of a little about everything.”

Chapter 8.06 Tepper, David

Age 58 Net Worth $11.6B Forbes 12/2015
citizen: US Born US
self-made in hedge fund, co-founded Appaloosa Management in 1993 with Jack Walton

EDUCATION MS Carnegie Mellon U
BA Economics from U Pittsburgh

TRADING STYLE Distressed debt and value-oriented, like to purchase debt from bankrupt companies with large cash flow. He would also buy sovereign debt in emerging countries like Argentina, South Korea and Russia

BEGINNING
1. He was born to Jewish family in Pittsburgh, PA in 1957
2. He worked to pay for college and In 1978, he graduated with honor in economics from U of Pittsburgh.
3. He earned an MS from Carnegie Mellon U
4. From 1982 to 1984, he worked in the treasury department of Republic of Steel in Ohio and had first hand experience with distressed company
5. In 1984, he worked for Keystone Mutual Funds in Boston
6. in 1985, he worked at Goldman Sachs where he rose quickly and in 6 months became head of the trading. He would work at Goldman Sachs for 8 years.
7. At age 33, he was passed for a partner even though he was making Goldman Sachs tons of money through his trading.
8. In 1993, David Tepper co-founded Appaloosa Management L.P with a former Goldman Sachs colleague, Jack Walton. Appaloosa Management was started with $57 million in capital.

SUCCESS
1. In its first six months, Appaloosa delivered 57% returns on its assets and the fund grew to $300 million in 1994, $450 million in 1995, and $800 million in 1999
2. He would buy distressed debt of bankrupt companies that other would not touch. He made a killing in the bankruptcy of Enron in 2001 and Worldcom i and Conseco in 2002
3. He would become a legend in the hedge fund industry averaging almost 40% a year over the past 17 years..
4. In 2003, he donated $55M to as the Graduate School of Industrial Administration (GSIA) at Carnegie Mellon U and changed its name to Tepper School of Business..
5. In 2013, her returned some cash to his investors at the end of the year. He reasoned that asset value beyond $10B will be too difficult to manage.

QUOTES
“I’m buying a little bit today. It’s a big company with a lot of revenue so we probably will end up making money.”

“For better or worse we’re a herd leader. We’re at the front of the pack, we are one of the first movers. First movers are interesting, you get to the good grass first, or sometimes the lion eats you.”

“The worst trade we’ve made was probably in 1998. It was Russia and we thought Russia could devalue but they wouldn’t default. But they did both. So we kind of miscalculated that. We were too long and I couldn’t get out of that trade. We were down 20 something percent.”

“We bet on the country's survival.”

“You’re trying to figure out that inflection point.”

“We were very liquid when September 2008 hit. It was a financial sector event. We had been sitting there waiting for it to tell you the truth.”

“I’m rubbing your balls for good luck!”

“The main thing that makes Appaloosa stand apart from the pack is the depth of our analysis and the fact that we’re not afraid to be the first one to act on our convictions. If you look at our history over the years, we are usually the first mover in a country or situation, time and time again.”

“We’re value-oriented and performance-based like a lot of funds. But I think what differentiates us is that we’re not afraid of the downside of different situations when we’ve done the analysis. Some other people are very afraid of losing money, which keeps them from making money.”

“I think when it comes to decisions, I try not to be emotional. To drown out the noise and look at the important facts.”

Chapter 8.07 Paulson, John

Paulson, John
Age 59, Net Worth $11.4B Forbes 12/2015
Citizen US Born US
Self-made in hedge fund, founded Paulson & Co in 1994

EDUCATION NYU BS
Harvard MBA

BEGINNING
1. He was born in Queens to an Ecuadorian father who served in the U.S. Army during World War II, His mother of Jewish descent. He grew up once in apartment complex in Queens, later moved to
2. He graduated valedictorian NYU Business and went on to obtain MBA at Harvard in 1980, graduated in the top 5%
3. He began his career at Boston Consulting Group in 1980 where he did research, providing advice to companies. He always knew what he wanted to do, which is Merger and Acquisition.
4. He started working on M&A at Bear Stearns,
5. In 1994, he founded the hedge fund Paulson & Co. with $2m and an employee
6. It took him 1 year to land his first investor for $500K

SUCCESS
1. From his initial struggle, he learned that to get the best clients, he needed to deliver superior results.
2. He made his fame in 2007, when he earned "almost $4 billion" personally. He did it by using CDS (Credit Default Swaps) to bet against the subprime mortgage lending.
3. His wizardry continued. In 2010, Paulson earned $4.9, mainly betting on gold
4. In 2015, he started the year negative, but quickly turned around his fortune because of the flurry of M&A activities.

QUOTES
“Since we were interested in shorting, we decided to focus on the subprime segment. Although the smallest of the mortgage segments, the market was so large that there was over a trillion dollars of subprime securities outstanding. When we dived deeper into the residential real estate market, the subprime market, and the secularization market, we began to believe that this area could implode.”

“No one strategy is correct all the time. We shifted from short credit in 2007, to short equities in 2008, to long credit in 2009 and 2010, to now long restructuring equities. We believe at this point in the economic cycle the greatest gains will come from post-reorganization equities and companies that came close to bankruptcy but were able to raise equity or otherwise restructure capital structure to avoid bankruptcy.”

“Fear-driven periods in the past have been used as buying opportunities for savvy investors.”.

“(On his success in 2012) Secret sauce – Experience, focus, smarts and desire.”

“Remarkably, the average tangible common equity to total tangible assets for the 10 largest U.S. banks is only 3.4 percent, or 30 percent leverage. The solution to solve the problem is to strengthen their balance sheets by raising equity both privately and publicly.”

“Let me tell you a little about what I think I do. I think what I am is a risk arbitrageur.”

“I decided I’d go to Harvard, get my MBA, and then work in M&A and then risk arbitrage. That was my strategy.”

“(On his first job at Boston Consulting Group (BCG) Although is wasn’t ultimately were my heart was, my experience with BCG was very useful to me in terms of understanding business strategy and what makes one business better or more valuable than others.

(on 1994) “Although I had a lot of contacts. I didn’t have a lot of money. I sent those announcement cards out to everyone I knew, and I thought the phone would ring and everyone would be calling to invest. Well, the phone never rang. I got only one card back from Ace Greenberg offering congratulations. Some did provide a sliver of encouragement and said, ‘John you know, I like you but you don’t have a track record, so come back when you do.’

“I realized that if I wanted to get into the top leagues, it would have to be by performance.”

Chapter 8.08 Griffin, Ken

Griffin, Ken
Age 47   Net Worth $7B   Forbes 12/2015
Citizen US   Born US
Self-made in Hedge Fund, founded Citadel in 1990

EDUCATION BS Economics Harvard U

RECORD While still an undergraduate at Harvard University, he started two funds from his dorm room, and he claims that in between classes he would make trades

TRADING STYLE Citadel is a quantitative hedge fund which uses complex mathematical models to pick investments. Father of high speed high frequency trading using computer. Headquarter in Illinois, Chicago

BEGINNING
1. He was born in Daytona Beach, Florida in 1968.
2. In 1986, he , while an undergraduate at Harvard U he started trading after $265K raised from friends and family. By his senior year, he had $1M investor fund
3. In 1989, he graduated from Harvard with BS in economics,
4.. His first job was to join Chicago-based hedge fund Glenwood Partners, led by hedge fund pioneer Fred Meyers.
5. In 1990, he founded Citadel with $4.2 millions and Meyer's backing.
6. He was only 21 when he started Citadel.

SUCCESS
1. He was a protégé of Fred Meyer, who also put in $1M
2. The year prior to founding Citadel, it was said he made 70% return
3. In 2003, Citadel opened its 33 story tower in Chicago and became its anchor.
4. During the 2008 financial crisis, he suffered heavy loss and had to stopped redemption, but somehow managed to survive
5. In 2014, he made $150M donation to Harvard U
6. In 2015, he went through a long and acrimonious divorce through settlement with his wife Anne Dias-Griffin, who is also a hedge fund manager and was a founder of Aragon Global Management.
7. In 2015, his fund manages $25B in asset and is headquartered in Chicago with 1,400 employees worldwide.

QUOTES
"To earn 'A' results, you have to have an 'A' team"

'It's a tough place to work. It's demanding. It's unrelenting.' I look at these as strengths inherent in strong companies… I'm very proud that we have a sterling reputation when it comes to doing what we say we're going to do."

"Risk is what you make of it."

"Capital markets reward you for what you learn that other people have yet to ascertain."

"Every organization has two choices. Choice one is to grow. Choice two is to die. If you decide not to grow, it's a clear-cut message to talented people that it's time to leave."
"It's very hard to know you're in a bubble until it's gone. The housing bubble hit a lot of people. The dot-com bubble hit a lot of people. And until it burst - and you look back and go, 'What were we thinking?' - it's often really hard to know you're in a bubble."

“From day one, the goal was always to build the best independent trading firm. If you make $100 million at another hedge fund, you are a god. If you make $100 million here and someone down the street makes $400 million, you'd better be thinking about why you didn't make $500 million.”

“I try to surround myself with people who disagree with me. Successful people tend to be very overconfident about what they know, and it leads to tragic mistakes. That will not be the final chapter in my career.”

(At age 41) “This was not something that I started when I was 55 as a second career after Wall Street. This is something I started when I was 21. So from day one, I've always had a very different perspective on time and what time means and what the end goal might be.”
.

“I started my career with myself, two employees and a one-room office. Nothing was given to me per se, except for a great education - my college degree - and a country that allows somebody to just go for it.”

Chapter 8.09 Bruce Kovner

Kovner, Bruce
Age 70 Net Worth $4.9B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded Caxton in 1983

EDUCATION BA Harvard U
PhD Economics Harvard U Drop-out

TRADING STYLE Macro Global style, commodities, very shy and very secretive

BEGINNING
1. He was born in Brooklyn in 1945. He is the son of a trade unionist and Jewish immigrant from Russian
2. In high school, he was a great student, an accomplished piano player and a basketball player
3. He studied at the John F Kenney School of Government at Harvard in the 60s, avoiding the Vietnam War draft. Family tragedy happened in 1965 his mother committed suicide by hanging back in San Francisco.
4. He dropped out of Harvard Ph.D. in economics. He moved on to driving taxis, worked as a political campaign manager, writing and studying harpsichord at Julliard School.
5. In 1977, while driving a cab, he became interested in trading, He borrowed $3,000 on his MasterCard in early 1977 and began trading on his own
6. Later, he would work as a trader under Michael Marcus .at Commodities Corporation. It was reported he made millions for Commodities Corporation and became famous.
7. In 1983, at age 38, he founded hedge fund firm Caxton Associates

SUCCESS
1. One of most successful Hedge Fund manager, he generated more than $12 billion in net gains for investors during his career.
2. Highly secretive, in 1992, he closed his fund to new investors.
3. On January 1, 2012, he resigned and handed over reins to his former chief investment officer Andrew Law. He retains an ownership stake in the management company.

QUOTES
“In 1983, I set up Caxton Corp. It’s been an interesting and happy ride since.”

“Fundamentalists who say they are not going to pay any attention to the charts are like a doctor who says he’s not going to take a patient’s temperature.”

“Risk management is the most important thing to be well understood. Under trade, under trade, under trade is my second piece of advice. Whatever you think your position ought to be, cut it at least in half.”

“Whenever I enter a position, I have a predetermined stop. That is the only way I can sleep. I know where I'm getting out before I get in. The position size on a trade is determined by the stop, and the stop is determined on a technical basis. I never think about other people who may be using the same stop, because the market shouldn't go there if I am right.”

“Michael Marcus taught me one other thing that is absolutely critical: You have to be willing to make mistakes regularly; there is nothing wrong with it. Michael taught me about making your best judgment, being wrong, making your next best judgment, being wrong, making your third best judgment, and then doubling your money.”

“The Heisenberg principle - If something is closely observed, the odds are it is going to be altered in the process…..one you have false signals; the more the market is a product of non-speculative activity, the greater the significance of technical breakout.”

“The first rule of trading - there are probably many first rules - is don't get caught in a situation in which you can lose a great deal of money for reasons you don't understand.”

“Michael [Marcus] taught me one thing that was incredibly important... He taught me that you could make a million dollars. He showed me that if you applied yourself, great things could happen. It is very easy to miss the point that you really can do it.”

“(what made a great trader) hey are strong, independent, and contrary in the extreme. They are able to take positions others are unwilling to take. They are disciplined enough to take the right size positions. A greedy trader always blows out. I know some really inspired traders who never managed to keep the money they made.”

“First of all, I try very hard not to risk more than 1 percent of my portfolio on any single trade. Second, I study the correlation of my trades to reduce my exposure. We do a daily computer analysis to see how correlated our positions are.”

Chapter 8.10 Englander, Israel

Age 67 Net Worth $4.8B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded Millennium Fund in 1990

EDUCATION BS NYU in finance

TRADING STYLE: Englander's shop uses a multi-manager platform, farming out cash to more than 150 portfolio managers, feeding more cash to those who perform well and getting rid of those who perform poorly

BEGINNING
1. He was born in 1948 in New York to immigrant Jewish parents from Poland.
2. He had an early love for the stock market and began trading stock while still in high school.
3. In 1970, he graduated from NYU with a degree in Finance.
4. His first job was Kaufmann, Alsberg & Co., a trading firm.
5. He would subsequently enrolled in the MBA program at NYU but never graduated.
6. In 1977, he left Kaufmann, Alsberg & Co.and co-founded I.A. Englander & Co. with Stephan R Tobias. It was a market specialist firm, and made money in transaction.
7. In 1990 he founded the global investment management firm Millennium Partners with $35 million in capital.

SUCCESS
1. Since its reception, his Millennium fund has returned annually 14%. He does not charge management fee, instead he gets compensation from relative returns of his various funds (performance-based). That is, he would only get paid if his clients makes money.
2 He is a constant innovator, and starting in 2009, he invested heavily in technology and infrastructure, his business model is still based on transactional and incentive fees.
3. In 2015, Millennium Management manages $31.5 billion asset, making it one of the largest hedge fund in the world.
4. He owns about 20% of Millennium Management

QUOTES
“I started in the business in 1970, just after I had finished graduating from college and went to work as a specialist clerk on the American Stock Exchange.”

“I was basically brought up in the world of non-correlated hedge trading. Non-correlated to the markets, the general markets. Always trying to find an edge and trying to make a good profit – a good risk adjusted profit.”

“Ultimately I left the floor in 1985, and started Millennium in around 1989/1990. The model was effectively pretty much the same. The trajectory – the journey just kept on continuing. And that is we started with a very small amount of money, we started Millennium with about 30-35 million dollars, of which a big chunk of it was my own. I also had some friends and family and some investors who thought they wanted to chip in with me.”

“I do not see regulation as much of a concern as long as the playing field is level. If it is, we will find a way to make money.”

“The world seems pretty fertile territory for the relative-value type strategies that are the specialty of Millennium Management. Millennium doesn’t focus on the macro economic outlook and tries to keep correlation and exposure to the market as low as possible.”

“There's more competition for talented traders, partly from so-called seeding firms that are willing to commit a lot of money to new hedge fund managers.”

“Name me another industry in the world that has a management fee like this. If a manager has skin in the game, why would he create larger costs that are unnecessary?”

“The real problem with the two and 20 structure was that the manager’s incentives changed. By charging a fixed percentage of assets as a management fee, managers became encouraged to grow their businesses and as a result moved into areas that diversify into other areas beyond the ones they knew.”

Chapter 8.11 Shaw, David

Age 64 Net Worth $4.7B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded D.E. Shaw & Co in 1988

EDUCATION BSc U California San Diego
PhD Computer Science Stanford U 1980

RECORD In 1996, Fortune magazine referred to him as "King Quant" because of his firm's pioneering role in high-speed quantitative trading

TRADING STYLE Quantitative model , spawned many other quantitave hedge funds such as Two Sigma, founded by John Overdeck and David Siegel

BEGINNING
1. He was born 1961 to Jewish family
2 He graduated suma cum laude from UC San Diego
3. It 4. took 8 years to get PhD from Stanford U (1980) , because he started a software company on the side
5. From 1980 to 1986, he was professor of computer science at Columbia U
6. In 1987, he was lured to Morgan Stanley who paid him 6 times his salary at Columbia U
7. In 1988, he founded his hedge fund D.E. Shaw above a communist book shop in Greenwich Village with $28M.

SUCCESS
1. He was known to hire a number of math wizards with background in physics and math, rather the Wall Street norm of hiring finance major
2. His trading was based on analysis of large amount of data from many countries. He likes to call his trading “computational thinking”.
3. His hedge fund also famous for 3 billionaires who started their career working for D.E. Shaw; including Jeff Bezos, founder of Amazon, and John Overdeck & David Siegel, co-founders of Two Sigma Hedge Fund.
4. In 2015, his hedge fund manages overt $30B with 1,300 employees worldwide.

QUOTES
“We’re much more transparent an institution than people give us credit for”

“We have the distinction of being the only investment bank to be started above a communist bookstore.”

“A hedge fund can put on seemingly perfect hedges for the many specific scenarios it envisions. But the world can unfold in unpredictable ways, and this can mean that sometimes broader protections are in order. Hedging is often better when it is more general.” (Absolute return – April 2008)

“For us, proprietary trading is still very important and very good, but that’s partly because we lucked out.”

“In general, I don’t view (high-frequency trading) as a malevolent force.”

“Investors are starting to return and not only is its culture intact, but the firm is also exporting it to Asia.”

“Our goal is to look at the intersection of computers and capital, and find as many interesting and profitable things to do in that intersection as we can.”

“What we care about most is finding, literally, the very best people in the world for whatever the position is…We spend an unbelievable amount of money on recruitment,” (allegedly taking 1 out of 500 applicants)

Chapter 8.12 Paul Tudor Jones

Jones, Paul Tudor
Age 59 Net Worth $4.5B Forbes 12/2015
Citizen US   Born US
Self-made in hedge fund, founded Tudor Investment Corporation in 1980

EDUCATION: UVA, admitted to Harvard MBA but chose to be a trader instead

RECORD from Boxer to Billionaire

TRADING STYLE Contrarian, macro-swing trader, short-term, he likes to trade at turning point (top or bottom) while ignoring the middle trend

BEGINNING
1. He was born in Memphis, Tennessee in 1954.
2. He went to UVA and was a boxing champ while he was there.
3. In 1976, he graduated from UVA with a degree in economics.
4. He was admitted to MBA program at Harvard U, but instead opted to go to work for the famous Cotton Trader Eli Tullis
5. In 1980, he founded Tudor Investment Corporation

SUCCESS
1. In 1987, he made a killing in 1987 by shorting of Black Monday. He correctly predicted and profited as much as $100M.
2. “Losers average losers.” was inscribed in his office.
3. His hedge fund average 19% return since inception, one of the best in the industry.
4. In 2015, he closed his Tudor Futures fund and returned $300M to investor after 30 years, he cited reason so he can concentrate more on his Tudor BVI Global fund

QUOTES
“There is no training, classroom or otherwise, that can prepare for trading the last third of a move, whether it's the end of a bull market or the end of a bear market. There’s typically no logic to it; irrationality reigns supreme, and no class can teach what to do during that brief, volatile reign. The only way to learn how to trade during that last, exquisite third of a move is to do it, or, more precisely, live it.”

“Intellectual capital will always trump financial capital.”

“The secret to being successful from a trading perspective is to have an indefatigable and an undying and unquenchable thirst for information and knowledge.”

“Trading is very competitive and you have to be able to handle getting your butt kicked.”
“Macro-trading requires a high degree of skill, focus and repetition. Life events, such as birth, divorce, death of a loved one and other emotional highs and lows are obstacles to success in this specific field of finance.”

“Fundamentals might be good for the first third or first 50 or 60 percent of a move, but the last third of a great bull market is typically a blow-off, whereas the mania runs wild and prices go parabolic.”

“Risk control is the most important thing in trading. If you have a losing position that is making you uncomfortable, the solution is very simple: Get out, because you can always get back in.”

“I believe the very best money is made at the market turns. Everyone says you get killed trying to pick tops and bottoms and you make all your money by playing the trend in the middle. Well for twelve years I have been missing the meat in the middle but I have made a lot of money at tops and bottoms.”

“ I want the guy who is not giving to panic, who is not going to be overly emotionally involved, but who is going to hurt when he loses. When he wins, he’s going to have quiet confidence. But when he loses, he’s gotta hurt.”

“Losers average losers.”

Chapter 8.13 Druckenmiller, Stanley

Age 62 Net Worth $4.4B Forbes 12/2015
Citizen USA Born USA
Self-made in Hedge Fund, founded Duquesne Capital in 1981

EDUCATION PhD U Michigan Drop out
BA Bowdoin College

TRADING STYLE not exactly protégé of George Soros, he started Duquesne Fund, like Soros, he is a plunger (or a pig in Wall Street parlance). Macro-global, top-down approach**.**

RECORD He is the master of managing 2 hedge funds (Duquesne Capital Management, a fund he founded and Quantum Fund, founded and owned by George Soros)/
Stan Druckenmiller was George Soros' partner when together they "broke the Bank of England," earning a $1.8 billion profit by shorting the pound in 1992

BEGINNING
1. He was born in 1953 in Pittsburgh, Pennsylvania to middle class family
2. He graduated from Bowdoin College in 1975 with major in English and Economics
3. He dropped out of PhD program in Michigan
4. In 1977, after 1 year second semester to accept a position as an oil analyst for Pittsburgh National Bank
5. After one year, he had risen to the head equity research group..
6. In 1981, at age 28, he founded his own firm, Duquesne Capital Management.

SUCCESS
1. From 1988 to 2000, he managed money for George Soros as the lead portfolio manager for Quantum Fund, while at the same time managing his own Duquesne Capital Management.
2. His most famous trade was when he George Soros betting against the Bank of England netting $1.8B profit for Quantum Fund.
3. In August 2010 because he felt unable to deliver high returns to his clients and returned capital to investors.
4. He continues to trade in his family office. .

QUOTES
"The first thing I heard when I got in the business....was bulls make money, bears make money, and pigs get slaughtered. I'm here to tell you I was a pig. And I strongly believe the only way to make long-term returns in our business that are superior is by being a pig."

"Soros is the best loss taker I've ever seen. He doesn't care whether he wins or loses on a trade. If a trade doesn't work, he's confident enough about his ability to win on other trades. There are a lot of shoes on the shelf; wear only the ones that fit. If you're extremely confident, taking a loss doesn't bother you."

"I've learned many things from him [George Soros], but perhaps the most significant is that it's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong."

"I particularly remember the time I gave (the research director) my paper on the banking industry. I felt very proud of my work. However, he read through it and said, 'This is useless. What makes the stock go up and down?' That comment acted as a spur. Thereafter, I focused my analysis on seeking to identify the factors that were strongly correlated to a stock's price movement as opposed to looking at all the fundamentals. Frankly, even today, many analysts still don't know what makes their particular stocks go up and down.”

“All in all, I don't think robots and greater automation can bring about a utopian world as I imagined it would as a kid 50 years ago.”

“I believe that good investors are successful not because of their IQ, but because they have an investing discipline. But, what is more disciplined than a machine? A well-researched machine can make many average investors redundant, leaving behind only the really good human investors with exceptional intuition and skill.”

“I've always loved to play games, and face it: investing is one big game. You need to be decisive, open-minded, flexible and competitive.”

“I love being around kids. I couldn't figure out why all these 70-year-olds wanted to hang out with me when I was 27. Now I understand, and I'm trying to steal their energy from them like they stole from me at the time.”

“I'm a competitive person, frankly embarrassing, that in his personal account working about 10% of the time he continued to beat Duquesne and Quantum while I was managing the money, And again it's because he was taking my ideas and he just had more guts. He was betting more money with my ideas that I was."

“For 30 years I've been responsible for managing client money, and it's been a joy, but at some point I need to move on. Thirty years is enough.”

Chapter 8.14 Cooperman, Leon

Cooperman, Leon
Age 72 Net Worth $3.8B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded Omega Advisors in 1991
EDUCATION BS Hunter College
MBA Columbia Business Scholl

RECORD He started Omega Adviser at age 48. He holds the oldest record.

TRADING STYLE value investor, very high cash hoard, very small number of client, and very small number of employees.

BEGINNING
1. He was born in South Bronx, New York in 1943 to Jewish immigrant parents. His father was a plumber
2. He is the first of his family to go to college and he graduated Hunter College in 1965.
3. His worked his way through college as a control engineer at Xerox.
4. In 1967, MBA from Columbia U
5. He began work at Goldman Sachs, eventually becoming CEO of Asset Management and general partner in 1991.
6. At age 48, he quit Goldman Sachs and founded Omega Adviser

SUCCESS
1. Omega Adviser is characterized by a very small number of clients (11-25) and a small staff. As of 2014, it has 38 full and part-time staff. His fund is also characterized by a high cash hoard.
2. His fund's performance has been spectacular. Between 1992 and 2014, his fund returns $14.6 % after fee, easily trouncing S&P 9.3 % return. He only failed to beat the market in 2 years.
3. His critics call him an eternal bull because he tends to make most of his money in the beginning of the bull cycle.

QUOTES
"A famous philosopher said everyone should have more than one career. Omega is my second career. It gives me the opportunity to focus on managing money."

"What they're doing has happened throughout history. It's the natural life cycle of a conglomerate."

"In weak market environments, the stock trades at a discount to the parts. The move to realize value is not unique to Tyco."

"Half the stocks I picked are up and half of them are down."

"I'm not as optimistic about my list year as the market is fully valued,

"Buying something at the right price is half the game,"

"What the wise man does in the beginning, the fool does in the end."

"Working gives you money to give to charity, Uncle Sam, or your children. I don't want to spoil my children."

“I realized after a short time I didn’t want to be on the road every week, introducing a new product and sourcing new funds. I wanted to spend my time visiting companies and finding new mispriced stocks.”

“Always try to surround yourself with the very best people. Don‘t feel threatened by good people. You should feel that having them around is to your advantage.”

“I don’t have a lot of outside interests. I don’t do well with leisure. I like a structured life.”

Chapter 8.15 Robertson, Julian

Robertson, Julian
Age 83   Net Worth $3.6B   Forbes 12/2015
Citizen   US   Born US
Self-made in Hedge Fund, founded Tiger Fund in 1980

EDUCATION Bachelor U North Carolina

RECORD   He is famous for 2 lives. The first half (before his fund's collapse in 2000) he was a pioneer. The second half, he is best remembered as a mentor, for the 38. Tiger Cubs he encouraged to start, many with seed money from him. Among the most illustrious billionaire Tiger Cubs are Andrea Halvorsen, Chase Coleman, Louis Bacon and Thomas Sandell.

TRADING STYLE Value, long-term, famous for shorting, and starting Tiger Cubs
global macro-emerging market

BEGINNING
1. He was born in Salisbury, North Carolina in 1932
2. He was reported to be interested in stock at age 6.
3. In 1955, he graduated from U NC Chapel Hill with a degree in business administration
4., he served 2 years at the US Navy until 1957.
5. In 1980, at age 48, he founded the Tiger Fund with $8M. His was one of the earliest hedge funds.

SUCCESS, FAILURE and SUCCESS
1. For the next 2 decades, he had the best hedge fund record. His compound rate of return to investor was 32%. He was hailed as "Wizard of Wall Street."
2. As his fund grew to $23B in the late 1990s. Then disaster struck.
3.. By shorting the internet stocks too early (he was right about the internet bubble), and by stubbornly holding on too long on losing position such as US Air, his hedge fund blew up in 2000.
4. After he closed his hedge fund, he was not done yet. He began to support and provide seed money to a new generation of up-and-coming young hedge fund managers (about 38, now famously known as the "Tiber Cubs".
5. Since he took a slice of the Tiger Cub profits, he resurrected his fortune in the last 15 years, earning more than $2B from his Tiger Cubs.   He once called the devastating event in 2000 "a change in life-style".

QUOTES
"Our mandate is to find the 200 best companies in the world and invest in them, and find the 200 worst companies in the world and go short on them. If the 200 best don't do better than the 200 worst, you should probably be in another business."[

(At age 6) "I still remember the first time I ever heard of stocks. My parents went away on a trip, and a great-aunt stayed with me. She showed me in the paper a company called United Corp., which was traded on the Big Board and selling for about $1.25. And I realized that I could even save up enough money to buy the shares. I watched it. Sort of gradually stimulated my interest."

"The Internet is a great new technology that will change our lives. But there have been other great developments that created equally important lifestyle changes. In the past, investors overreacted to the promise of these changes…"
"As long as the story around the investment remained the same, the position should get bigger. (opposite is when the story around an investment changed, then it was time to get out.).

“The hedge fund business is about success breeding success. Over time as we continued to perform, many of our investors told their friends, their colleagues about what we were doing and that is how we grew.”

“We’ve had a movement away from value investing to momentum investing, where price is not a factor. I can’t tell you how many good investors really believe that price no longer matters, and that’s not my style…”

“McDonnell Douglas is a wonderful short (In 1989)”. They’ve never made any money in commercial aircraft. So we don’t know why everybody assumes that they are going to make money in commercial aircraft. They certainly are not showing any signs of it right now.”

(On May 2000 retirement) It was a lifestyle decision.

(In December 2002) “As Warren Buffett said, when a new industry starts - radio, cars, aircraft - very few companies last. When you are a value investor like I am, you realize it's like Las Vegas.”

“There is something strange in that the make-up of most hedge fund people, successful ones. The person has a real interest in making this world a better place than when they got into it. I don’t want to promote the business that much, but I definitely feel that that’s the case.”

“Accounting was the course that helped me more than anything.”

Chapter 8.16 Platt, Michael

Age 47 Net Worth $3.5B Forbes 12/2015
Citizen UK Born UK
Self-made in Hedge Fund, co-founded BlueCrest Capital Management in 2000 with William Reeves and Michael Platt in 2000.

EDUCATION BA & BS London School of Economics

BEGINNING
1. He was born in Preston, England in 1968. His father was a professor at Manchester U
2. His grandmother was a serious equity trader. And inspired him was a kid and confessed at age 14, he was addicted to investing in stocks.
3. In 1988, he followed in his father's footsteps and took up engineering at Imperial College, London. He soon get bored and transfer to the London School of Economics, where he majored in mathematics and economics.
4. After graduation, he worked for one decade at JP Morgan.
5. In 2000, he co-founded BlueCrest Capital Management with William Reeves. They which were managing directors and senior proprietary traders at JP Morgan

SUCCESS
1. His hedge fund has been consistently rated one of the best hedge fund because of its stellar performance. In 2008, his firm returned a whopping 41%.
2,. In 2011, he bought out the other partner Platt bought the BlueCrest stakes of his partners, including minority owner Man Group, for $633 million in 2011.
3. He now bets on currency and interest rate;.
4 As of 2015, BlueCrest manages over 40 in asset with 600 employees and is one of the largest hedge fund firm in Europe
5. BlueCrest Capital Management is based in Guernsey,

QUOTES
"My grandmother was a serious equity trader," Platt says. "When I was a kid, I used to go round to her house, and she'd be sitting there working out what she was going to buy and at what profit levels. She wasn't like most grandmothers

"We run approximately $29 billion, which is about evenly divided between systematic and discretionary approaches. Interestingly, for the prior three calendar years, we made almost identical returns in both systematic and discretionary strategies, but with a better Sharpe ratio on the human side."

"There are a lot of people that if you listen to their ideas, you can make more money off their thinking than they can. I troll around. It's a treasure hunt for information. I talk to lots of people. Every now and then, someone says something, and I know I'm going to make much more money off of it that they will. There's a big difference between shooting wine glasses at 20 yards and shooting a wine glass pointing a gun back at you."

"If the market is going up today, your forecast is going to be that it will continue going up because it is how you feel at the moment that is the most important thing. Today become how you felt in the past because you misremember. So everything is about today. If it is going up today, it will go up tomorrow. In this sense, financial markets become self-referential."

"I talk about macro themes a lot because they are fun to talk about, but it is the risk management that is the most important thing. The risk control is all bottom-up. I structured the business right from the get-go so that we would have lots of diversification."

“I talk about macro themes a lot because they are fun to talk about, but it is the risk management that is the most important thing. The risk control is all bottom-up. I structured the business right from the get-go so that we would have lots of diversification.”

“Ego is how you lose money in this business. I put a trade on, and if it doesn’t start working straightaway, I respect the price action and cut it fast.”

Chapter 8.17 Och, Daniel

Age 54   Net Worth $3.1B   Forbes 12/2015
Citizen US   Born US
Self-made in Hedge Fund, co-founded Och-Ziff Capital Management in 1994 with 3 Ziff brothers of Dirk, Robert, and Daniel Ziff.

EDUCATION BA(S) U Penn Wharton School

TRADING STYLE Multiple investment strategies, including merger arbitrage, convertible arbitrage, equity restructuring, credit and distressed investments, private investments, and real estate. Known for low volatility, not related to S&P, true hedge fund and diversified

BEGINNING
1. He was born in 1961 to Jewish family and grew up in New Jersey
2. He graduated from U of Pennsylvania Wharton School with BS in Economics
3. In 1982, he started at Goldman Sachs and learned from famous trader like Eddie Lampert and Thomas Steyer; He worked there for 12 years
3. In 1994, he co-founded Och-Ziff Capital Management with $100 million in seed money from the billionaire Ziff brothers. Dirk, Robert and Daniel Ziff.
4 The initial arrangement is for 5 years, but then Daniel Och opened up the hedge fund firm for many pension funds, endowments, and foundations.

SUCCESS
1.   In 2007, His hedge fund Och-Ziff he went IPO in New York Stock Exchange, just before the financial meltdown of 2008. The stock performance of Och-Ziff has been abysmal, trading in 2015 about 25% of its initial IPO value.
2. Despite the poor stock performance, his fund continues to expand. .By 2013, it oversees more than $46 billion asset and has more than 400 employees with worldwide offices in London and Hong Kong.
3. Besides being one of world’s largest publicly-traded hedge fund, the Och-Ziff fund is known for low-volatility and not correlated to S&P 500.
4. The Ziffs Brothers remain investors to this day and own 10% of Och-Ziff.

QUOTES
“We continue to generate positive, risk-adjusted returns, with low volatility and low correlation to the equity markets, while also protecting investor capital.”

“We do not predict the market's direction. That is not the secret to our risk management. One of the mantras at Och-Ziff is that being disciplined most of the time is not that difficult, but being disciplined all of the time is.”

“I don't spend a lot of time teaching the new employees about the winners. But I do make sure they know about the mistakes or the things that we could do better.”

Chapter 8.18 Arnold, John

Age 41 Net Worth $2.9B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded Centaurus Adviser in 2002

EDUCATION BA Vanderbilt U in Mathematics and Economics

RECORD he has retired as a trader 2012. He was only 38. He holds 2 records. (1) He is the youngest trader who ever retired. (2) He only traded in natural gas

BEGINNING

1. He was raised in a wealthy family in Dallas, Texas. He is the younger of two sons. His father was a lawyer who died when he was 17 year old.
2. In 1995, he graduated from Vanderbilt University with a degree in mathematics and economics
3. At that time, his older brother, Matthew, was already an established trader in Enron..
4. He started his first job at Enron in 1995
5. Within 4 years our years out of college at the tender age of 27, John Arnold became the highest-paid employee at Enron,
6. In receiving a reported $8 million bonus in 2001 credited to his remarkable trading profits.
7. In 2001, the year right before the collapse of Enron, and is said to have made $750 million for the company.

SUCCESS

1. In 2002, the same year that Enron collapsed, he founded Centaurius Adviser,
2. His return at Centaurius Adviser was legendary, posting triple digit return. 2005 was his best year,, his fund returned 150%
3. In May 2012, he shocked the hedge fund world when he announced that he was calling it quits at age 38, only 11 years after he started his hedge fund.

QUOTES

"After Enron collapsed, there was a general revaluation of credit risk among energy companies. The better credits were less willing to take on the lesser credits as counter parties. ...Hedge funds previously had not been involved in the over-the-counter market, except for the very largest, because the other participants were reluctant to grant credit to that type of entity."

"To place bets on a market that he determines is 'biased'... we ask ourselves can we identify what is forcing a market to price a product at an unfair value, and then, what will push it back to fair value."

"Trading never went away... what has changed is the non-commercial type of interest... because of this there has never been as much investor interest as there is today."

"I try to buy things whenever they're trading below what [our] analysis shows to be fair value and sell things whenever our analysis shows that the forward curve is higher than our analysis of fair value."

“We really enjoy the challenge of giving away money effectively. We find that invigorating and we also get pleasure out of seeing the benefit that our money can do for society and so, selfishly, we want to have those emotions today, not wait 'til we're 60.”

Chapter 8.19 Overdeck, John

Age 45 Net Worth $2.8B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, co-founded Two Sigma investment in 2001 with David Siegel and Mark Pickard.

EDUCATION BS Stanford U

BEGINNING
1. He was born in 1970 in Columbia, Maryland. His father was a senior mathematician at Fort Mead, NSA National Security Agency
2 In 1986, he won International Mathematics Olympiad Silver Medalist. He was only 16
3. In 1989, he graduated with bachelor in Mathematics with distinction from Stanford University.
4. He began doing PhD, when in one summer while working at Bell Labs, he was recruited by David Shaw to join the New York Hedge Fund. He rose to Director at D.E. Shaw
5. He next worked 2 years at Amazon and rose to Vice President
6. In 2001, he co-founded Two Sigma Investment (Hedge Fund) with David Siegel with the aim to apply statistics and computer to trading

SUCCESS
1. Two Sigma has built a quantitative trading powerhouse that is one of the fastest growing hedge funds in the business. With $28 billion of under management, T
2. His firm Two Sigma is also known for charging outrageous fee. Two Sigma charges 3% of assets and 30% of profits, versus the industry standard of 2 and 20.
3. He joined the billionaire rank in 2004 with David Siegel.

QUOTES
Secretive and do not grant interview

Chapter 8.20 Siegel, David

Age 54 Net Worth $2.8B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, co-founded Two Sigma Investment in 2001 with John Overdeck and Mark Pickard.

EDUCATION   BS Princeton U
PhD MIT

TRADING STYLE Quantitative modeling with computer that use artificial intelligence, machine learning, and distributed computing for trading. .

BEGINNING
1. He was born in the Bronx New York in 1963.
2. Siegel is a computer fanatic who received a computer science PhD from MIT and
3. He started work at Chief Technology Officer and Managing Director at Tudor Investment Corporation
4. He was the first Chief Technology Officer at D.E. Shaw
5. In 2001, he co-founded Two Sigma Investment with John Overdeck and Mark Pickard

SUCCESS
1. Two Sigma has built a quantitative trading powerhouse that is one of the fastest growing hedge funds in the business. With $28 billion of under management
2. His firm Two Sigma is also known for charging outrageous fee. Two Sigma charges 3% of assets and 30% of profits, versus the industry standard of 2 and 20.
3. He joined the billionaire rank in 2004 with John Overdeck

QUOTES
““The challenge I think facing the investment world is that the human mind has not become any better than it was 100 years ago, and it’s very hard for someone using traditional methods to juggle all the information of the global economy in their head,”

“Eventually the time will come that no human investment manager will be able to beat the computer

Chapter 8.21 Loeb, Daniel

Age 53 Net Worth $2.7B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded Third Point in 1995

EDUCATION BA Columbia U

RECOTRD He said he was interested in stock at age 5, the youngest on record.

TRADING STYLE Activist. He likes to buy into distressed companies, replace inefficient management, and return the companies to profitability.

BEGINNING
1. He was born in Santa Monica to Jewish parents in 1961. His father is a lawyer partner and his mother a historian.
2. He said he became interested in stocks at the young age of 5
3. At High School, he started a skateboard company and was nicknamed "Milo Minderbinder" for his interest in trading stocks.
4. He attended UC Berkeley for 2 years, but graduated from Columbia U in 1984
5. He worked at Warbug Pincus.
6. Bet 1991 to 1994, he worked as VP in distressed debt department at Jefferies LLC. Then he moved to Citigroup as VP in charge of high-yield bond sales.
7. In 1995, he founded Third Point Management with $3.3M from family and friends
His invested $340K of his own money. Third Point was named from "a break at Malibu's Surf rider Beach", from the days he was a young surfer.

SUCCESS
1. In his event-trigger, value-oriented approach, he writes regular newsletter to investor like Warren Buffett
2. He is also famous for publicly chastising companies and their managements to effect changes and realize value
3. In 2013, he is known to seek a seat in Yahoo, SONY and at Sotheby, pressing for change
4. Now, in his 50s, he is still athletic, surfing and competing in triathlon.

QUOTES
“The only thing I care about ... is making money for my investors.”

“The only thing I do know is that from chaos comes opportunity.”

“Our philosophy is to be opportunistic all the way across the capital structure from debt to equity, across industries and different asset classes.”

“Note to the salesmen out there – be aggressive. I literally cold-called him at home, when (David Tepper) had no job. So by the time he started Appaloosa, I had established the relationship with him. He became my biggest client. I was his biggest salesman.”

“I almost got stage fright the day before I started the fund. I had five or six family members and a few friends and $340,000 of my own money, which was my life savings from ten years working on Wall Street.”

“The secret to our success is congruence between our investment style and my personal investment style and philosophy, the fundamental elements of which have remained constant over almost 18 years.”

“We want bright people who are really diligent and hardworking, but also have real tenacity and grit who enjoy what they do and have an incredible passion for investing.”

“We’re a global event-driven fund with a long-short approach to investing.”

“The Bear (Stearns in May 2008) was felled by its reckless use of leverage, lack of transparency and incompetence of its mortgage ‘traders’, its lack of management and lax oversight by its board.”
“I love reading Warren Buffett's letters, and I love contrasting his words with his actions. He's a very wise guy.”

Chapter 8.22 Ackman, William

Age 49 Net Worth $2.6B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded Pershing Square Capital Management in 2004

EDUCATION MBA Harvard
BA Harvard

TRADING STYLE: Very Small portfolio. One of the loudest “activist investor” publicize shorts, activist, a contrarian and an activist investor

RECORD Smallest portfolio in the industry, very few stocks: only a dozen.

BEGINNING
1. He was born in New York in 1966 to Jewish family. His father, Lawrence David Ackman, was chairman of Ackman-Ziff Real Estate Group.
2. He graduated from Harvard College in 1988
3. In 1992, he graduated MBA from Harvard U
4. After getting his MBA in 1992, Ackman teamed with former classmate David Berkowitz to form the Gotham Partners hedge fund.
5. He began his career in real estate investment banking as a Principal at Ackman-Ziff Real estate Group
6. In 2004, with $54 million of his own fund and from Leucadia National (a former business partner) he founded Pershing Square Capital Management.

SUCCESS
1. He is known to making huge bets and generally runs a small portfolio. But he avoids using leverage.
2. He is a deep value investor, he runs a strange and unique portfolio, generally owning less than 10 stocks, and a high concentration of his portfolio invested in his top two or three picks
3. His firm had taken activist campaign against Wendy’s Hamburger, MacDonald and Target
4. Since 2010, he is known for his contrarian role in taking huge position in JC Penney to force a turnaround and in shorting Herbalife in 2014. Both endeavors failed.
5. As of 2015, his fund Pershing Square manages $14B asset.

QUOTES
“Everyone told me it was a really stupid idea to start my own hedge fund right out of business school. That’s how I knew that it was a good idea.”

“When I decided to run a hedge fund out of school, I’d meet with 100 people before one or two would finally agree to invest with me. In order to be successful, you have to make sure that being rejected doesn’t bother.”

“From day one, I was always unafraid to ask someone to invest because, I thought that, while capital was a commodity, good investment ideas were rare assets.”

“In order to be successful, you have to make sure that being rejected doesn’t bother you at all.”

“I am an extremely persistent person. Extremely. And when I believe that I am right, I will go to the end of the earth until I am proven right.”

“I love what I do. I don't do it for the money. I work on behalf of investors that I like and want to do well for. I'm a competitive person.”

“I think a very good system in a world with a lot of passive investors is one in which there are at least a few entrepreneurial investors, prepared to say what they think, prepared to propose a change in management, change in strategy, change in cost structure, capital structure.”

“Herbalife: the customers are fictitious, the business opportunity is a scam, the university degree is a fraud.”

“You should surround yourself with people that believe in you, in life, and in business.”

“The benefit of short sellers to the markets is they’re sort of the canary in the coal mine… They are the early warning signal about a problem in the business, a problem in the capital markets.”

(I) "have had three failures on the long side: Borders Group, Target, and J.C. Penney. Clearly, retail has not been our strong suit, and this is duly noted."

“We’re not a trader at all. We don’t trade. We buy a stake in the business. We get actively involved in the business. We work to make the business more valuable.”

Chapter 8.23 Lampert, Edward

Age 53 Net Worth 2.5B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, co-founded ESL in 1988

EDUCATION BA Yale U

TRADING STYLE Activist turn around based on value proposition Buffett and working alongside buddy with Ron Burkle

BEGINNING
1. He was born in 1962 in Roslyn, New York. His father was a senior partner in a law firm
2. As a child, he inherited stock interest from grandmother and mother and watching Louis Rukeyser show
3. He won scholarship to attend Yale, graduated summa cum laude in economics in 1984
4. After graduation, he worked at Goldman Sachs. He was inspired by Warren Buffett's newsletter, on how to turn business around, At Goldman Sachs, he also worked with future billionaire Daniel Och
5. In April 1988, he founded ESL Investments, based in Greenwich, Connecticut. He named the fund ELS after his own initials. He received $28 million as seed money from Richard Rainwater, who also brought in major client such as David Geffen.

SUCCESS
1. In the late 1990s, he made his first big kill in correctly betting on turnaround of IBM under Luis Gerstener. He made 400% return in less than 4 years. He had built his reputation.
2. In 2003, he survived a kidnapping but was released by his captors after two days.
3. He would work on more turnarounds with specialist Ron Burkle who is himself a self-made billionaires.
4. His latest controversy was he was unable to turn around Sears since taking over as CEO of the Sears in 2013. Instead of rebuilding Sears, he broke sears apart, which includes Lands' End, Sears Canada and Sears Hometown and Outlet Stores

QUOTES
"(On learning the stock market from his grandmother and Louis Rukeyser) She owned a handful of stocks, IBM and AT&T. She always wanted a good dividend. In her simplicity, she was profound."

"The entrance strategy is actually more important than the exit strategy."

"If you're unwilling to try new things and to fail and learn, you don't have a shot. That doesn't mean you are going to be successful, but you have to try to change."

"I want to be known as a great businessman."

"To operate a company of the size of Sears Holdings or Wal-Mart or Target or Home Depot or Lowe's, you need a combination of skills, and each of those skills needs to be sufficiently strong."

"Trying to move the volume of products we're talking about from place to place to get it ultimately into the customer's hands, to price these items, to market these items, I think the retail business is incredibly complex. But if you get it right, it's a beautiful thing."

"You can't wait for an opportunity to become obvious."

"In investing, you constantly make decisions under conditions of uncertainty."

"You either adapt or you die."
.

“I was inspired by Warren Buffett’s letters while still working on the Arbitrage desk at Goldman Sachs.”

“In investing we seek to do a few things well, namely: 1) Understand the business 2) Understand the people running the business and 3) Get safety from the price we pay.”

Chapter 8.24 Dinan, James

Age 56 Net Worth $2.4B Forbes 12/2015
Citizen USA Born USA
Self-made in Hedge Fund, founded York Capital Management in 1991

EDUCATION BA U Penn
MBA Harvard

TRADING STYLE focuses on merger and acquisition transactions, undervalued stock purchases, and bankruptcy companies.

BEGINNING

1. He was born in 1959 in Baltimore, MD to Jewish family.
2. He was one of 5 children, his father was a textile engineer
3. He graduated from U Penn BS in economics
4. In 1981, he took a job with stock research firm, Donaldson, Lufkin & Jenrette (DLJ)
5. He later got his MBA from Harvard U
6. In 1985, he took a job at the merger arbitrage firm Kellner Dieo & Company. In 1987, the market crashed and he lost his entire savings of $600K.
7. His mentor was George Kellner of Kellner Capital, for whom he worked from 1985 to 1991.
8. In 1991, at the age of 31, he raised $3.6 million from his former DLJ colleagues and started his own hedge fund named York Capital. He put in $3M of his own fund

SUCCESS

1. He started the company in the middle of recession, and two third was in bankruptcy companies, and one third in equity.
2. York Capital more than survived, it thrived. From 1991 to 2014, his firm returns around 14 percent after fees, beating S&P 500 9% annual return handsomely.
3. To diversify, in 2010, he sold 33% of York to Credit Suisse for $425 million.
4. In 2015, York Capital manages $27B in asset.

QUOTES

"I always wanted to have my own firm… I was 31 when I left to start York Capital."

"When I started, most of my friends thought I was nuts. If you graduated from Harvard Business School as I did, you worked as a banker, not as a low-class trader. I figured that if things went well I might one day net some $200,000 annually from my management and performance fees. I never dreamed this."

"It has to meet the test every day: 'If we didn't own it, would we buy it today?' And if the answer is no, we say maybe we should get out."

"By not having leverage you'll always be in charge of your own destiny."

"The best education was on the job."

"One of the things I do very well investing is, I gather a lot of information but I never know the whole picture. I have a lot of inputs but never everything and I have to make a decision on incomplete information. And I feel very comfortable doing it."

"Make your position size more a function of not how much you can make, but really how much you can lose. So manage your position based on your downward loss perspective not your upward potential."
Analyze risk/reward of every decision and seek asymmetrical returns. If the upside is $2, and the downside is $10, and you figure there is a 98% chance of the upside, do it.

Chapter 8.25 Mandel, Stephen

Age 59 $2.4B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded Lone Pine Capital in 1997

EDUCATION MBA Harvard
BA(S) Dartmouth College

TRADING STYLE one of Tiger Cubs reputation as a master of fundamental analysis and bottom-up.

BEGINNING
1. He was born in 1956 to Jewish family.
2, He graduated from Dartmouth College in 1978 with BA in government
3. Between 1980 and 1984, he worked at Mars & Co as a senior consultant
4 He graduated from Harvard MBA in 1982
5. Between 1984 and 1990, he worked as a consumer-retail analyst at Goldman Sachs.
7. Then in 1990, he worked for Julian Robertson first as a consumer analyst and eventually risen to managing director at Tiger Management. He worked 7 years under Julian Robertson's tutelage.
8. In 1997, he founded Lone Pine, named after a tree on the Dartmouth campus that survived a lightning strike, in 1997.

SUCCESS
1. In the first 11 years Lone Pine average 23% annual return and his reputation was established
2. In 2008, he reached billionaire status through Lone Pine
3. Despite his success, he started giving back capital to investor , first in 2001 and then again in 2005, when he no longer felt there was enough scale for the fund to grow any bigger
4. In 2012, his fund made one of the best return and he earned $350M in fee.
5. In 2015, Lone Pine has under management assets of $30 Billions

QUOTES
"(Look for) companies that are "undergoing favorable management and strategic changes not yet realized in their valuations.

"(I favor) neither value nor growth"

"(My investment philosophy) is bottom-up fundamental analysis."

Chapter 8.26 Robbins, Larry

Age 46 Net Worth $2.3B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded Glenview Capital hedge fund in 2001

EDUCATION U Penn Wharton BA Economics, BS Electrical Engineer

TRADING STYLE He is mentored by Leon Cooperman and spent 6 years working at Omega Adviser. His specialty is Health Care.

BEGINNING
1. He was born into a Jewish family and grew up in Arlington Heights, Illinois.
2. As a kid to adult, he is an ice hockey fanatic.
3. In 1992, he graduated BS in economics and BS in electrical engineer from U Penn
4. In 1991, he became a Certified Public Accountant in Illinois.
5. After graduation, he worked at 3 years at Gleacher & Company, a small firm that specializes in merger in New York
6. Then he worked 6 years at Omega Advisors on their US equity long/short team, started as an analyst. Leon Cooperman, founder of Omega Adviser, would become his mentor.
7. In 2001, he left Omega Adviser, where he was a partner, and founded Glenview Capital hedge fund The name Glenview was named after the town Glenview Illinois, where he grew up playing ice hockey as a 5 year old.

,

SUCCESS
1. Since 2010, Glenview Capital Management, has become a top performing hedge fund.
2. He famously made a big bet in 2013 was investing in hospital stocks he thought would benefit from Obamacare
3. He went as far as leverage his stock portfolio. The payoff was handsome. His specialty Glenview Opportunities Fund returned of 100% in 2013 and his larger Glenview Capital hedge fund returned 43%.
4. In 2015, Glenview Capital Management has $7.5B asset under management

QUOTES
“There are only two things that matter in investing. What are they going to earn, and what multiple are people going to put on that. Let’s not make our business any more complicated than this.”

“We try to think and act like owners.”

“Consistency of effort… makes the difference between who wins and who loses.”

“We look for businesses that have a good medium and long-term growth outlook and are cheap relative to the cash flows that they are currently generating. In general, we’re looking for low-teens or better growth.”

“It was almost by accident that I went into the hedge fund and investment business…”

“The principal basis upon which we invest is not based on any one particular economic forecast, but the question for us is - ‘Can the economy grow fast or can the economy grow at all?.”

“Even though there are 7,000 public companies in the U.S., when you narrow your search to companies with market cap sizes and type of businesses that make sense to us, we are really dealing with maybe a 1,000 or 1,500 truly investable companies that fit our definition of a good business.”

“Despite the uncertainty, healthcare stocks did what they are supposed to do: grow regardless of the economic environment. Lots of stocks went down, but the company earnings went up and that therefore created the double-whammy for valuation.”

“It is worth spending the time to find and pick the right people… I wish I knew that earlier.”
“The hedge-fund industry acts like traders, not owners. Lower prices have induced selling, not buying, in the marketplace. The rationale has been to preserve capital because the system could crash.”

Chapter 8.27 Halvorsen, Andreas

Age 54   Net Worth $2.8B   Forbes 12/2015
Citizen Norway Born Norway
Self-made in Hedge Fund, co-founded Viking Global Equities in 1999

EDUCATION   BA Williams College
MBA Stanford U

TRADING STYLE   Considers one of the most successful of Tiger Cubs from Julian Robertson. His Viking is a long/short global equity fund with a bottom-up stock picking approach.

BEGINNING

1. He was born in Norway in 1961
2. He graduated from the Norwegian Naval Academy and served as a leader of a Norwegian SEAL team
3. He came to US and in 1986, where he graduated from Williams College
4. In 1990, he received MBA from Stanford U.
5. His first job was an investment banker at Morgan Stanley.
6. Then he joined Tiger Management Corp. and rose to become the Senior Managing Director
7. In 1999, he launched his flagship Viking Global Investors L.P.

SUCCESS

1. The next year, 2000 was his best year, his hedge fund went up 89%.iger, while the market dropped 9% percent.
2. In 2001, he attracted plenty of new investors and the fund quickly grew to over $2 billion..
3. In 2003, he moved his midtown Manhattan office to Greenwich, Connecticut
4. Since its inception, the fund has consistently given an average return of 22% annualized.
5. In 2012, he closed his hedge fund Viking Long to new investors
6. In 2015, he manages more than $30 Billion asset.

QUOTES

(short selling): "It's a heart wrenching activity, because you can lose a lot of money doing it." He says you can't short a bunch of underperforming stocks because the risk is too high if you're wrong. And when you are wrong, "you have to get out very quickly, which means you can't have very large positions.

“Good management teams are extremely underappreciated in their ability to take market share, even in low growth environments. He equally believes poor management teams are underappreciated in that they can destroy things quicker than you think.”

“They start by looking at industries/sectors and talking to competitors, suppliers, etc. He talks with management to see how they think about the competitive dynamics of the industry. He likes to bet on a management team that has a view of the underlying dynamics similar to what Viking believes.”

“He says you have to have patience in any business, and hedge funds are no different.”

Chapter 8.28 Gottesman, Noam

Age 54 Net Worth $2.2B Forbes 12/2015
Citizen US, UK Born Israel
Self-made in Hedge Fund, co-founded GLG Partners in 1995 with Pierre Lagrange and Jonathan Green

EDUCATION BA Columbia U

TRADING STYLE Secretive

BEGINNING
1. He was born in Israel in 1961 to a family of art collectors. His father Dov Gottesman is President of Israel Museum
2. In 1986, he graduated BA from Columbia U
3. He worked at the Goldman Sachs London office and became its executive director. As a side business, he was managing a global equity portfolios for private investors.
4. In 1995, he co-founded GLC Partner with Pierre Lagrange and Jonathan Green, The name GLG was taken from initials of Gottesman, Lagrange and Green

SUCCESS
1. Initially a subsidiary of Lehman Brothers. GLG was later spun off, went public in 2007 and was eventually sold to Man Group for $1.6 billion in 2010.
2. He likes to buy food. He owns 100 Burger King franchises--and six trendy restaurants in New York City and the Hamptons.
3. In 2014 he co-founded Nomad Foods, a publicly traded investment vehicle
4. In 2015, he purchased Iglo Group, which owns the Birds Eye frozen brands

QUOTES
Secretive and Private.

Chapter 8.14.29 Singer, Paul

Singer, Paul Elliott
Age 70 Net Worth $2.1B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded Elliott Management Corp in 1977

EDUCATION JD Harvard U
BS U of Rochester

TRADING STYLE His hedge fund is noted for its relatively high returns and low volatility. He is also best known as “vulture capitalist” and “vulture fund” for his dabbling into sovereign debt in Congo, Argentina and Peru

BEGINNING
1. He was born in 1944 to Jewish family in New York
2. In 1966, he graduated BS in psychology from U of Rochester
3. In 1969, he graduated from Harvard law School. While in law school, he traded with his father but they would both lose money.
4. From 1969 to 1974, he worked for his father’s real estate lawyer company, Singer went to work as an attorney in the real estate division of the investment bank Donaldson, Lufkin & Jenrett for 3 years.
5. In 1977, he founded Elliott Associates L.P. with $1.3M Elliott is his middle name.
6. In its earliest years, the firm focused on convertible arbitrage

SUCCESS
1. After the 1987 stock market crash, he changed to invest in distressed debt investing. Between 1987 and 1994, his firm Elliott was involved in a series of restructuring of famous US companies such as TWA, MCI, WorldCom, and Enron, and for overseas distressed debt in Telecom Italia and Elektrim
2. By mid-1990s, he firm has transformed itself into a multi-strategy hedge fund
3. His detractors criticize him as having the characteristics of a vulture fund,
4. He would become famous or notorious for his ongoing legal battle with Argentina over sovereign debt, a battle that took to the US Supreme Court.
5. In 2015, his firm manages $27B in asset

QUOTES
“When I was in law school, in the years ’66 through ’69, he (my father) and I traded stocks long and short, with very, very tiny amounts of money. A lot of people back then enjoyed participating in the capitalist system, even if they only had $1,000 or $2,000 to be trading. And basically I think I found every possible way to lose money in the stock market.”

(On his decision to quit lawyer to start his own hedge fund in 1977)] I don’t want to exaggerate the taking a chance part. It was something I was really interested in doing.

“Our first distressed trade was Western Union in the mid-1980s. What we came to like very much about distressed investing is the opportunity to control one’s destiny and to make money in a different way than just buying a security that had its value priced by other market participants.”
'Inequality' has become the political theme/slogan of our time in both Europe and the U.S., yet political leaders do not even bother to consider that their own policies, which put the entire burden on central bankers to print money and drive up stock, bond and other asset prices, are actually exacerbating income and wealth disparity.

“Successful hedge funds will be entrepreneurial; it is the essence of the craft.”

“You have got to welcome and embrace complexity.”

“Whenever possible if there’s an angle we can use to create a better result or a different result or to control risk by being active, we seek it out.”

“Sovereigns that could pay their debts and choose not to may be attempting to save some money but are harming their people and their economies by making investing in their countries more risky and more problematic and by discouraging foreign investment.”

“Imagine how much capital a country like Argentina might attract - if instead of defaulting seriatim and affecting a pose of anger toward creditors, it borrowed responsibly and honored its obligation.”

Chapter 8.30 Coleman, Chase

Age 40 Net Worth $2.3B Forbes 12/2015
Citizen US   Born US
Self-made in Hedge Fund, founded Tiger Global Management in 2001

EDUCATION BA(S) Williams College

RECORD Youngest and most successful of Tiger Cubs, worked directly under Julian Robertson. He is often criticized as coming from "Old Money"

TRADING STYLE He is also well known as a venture capitalist, early investor in Facebook, made $900M. He also invested in Alibaba before it went public.

BEGINNING
1. He was born to wealthy family in 1974 in grew up in Glen Head, Long Island.
2. With his father a law form partner and his mother a business person, he was born into "old money"
3. In 1997, he graduated from Williams College with BA in Economics and Spanish
4. He started his career in 1997, working for Julian Robertson and his hedge fund,. He is a close friend and grew up with Spencer Robertson, one of Julian Robertson's son.]
5. In 2000, when Robertson closed his fund, he forked out $25M to Chase Coleman to manage. He is one of 30 plus "Tiger Cubs",

SUCCESS
1. His early wise decision was to share leadership with Feroz Dewan. These two partners would co-manage his hedge fund until Feroz left in 2015 to found his own investment firm.
2. From 2000 to 2013, his fund had stellar performance with 2011 his best year
3. He would equally be known as a venture capitalist, and was an early investor in Facebook in 2009, which reported made him close to $1B profit. He was also an early private investor in Alibaba and LinkedIn

QUOTES
(On Feroz Dewan's departure in 2015) "His strong leadership of our public equity investing efforts has left a lasting mark on the Firm, We look forward to finding ways to work with him in the future."

Chapter 8.31 Dubin, Glenn

Age 58 Net Worth $2.0B Forbes 12/2015
Citizen US   Born US
Self-made in Hedge Fund, co-founded Highbridge Capital Management in 1992 with Henry Swieca

EDUCATION   BA SUNY Stony Brook

TRADING STYLE based on modern portfolio theory
h a multi strategy hedge fund where individual hedge fund strategies were uncorrelated to one another. to reduce volatility

BEGINNING
1. He was born in Washington Heights, NY in 1957 to Jewish parents. His father was a cab driver and his mother a hospital worker.
2. He went to public school. In 1978. He graduated with BA in economics from SUNY Stony Brook
3   His first job was a stock broker at E. F. Hutton.
4. In 1984, he and childhood friend Henry Swieca, founded Dubin & Swieca, an experimental “fund of funds” based on the principles of modern portfolio theory
5. In 1992 he co-founded Highbridge Capital Management with $35 million in capital with Henry Swieca. The two named their firm after the 19th Century aqueduct connecting Washington Heights (where he was born) with the Bronx

SUCCESS
1. In 2004, JP Morgan Asset Management purchased a majority of Highbridge
2. In 2009, JP Morgan completed purchasing the remaining shares of Highbridge, reported worth 1.3B
3. He retired or sold out in 2014, quietly.

QUOTES
“We started Highbridge in 1992 with client capital of about $30 million. The investment idea behind Highbridge was to create a multi strategy hedge fund where individual hedge fund strategies were uncorrelated to one another. As a result, putting uncorrelated returns together in one fund would help to reduce the amount of volatility on a month-to-month basis.”

"...regardless of whether your goal is to become a teacher, doctor, engineer or business person, to be successful long-term — to be at the top of your game — you must constantly evolve and adapt to your surroundings. There is one constant in life that you can count on: Things will change."

“I really think that having a high level of interest and passion in any activity is essential for being successful-whether it be science, history or business.”

“I would say the proudest moment (of HighBridge) was probably when we created a joint venture with JP Morgan in 2005. We went to JP Morgan with the belief that the hedge fund industry was maturing.”

“Another good way to learn about investing is to read biographies of famous investors like Warren Buffett and George Soros.”

Chapter 8.32 Peltz, Nelson

Age 73 Net Worth $1.96B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, co-founded Trian Fund Management in 2005 with Peter W. May and Edward P. Garden,
Trian Fund Management

EDUCATION Dropout U of Penn

RECORD ski instructor, Jewish, bankrupt, dropout of school

TRADING STYLE activist investing. Value Investor.

BEGINNING
1. Peltz was born in 1942 in Brooklyn, New York, to wealthy Jewish parents
2. He began his study at U Penn.
3. In 1963, he dropped out of the University of Pennsylvania's Wharton School with the intention of becoming a ski instructor in Oregon.
4. However, he ended up driving a delivery truck for A. Peltz & Sons, a wholesale food distribution business founded by his grandfather Adolph in 1896, which delivered fresh produce and frozen food (Snow Top)[16] to restaurants in New York.[9][11]
5. For next 15 years, he and his brother ran his father's business, shifting from produce to frozen food.
6. In 1982, he and his brother Flagstaff Corp took public
7. Strange enough, he bought it back in 1982 his brother Robert bought back the assets of Peltz Food from Flagstaff after it went bankrupt.

SUCCESS
1. In 2005 he co-founded Trian Fund Management in 2005 with Peter W. May and Edward P. Garden,
2. The objective of the fund was to generate significant capital appreciation by using his "operation-centric" investment strategy.
3. He is famous for forays into Wendy, Ingersoll Rand, Apple, H.J Heinz

QUOTES
"Before, Tiffany sold watches only in its own stores. Now, Tiffany watches are sold in 1,500 stores."

"Sometimes it takes longer to create value, but if the companies generate more earnings, the stocks will ultimately reflect that."

"The activists play the balance sheet by selling a division to buy back stock and leveraging the balance sheet and buying back more stock."

"You must make some decisions Wall Street dislikes."

"We are excited that the new directors will work with the board to further enhance shareholder value at Wendy's."

Chapter 8.33 Hintze, Michael

Age 62 Net Worth $1.92B Forbes 12/2015
Citizen Australia Born China
Self-made in Investment, founded CQS in 1999

EDUCATION MBA Harvard
Bs U Sydney Physics and Engineer, MS Acoustics U of New South Wales

RECORD He is a fluent Russian speaker. His is of noble Russian descent.

TRADING STYLE Global multi strategy, based on fundamental bottom-up research

BEGINNING
1. He was born in Harbin China. n 1953 of Russian nobility descent. After his grandparents, who were related to Russian nobility, fled from Russia after the 1917 Bolshevik revolution,
2. In Australia, he was raised by his mother, who worked as a secretary
3. After He spent 3 years in China. After the Chinese Communist Party took over power, he emigrated from China to Australia as refugee,
4. In 1975, he obtained a BSc degree in physics in 1975 and in 1977, he a BE (Bachelor Engineer). He joined the Australian Army, and rose to the position of Captain.
5. In 1982, he graduated MBA from Harvard..
6. His first jobs after Harvard U were at Salomon Brothers, then at Credit Suisse First Boston and Salomon Brothers at New York
7. In the 1980s, he moved to London and worked at Goldman Sachs. He was Head of Equity Trading there.
8. In 1999, he had established CQS, a hedge fund company that made him one of the highest paid individuals in London.

SUCCESS
1.. He launched its first hedge fund in 2000
2. He is based in London and in 2013He was knighted in England
3. He supported various conservative causes in London
4. As of 2015, CQS manages $14B pound in asset.

QUOTES
'I am not sure that I am that smart,' 'I think we work harder. When I was at university there were a lot of smarter people than me, and they seem not to have done quite so well."

"I see more 'pot holes' than 'black holes,Markets have run a long way and expectations are high, however, I think the overall direction of markets is probably upwards, albeit at a more moderate pace than in 2013. What I mean by 'black holes' is that I cannot see anything presently blowing up the markets,"

"The dislocations caused by regulation today are as large as those caused by the original Securities Exchange Act in the US in the 1930s. It will create a decade of investment opportunity for alternative managers like us."

'You (CQS) take the noise and put it in data information knowledge and you get insight from that knowledge. How to execute the trade, the timing, sizing, long, short and then you risk manage it.' That is the CQS approach.
"I think what we are seeing is the end of OPEC,' To have a proper cartel you need a sweet producer, and Saudi Arabia was a sweet producer. And what we're finding is that Saudi can no longer be the sweet

producer. .. they need oil at $95-$100 a barrel (against the current price of $57) to make ends meet.'So is the kingdom in trouble? 'I'd be surprised if they are not. They need to fund their social programmes, their hospitals.”

(on exiting the EuroZone) “Do I really think that people would stop trading with us (UK) if we go outside the eurozone? I don’t think so,'

Chapter 8.34 Lasry, Marc

Age 55 Net Worth $1.9B Forbes 12/2015
Citizen US Born Morocco
Self-made in Hedge Fund, co-founded Amroc Investment in 1985 with his sister Sonia Gardner and Avenue Capital Group in 1989

EDUCATION   BA Clark U JD NYU

TRADING STYLE distressed debt, real estate, collaterized debt obligation and bankruptcy.

BEGINNING
1. He was born in Marrakech, Morocco, to a Moroccan Jewish family.
2. When he was seven, his family immigrated to the U.S.
3. His father, Moise, was a computer programmer and his mother, was a schoolteacher. His parents ran a Moroccan clothing business.
4. He grew up in West Hartford, Connecticut. He received a B.A. in history from Clark University in 1981 After college, he was offered a job as a UPS truck driver, but he opted to go to law school because his wife objected.
5. In 1984, and a J.D. from New York Law School in 1984
6. He became an attorney as Senior Attorney of the Bankruptcy and Corporate reorganization Department at Cowen and Company.[
7. In 1989, he and his sister Sonia Gardner founded the distressed debt investment firm Amroc Investments with a $100 million in seed money from various investors such as Robert M Bass Group

SUCCESS
1. His firm grew rapidly.
2.Between 1996 and 2001, Mr. Lasry said, Avenue managed assets worth $1 billion. From 2001 to 2006, In October 2006, Morgan Stanley bought a non-controlling 15% of Avenue, He and his sister re-invested 100% proceeds back to . Marc Lasry and Sonia Gardner invested 100% of the proceeds they received from Morgan Stanley back into the Avenue Capital.
3. By 2007, those assets grew to $12.5 billion. By the summer of 2007,
4. As of 2015, he has $14.1B under his management

QUOTES
“We invest in companies that are in trouble,”We buy the debt of those companies at a discount.”

“You can never time a bottom. What you can do is time a cycle and five years from now, people will say – ‘Why didn’t I buy?’

“What has made [Warren] Buffett successful, what has made other people very, very good, is their ability to see things in the available data that others don’t see.”

“I look at myself as a value investor.”

“I’m trying to constantly find mispriced investments and add value.”

“I don’t want to hear how great the investment is – I want to hear how we could get hurt.”

“Once we know that our downside is protected, then we look at the upside potential.”

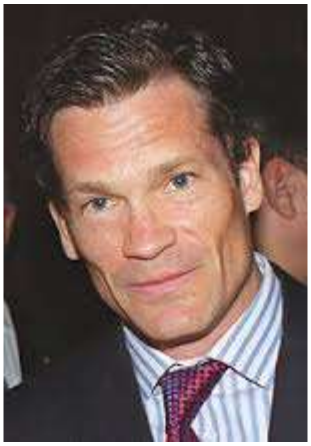
“People have a natural aversion to investing in companies in bankruptcy.”

“You need to understand how a company’s going to operate in the bankruptcy process and how that’s going to affect its ongoing operations. You’ve got to mesh many different disciplines into one. That’s our edge. We have the expertise to understand those different disciplines better than others.”

(On him starting Amroc with his sister Sonia Gardner a forerunner to Avenue Capital Group) “ It was just the two of us and a secretary when we started – we were both working 14-hour days, 7 days a week. We slowly built one of the largest private distressed debt brokerage firms that existed at the time, and expanded Amroc to more than 50 employees.”

“I look at myself as a value investor. I’m trying to constantly find mispriced investments and add value in a situation. For Avenue, investing means having conviction in your work and companies where you invest, even when the Street has written them off.”

Chapter 8.35 Bacon, Louis



Bacon, Moore Louis
Age 57   Net Worth $1.81B Forbes 12/2015
Citizen US   Born US
Self-made in Hedge Fund, founded Moore Capital Management (MCM) in 1989

EDUCATION   MBA Columbia U
BA Middlebury College

RECORD Most expensive divorce of all Hedge Fund Managers, more than $100M
He is not a Tiger Cub, but a Tiger Relative. Because his father remarried on of the sisters of Julian Robertson after his mother died.
.
TRADING STYLE Macro Trader MCM is characterized as a global macro investor

BEGINNING
1. He was born in Raleigh, North Carolina in 1956 to well-to-do family. His father owned a real estate firm.
2. He attended Middlebury College, and graduating in 1979 with BA in American Literature
3. Bacon met Walter Frank while he was working on a fishing boat on Long Island. He was given a job clerking at the specialist firm Walter N. Frank & Co
4. He later received MBA from Columbia in 1981
5. He traded using his Dad's money while at Columbia, and barely made a profit
6. His first job was at Bankers Trust on sales and trade.
7. Later he left Bankers Trust and joined Walter N Frank, NY Stock exchange and Shearson Lehman Brothers
8, In 1987 he founded Remington Trading Partners. During the first year, his market insights allowed him to profit during the October 1987 market crash
9. In 1989, he founded Moore Capital Management, using the $25,000 he inherited from his mother. Moore is his mother's maiden name
10. MCM's first investor was Antoine Bernheim, president of Dome Capital Management, who in 1990 accounted for $1.5 million of MCM's initial $1.8 million in assets

SUCCESS
1. He got his first lucky break through his good friend and legendary trader Paul Tudor Jones. In 1989, Jones wasn't accepting new money, so he recommended his clients to invest in MCM.
2. MCM specialized in global macro investor,
3. He survived his divorce bill in 2002, to Cynthia of more than $100M (Forbes)
4. As of 2015, in 2015, has 230 employees worldwide and asset under management.

QUOTES
"The ability to manage large assets well - it's like being Michael Jordan or winning the gold in the Olympics; it's what you aspire to."

"When a profit-seeking company proposes to take citizens' private land away for its own gain, people should stand up for their rights."

"As a speculator you must embrace disorder and chaos."

"The strongest arguments prove nothing so long as the conclusions are not verified by experience. Experimental science is the queen of sciences and the goal of all speculation."

Chapter 8.36 Einhorn, David

Age 47   Net Worth $1.75B Forbes 12/2015
Citizen US   Born US
Self-made in Hedge Fund, c-founded Greenlight Capital in 1996 with Jeffrey A. Keswin

EDUCATION   Cornell U BA in government

TRADING STYLE Famous for short-position and high return, "fund of funds". He does not use leverage.

BEGINNING
1. He was born in 1968 in New Jersey to Jewish family. Both his parents are business persons. 2. At
2. When his parents sold the business in NJ and moved to Wisconsin when he was 7. He grew up in Glendale, Wisconsin
3 Cornell U , he majored in Government
4. In 1996, he co-founded Greenlight Capital with Jeffrey A. Keswin
Founded in 1996 by Einhorn,[5] with $900,000 (half borrowed from Einhorn's parents), He was only 28.

SUCCESS
1. His fund is characterized by short-selling position he publicized Einhorn has received extensive coverage in the financial press for short selling Allied Capital, Apples and Green Mountain Coffee Roasters stock.
2. In July 2007 till Sept 2008, he made his most famous trade, betting against Lehman Brothers until it went into bankruptcy.
3 Hs fund is also characterized and also non-use of leverage and very high return (anual rate of return almost 25% a year)
4. In 2015, he publicly announced his short-position on hydraulic fracking firms.

QUOTES
"My parents often discussed business at the dinner table. Like his father, my dad has an enormous reservoir of patience and persistence. My mom is much more demanding…"

"Both poker and investing are games of incomplete information. You have a certain set of facts and you are looking for situations where you have an edge, whether the edge is psychological or statistical."

"Microsoft could help Facebook with one of the biggest challenges, namely monetizing its traffic without reducing the user's experience. It's obvious that Microsoft needs traffic and Facebook needs search.

"I was never a believer that the markets are efficient."

"When you leave a good job to go off on your own and don't expect to make money for a while, you name the firm whatever your wife says you should." (On the name Greenlight)

"As an investor my job is to figure out what will happen rather than what should happen."
(Bear Stearns)" didn't fall because of market rumors. It fell because it was too levered and had too many illiquid assets of questionable value and at the same time depended on short-term funding."

"There were three basic questions to resolve: First, what are the true economics of the business? Second how do the economics compare to the reported earnings? Third, how are the interests of the decision makers aligned with the investors?"

“At the top of the bubble, technology stocks seemed destined to consume all the world’s capital. It was not enough for all the new money to go into this sector. In order to feed the monster, investors sold everything from old economy stocks to Treasuries to get fully invested in the bubble. Value investing fell into complete disrepute.”

Chapter 8.37 Steyer, Thomas

Age 58 Net Worth $1.61B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, founded Farallon Capital Management in 1986

EDUCATION BA Yale U
MBA Stanford U

TRADING STYLE fundamental analysis. seeks to achieve superior risk-adjusted returns through a process of fundamental, bottom-up analysis.multiple investment strategies

RECORD Hedge Fund based on San Francisco, not NYC

BEGINNING
1. He was born in New York City in 1957. His Jewish father Roy Henry Steyer was a law firm partner
2. He was captain of the Yale soccer team and In 1979 he graduated summa cum laude in economics and political science.
3. In 1983, he received his MBA from Stanford Business School, where he was an Arjay Miller Scholar (Academically top 10%)
4. His first job was at Morgan Stanley's corporate mergers and acquisitions department
5. He worked as a risk arbitrage trader under Robert Rubin at Goldman Sachs, who would later become U.S. Treasury Secretary Robert Rubin,
6. Then he worked for San Francisco-based private equity firm Hellman & Friedman
7. In 1986, he founded Farallon Capital in January, 1986 with $15M.
8. Farallon is the name of a chain of shark-infested islands in the Pacific Ocean, 27 miles west of the Golden Gate
9. His first client was his alma mata Yale U, but he was rejected for high fee, He quickly changed his model to charging no fee initially to manage Yale U's endowment. He was so successful that eventually many university hire Farallon to manage their endowment

SUCCESS
1. By 2011, Farallon managed more than $20B and became of the 12th largest hedge fund in the world
2. Retired in 2012 Tom Steyer spent 26 years running hedge fund Farallon Capital, then sold his stake in late 2012 and switched his focus to politics and the environment.
3. His partner Spokes will buy over. but he will remain second-largest investor
4. He retired to concentrate on the environment and is a staunch supporter of the Democratic Party

QUOTES
"I am a research-oriented fundamental investor, not a trader."[

"My role (in Farallon) has shrunk over time, his has grown, and rightfully so,The transfer to Andrew (Andrew J.M. Spokes in 2012) has proceeded steadily and deliberately for five years. Now it is time for him to take the reins alone."

"People's image of environmentalism is very different from the actual Americans who care about it. That Latinos care the most about environmental issues is not a popularly held view in the U.S., but it consistently polls that way. Latinos are so aware of environmentalism is that companies have traditionally put their dirtiest plants in poorer neighborhoods, because poorer communities have no political clout. Then their kids have breathing problems."

“If people aren’t pissed off, it ain’t working. That’s the truth. We have a system where elected officials are extremely happy. It’s just the other 317 million Americans who are getting screwed. If elected officials are upset, I think that’s a good sign.”

Chapter 8.38 Howard, Alan

Howard, Alan
Age 52 $1.65B Forbes 12/2015
Citizen UK Born UK
Self-made in Hedge Fund, co-founded Brevan Howard Asset Management in 2002
EDUCATION MS Imperial College London

TRADING STYLE extreme risk-aversive**.** He is also a contrarian. and macro traders.

BEGINNING
1. He was born to a Jewish family in England in 1963 in 1963. He is the oldest of 3 children and his father was a mechanical engineer.
2. He graduated from Imperial College London with a Master of Science
3. He began his financial career at Salomon Brothers and worked in the ECU Eurobond market.
3. He worked at Credit Suite First Boston and rose to become Global Head of Proprietary Trading.
4. Then he moved to Greenbriar Equity Group as Managing Director
5. He made his reputation in 1994 by betting against LTCM and interest rate.
6. In 2002, at the age 39. he launched Brevan Howard Asset Management in with four of his CS colleagues. The name Brewan are the initials of the 4 founding partners.They are: Jean-Philippe Blochet, Christopher Rokos, James Vernon and Trifon Natsis. A consultant was to add some vowels and became the word Brewan. All 5 were fixed-income traders.
7. In 2002, Brewan Howard began with 50 employees and chartered in Jersey, a British Crown dependency

SUCCESS
1..Brewan Howard's rapid growth continued fo next 5 year. By 2007, it had moe than $10B asset under management.
2. In 2007, Howard's partnership also sold a 15% interest in the firm to reinsurance company Swiss Re.
2. In 2008, he avoided the great financial crisis and his fund returned 21%, while the average hedge fund lost 19% and the S&P lost 37%. He has made his reputation.
3. In 2010 Howard moved his personal residence to Geneva, Switzerland. He cited life style reasons and tax reasons.
4. In 2015 he moved back to London in 2015 after 2 mediocre years of 2013 and 2014.
5. In 2015, Brevan Howard manages 45B in asset He now operates in seven offices across three continents with more than 300 traders Brevan Howard Asset Management was one of the top hedge fund managers in Europe.

QUOTES
"I figured engineering was a good degree because it was analytical,"
(on trading) "You have to be more short-term oriented at the moment, You have to be very flexible and willing to change your mind quickly."

"(On secrecy) "We're a company that prefers to have a low profile,We're a company that prefers to have a low profile. That's just the way we are."

(on why he firing too many traders) "When you hire people you need to give them time to see how well they work out and fit in,Because we have high standards, sometimes we have to make changes." 'He Gets It Right' "

"You have to adjust to the market and be pragmatic,(to reduce trading position) I don't like it, but that's life."

Chapter 8.39 Swieca, Henry

Swieca, Henry
Age 58 $1.54B Forbes 09/14
Citizen US Born US
Self-made in Hedge Fund, co-founded Highbridge Capital Management in 1992 with Glenn Dubin
EDUCATION MBA Columbia U
BA SUNY Stony Brook

BEGINNING
1. He was born in Washington Heights, NY to Jewish parents who fled the holocaust
2. At age 19, he lost both his parents at age 19. He would use a $50,000 inheritance to trade stocks and fund his education
3. He went to Stony Brook. He played lots of basketball at Stony Brook
4. Through the advice of his uncle, he invested nearly all his money into Warner Communication, whose stock doubled in 2 years. He used the money to get an MBA from Columbia U in 1982.
5. His first job, he joined Meryl Lunch, His motto, he was going to outwork everyone else
6. First job He began his formal career in 1980 at Merrill Lynch as a registered representative,
7. In 1982, he graduated with MBA from Columbia U
8. Second Job later moving to E.F. Hutton and Dillon Read before launching Highbridge with Dubin
9. In 1992, he co-founded Highbridge with Dubin, Glenn, boyhood friend

SUCCESS
1. He served as the firm's chief investment officer from its 1992 inception until its 2009 acquisition by JPMorgan Chas2007 he sold rest of Highbridge to Chse JPMOran
2. They sold a 55% stake to JP Morgan Chase in 2004 and in 2009, he sold the remaining share.
3. Now he manages his own fund through Talpion Fund from his family office.

QUOTES
“Every day you should push yourself to do more and to succeed bigger.”

“Keep pushing and keep taking chances – don’t stop.”

“Take chances, take risk and do the right thing – and your odds of winning will go way up.”

“He who works hard and believes has to sell much less.”

“Checking boxes and following a set career path was never my style, and it’s much harder to do today, Look at your skills and what’s ahead for the market, then match what you’re good at with the opportunities that are out there.” And no matter what, work hard and don’t take any shortcuts.”

Chapter 8.40 Chanos, Jim

Age 57 Net Worth $1.5B Source Celebrity NetWorth
Citizen US   Born US
Self-made in Hedge Fund, founded Kynikos Associates in 1985

EDUCATION BA Yale U

TRADING STYLE   One of world's most famous short seller, constantly in the news. Long Term lies of big companies, now big countries like China

BEGINNING
1. He was born in Milwaukee, Wisconsin in 1957 to Greek Immigrant parents, who operated a chain of dry cleaners.
3. In 1980, he graduated from Yale U
4. He worked for multiple firms, and became famous for his short positions
5. In 1985, he branched out and founded Kynikos Associates (Kynikos meaning cynic in Greek)

SUCCESS
1. His investment philosophy is the opposite of Warren Buffett, concentrated on large cap, over a long period of position, shorting the stock
2. His most famous short trade on Enron,(collapse 2001). Shorting of Enron would make him wealthy. He found fraud and shorted early and way towards the end.
3. In 2008, he would again repeat is success with was Baldwin United (collapse 2008) , he is known as the short detective
4. In the past 3 years, he is well-known as a critics on Chinese stocks and Chinese banking system

QUOTES
(On Chinese economy) "When the leaders are all billionaires we must say that the Marxist-Leninist ideology has maybe been watered down a bit, sometimes with pigs in it."

"'Mr. Chanos has never been to mainland China.' Well hell, I didn't work at Enron either."

"The biggest mistake people make is being co-opted by management."

"They (Kodak) ended up being decimated by their own invention of digital photography. When analyzing Kodak as a short candidate, valuation was almost the last aspect that we considered because, as I said, some of the best short ideas can look cheap from a valuation standpoint."

"You need to be able to weather being told you're wrong all the time. Short sellers are constantly being told they're wrong."

"Go to Dubai and see what happened. It was…what I call it the 'Edifice complex'.

"What we define as a bubble is any kind of debt-fueled asset inflation where the cash flow generated by the asset itself - a rental property, office building, condo - does not cover the debt incurred to buy the asset. So you depend on a greater fool, if you will, to come in and buy at a higher price."

"What people don't realize is that China papered over its last two credit bubbles, those in 1999 and 2004. The banks were never bailed out - they just exchanged their bad loans for questionable bonds from quasi-state organizations."

Chapter 8.41 Harding, David

Age 54   Net Worth $1.49B   Forbes 12/2015
Citizen UK Born UK
Self-made in Hedge Fund, founded Winton Capital Management, in 1997

EDUCATION BS U of Cambridge

TRADING STYLE Quantitative Model and Trend Following Style

BEGINNING
1. He was born in August 1961 in England
2. In 1982, he graduated with first class honor from University of Cambridge in Physics
3. His first job was a traineeship at Wood Mackenzie, a stockbroker.
4. In 1984,, he joined the futures brokerage firm, Johnson Matthey & Wallace, as a trader in commodity futures.
5. In 1985, he became a futures trader at Sabre Fund Management. Using his his scientific background to design trading programs for the futures markets.[. He worked there for 2 years
6. In 1987, il founding Adam, Harding & Lueck (AHL) in 1987 with Michael Adam and Martin Lueck
7. In 1997, he founded his hedge fund firm, Winton Capital Management, in 1997 with $1.6M.   Winston is his middle name. He said he was inspired by Renaissance Tech and used similarly scientific proven quantitative method to trade.

SUCCESS
1. By November, 1999, Winton CM had grown and raised more than $100M from investors.
2. After 5 years of almost 20% annual return, in 2004 saw Winton CM's managed asset exceeded $1 Billion for the fist time. 4. In 2008, Winston opened its first office outside the UK in Hong Kong.
3. He is well-known trend-follower (Turtle Trader) and supplemented with applied quantitative methods to achieve superior return.
5. In 2015, he manages close to $30 billion and employs 340 people.

QUOTES
"There are no discrete events in our investment process. We do not put on a trade monitor it and take it off. We stopped doing anything like that 10 years ago."

"If you put in stops and run your profits and trade randomly you make money; and if you put in targets and no stops, and you trade randomly you lose money. So the old saw about cutting losses and running profits has some truth to it."

"We know that we know almost nothing. but the "almost nothing" we know isn't completely nothing, and we only bet on that."

"You have a set of rules. Go with the flow… Buy Soybeans when they're going up. We tested all these rules and as far as past data is concerned. They worked. They're not supposed to work. Not according to the efficient market theory, which says the market has no predictable patterns in it."

"A remarkable thing has remained constant in the past 45 years. It's the autocorrelation of the markets. When you do a simulation of a trend following trading system over 25 markets over 50 years, you get a remarkable upward slope, which shouldn't exist. I found it a thing of beauty even if I hadn't made a fortune (which is a bit embarrassing). The dust and noise and heat, and light and human activity are reduced to an absolute predictable straight line, or have been reduced to a straight line when you apply a simple mathematical formula."

"The S&P 500 is a trading system. The S&P 500 is a set of rules for buying and selling stocks. And by the way… not a very good one reduced to a straight line when you apply a simple mathematical formula."

Chapter 8.42 Klarman, Seth

Age 58 Net Worth $1.4B Forbes 12/2015
Citizen US Born US
Self-made in Investment, founded Baupost Group in 1982, the same year he received MBA from Harvard

EDUCATION MBA Harvard
BA Cornell U

RECORD he wrote book Margin of SAFETY, a 249 page book which has since out of print.

TRADING STYLE he is a value investor and an open admirer of Warren Buffett. He likes to keep large cash reserve.

BEGINNING
1. He was born in NYC to Jewish family and grew up in Baltimore, where his dad a public health economist at Johns Hopkins U and his mother a high school English teacher.
2. He reported bought his first share of stock at 10 years of age.
3. He graduated from Cornell U and then Harvard MBA where he was a Baker Scholar (top 10%)
4 In 1982, he founded Baupost Group with $30M.

SUCCESS
1 His firm had annualized return of almost 19% since inception.
2. In 1991, he wrote Margin of Safety, Risk Averse Investing Strategies for the Thoughtful Investor, since then it has been out of print. The book is highly respected by finance professional.
3. In 2010 and 2013, both tried to return investor funds to keep total asset under management at $25B.
4. Since 2013, Baupost is closed to new investor.
Before founding Baupost, he worked for Max Heine and Michael Price of the Mutual Shares fund
5. In 2015, Naiupost manages $25B in asset and is one of the largest hedge fund.
6. In 2015, he has health problem and had open-heart surgery.

QUOTES
“[In November 1991 on buying his first share at 10 years of age.] I’ve always been interested in the market… I traded my first stock when I was 10… Johnson & Johnson… I bought one share. Completely as a surprise, it split 3 for 1 the next day.”

“Almost every financial blow up is because of leverage,”

“When you buy anything it's an arrogant act. You're saying to markets are gyrating and somebody wants to sell this to me and I know more than everyone else so I'm going to stand here and buy it. That's arrogant," he said. "You need humility to say 'I might be wrong.”

“A margin of safety is necessary because valuation is an imprecise art, the future is unpredictable, and investors are human and do make mistakes. It is adherence to the concept of a margin of safety that best distinguishes value investors from all others, who are not as concerned about loss.”

“Supply and demand imbalances can result from year end tax selling, an institutional stampede out of a stock that just reported disappointing earnings, or an unpleasant rumour.”

“Financial market innovations are good for Wall St but bad for clients.”

“By contrast value investing is predicated on the belief that the financial markets are not efficient. Value investors believe that stock prices depart from underlying value and that investors can achieve above-market returns by buying undervalued securities. To value investors the concept of indexing is at best silly and at worst quite hazardous.”

“Buying is easier, selling is harder. You can never know how big a bargain you will get tomorrow. So always keep a little in reserve. Buying a dollar for 50 cents could become 40 cents tomorrow.”

Chapter 8.43 Sandell, Thomas

Age 54 Net Worth $1.32 Billion Forbes 12/2015
Citizen Sweden Born Sweden
Self-made in Hedge Fund, founded, Sandell Asset Management in 1998

EDUCATION MBA Columbia U BS Uppsala University

RECORD Badminton Champ

TRADING STYLE specializing in global corporate event-driven, alternative asset manager specializing in international, event driven and multi-strategy."

BEGINNING
1. He was a badminton champion player in Sweden
2. He received a BS in International Business Administration and Economics from Uppsala University (Sweden)
3. From 1986 to 1987, he worked as securities analyst for Atlantic Finance in Paris and subsequently was head of equity research at Group Delphi in Paris.
4. In 1989, he grauduted an MBA in Finance from Columbia Business School
5. From 1988 to 1995.he worked 8 years under Ace Greenberg at Bear Stearns with Ace Greenberg on series of deals fo 8 years, including the famous Kirk Kerkorian's attempted buyout of Chrysler
In 1997, he left his position as senior managing director and co-head of the Risk Arbitrage at Bear Stearns.
6. In 1998, he founded Sandell Capital Management in New York.

SUCCESS
1. By 2008, his hedge fund's managed asset had grown to $7.5B
2, Then during the 2008 financial meltdown, his fund went down 30% and after withdrawal, managed only $850M. He kept a low profile.
3. Despite the big drwadown His performance over the last decade had been phenomenal, with annualized return over 60%. He did this without the public high profile activist approach of other similar hedge funds.
4..A citizen of Sweden, he is the tenth richest man in Sweden

QUOTES
"leading, private, alternative asset manager specializing in international, event driven, multi-strategy investing."

"We looked at Macy's a while ago, David, and it seemed very interesting to us, and I would say that we didn't really get involved because you have a whole menu of other names to choose from that perhaps are more suitable for us. We tend to prefer investing in the middle market, mid caps, because, you know, historically have better returns in that space, and it's -- it's a quicker way for us normally to drive value than an operational turn-around that could take four years or perhaps even longer."

"But, fundamentally, the value of real estate has increased dramatically over the last few decades. You can't say the same thing about the value of operating a department store. It's gotten more competitive. You have the Internet, you had, you know, fast fashion, you've had all these competitors."

“There's a company called Ethan Allen, furniture retailer with an iconic brand name, it's American retailer. And what's very interesting here is that they have tremendously valuable real estate.”

Chapter 8.44 Price, Michael

Price, Michael
Age 64 Net Worth $1.28B Forbes 12/2015
Citizen US   Born US
Self-made in Hedge Fund, founded MFP Investors in 1998

EDUCATION   BA U of Oklahoma

TRADING STYLE   Value investor, Activist Investor.

BEGINNING
1. He was born on 1951 to a wealthy Jewish family in Glen Cove, New York. His father ran a chain of clothing stores.
2. In 1973, he earned a B.A. from the University of Oklahoma
3. In 1974, he started work with Max Heine at Heine Securities, reported making only $200 a week as a research assistant.
4. In 1982, he became a full partner of Heine Securities
5. When Max Heine died in a car accident in 1988, he became the president and chairman.
5. By 1996, Price had increased the value of the funds he managed to over $17 billion before selling the company to Franklin Securities for $670 million.
6. In 1998, he founded MFP Capital Management in NY

SUCCESS
1. In 1997, his name and $18 million to his alma mater, the University of Oklahoma, to form the Price College of Business in 1997.
2. In 1998, he founded MFP Investor Hedge Fund. MFP took his initial Michael F Price
3. He donated $25 million to Yeshiva University in 2001 for a biomedical research center in
4. In 2015, MFP is a relatively small hedge fund (under $1B asset) ,which continue to operate his same philosophy of value.

QUOTES
“Never, never pay attention to what the market is doing. … Stay away from the crowd.”

“The key question in investing is, what is it worth, and what am I paying for it? Intrinsic value is what a businessman would pay for total control of the business with full due diligence and a big bank line. The biggest indicator to me is where the fully controlled position trades, not where the market trades it or where the stock trades relative to comparables.”

“We like to buy a security only if we think it is selling for at least 25% less than its market value.”

“A good time to start in [the investing] business is when markets are terrible…. We wait for bad news… I love to read about losses.”

“A lot of people have the brains. It is the judgment with the brains that matters, and that comes with experience and from thinking about things in the right way.”

“We know it's easy to get swept away in a growth market. But I've been in this business more than 25 years and I've watched investors figure out a way to justify incredible multiples, only to see valuations collapse back to the underlying worth of the company. We are value investors, and at these prices, we aren't going to buy names like Microsoft.”

“(I was) right about 70% of the time, but if had to be right both on the timing to buy and to sell, just mathematically his chances of being right twice went way down.”

Chapter 8.45 Chilton, Richard

Age 57   Net Worth $1.27B   Forbes 12/2015
Citizen US   Born US
Self-made in Hedge Fund, founded Chilton Investment in 1992

EDUCATION   BA Alfred U

TRADING STYLE a indirect member of Tiger Cubs,

BEGINNING
1. He was born in Ho-ho-kus NJ in 1958.
2. He attended college at Alfred University in Western New York, where he graduated No. 1 in the business school in 1980 before launching his investment career.
3. He began working on Wall Street in 1978.
4. In 1983, he was an analyst of small-cap equity for Alliance Capital Management. He actually had been working on Wall Street since 1978.
5. In 1990, He was a veteran of A New Jersey native and veteran of Merrill Lynch, Alliance Capital and Allen & Company,
6. He was an analyst for a small cap mutual fund. Since he could not short, but used his own money
I met a fellow named Art Samberg, who was on the board of the mutual fund I co-managed. ...
7. In 1992, he started his own hedge fund, Chilton Investment Company. His office was up a shop in a tiny one-room office in New York to manage a classic long/short equity hedge fund.

SUCCESS
1. In 2015, he bought a $100 pound home in Great Britain
2. Focused primarily on equities, the firm manages some $3 billion in assets. He sits on the board of the Metropolitan Museum of Art.
3. In 2015, Chilton Investment manages more than $7B in asset.

QUOTES
“Julian (Robertson) really taught me how to short. He'd call me up and ask me, “What companies do you hate?” or “Which companies are going out of business?” He showed me how to short those stocks.”

“Herbert (Cohen) wanted to buy a piece of my company, but I declined. He asked if he could give me money, and I did take that $1 million ... and then with the bulk of the money coming from my family, I started with $5 million.”

“Along the lines of A.W. Jones (Alfred Winslow Jones launched the world's first hedge fund in 1949), where I was always long and always short. I would not time the market, but I would be consistently long and consistently short. I started July 1, 1992..”

“We don’t want free agents, we want a team. So in a lot of respects, we don’t love [individual] sport people where it’s all about them. This firm isn’t about just one person; it’s about the whole group.”

Chapter 8.46 Biondi, O'Francis

Age 51 Net Worth 1.17B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, co-founded Kings Capital in 1995 with Brian Higgins

EDUCATION BA Yale U
MBA Harvard U

TRADING STYLE long-short credit and event-driven firm with a global presence.

BEGINNING

1. He attended high school in Delaware
2. In 1987, he graduated magna cum laude from Yale U
3. In 1991, received MBA from Harvard U
4. He met Brian Higgins in the 980s, as co-portfolio managers at First Boston office.
5. In 1995, he co-founded King Capital with Brian Higgins

SUCCESS

1. He and Brian Higgins are perceived by investor to be secretive. They prefer to communicate with investors and customers, generally through quarterly newsletters that run 3 pages long
2 Their best years were from 2006 to 2010, King Street has tripled in asset value, rising to an all-time high of $19.9 billion at the end of 201
3. With more than $20 billion in assets, King Street focuses on out-of-favor investments in stocks and bonds
.

QUOTES

Secretive and don't grant interviews, seldom even mingle with customers, Both Biondi and Higgins believe that their primary job is to manage assets rather than mingle with the clients.

Chapter 8.47 Higgins, Brian

Age 51 Net Worth $1.16B Forbes 12/2015
Citizen US Born US
Self-made in Hedge Fund, co-founded King's Capital in with O'Francis Biondi in 1995

EDUCATION BA Villanova U

TRADING STYLE: computer & mathematics, distressed hedge fund, global long-short hedge fund, event-driven and credit-drive. very few stock trade, mostly invest in distressed companies

BEGINNING
1. He graduated from Villanova U
2. In the late 1980s, he met O' Francis Biondi while working on First Boston's high-yield desk.
3. In 1995, he and O'Francis Biondi founded King's Capital, investing chiefly in distressed companies

SUCCESS
1. He is highly secretive, does not grant interview.
2. He is known as the aggressive trader
3. He took over as head trader after Kieran Goodwin retired. Goodwin ran the trade division from 1994 to 2000.
4. The firm did well during the financial crisis of 2008 and making a killing off of a well-timed investment in bankrupt Lehman Brothers Holdings, even made a modest profit
5. From 2006 to 2010, King Street has tripled in asset value, rising to an all-time high of $19.9 billion at the end of 2010.

QUOTES
Secretive and do not grant interviews. They seldom even mingle with clients. Both Biondi and Higgins believe that their primary job is to manage assets rather than mingle with the clients.

Chapter 8.48 Citrone, Robert

Age 51   Net Worth $1.03B Forbes 12/2015
Citizen US   Born US
Self-made in Hedge Fund, co-founded Discovery Capital Management in 1999

EDUCATION   MBA Darden School of Business UVA
BS with Honors math and Economics Hampden-Sydney College.

TRADING STYLE He is one of the Tiger Cubs.   He specializes in macro in emerging market using top-down approach

BEGINNING
1. He grew up in York, Pennsylvania and he was a wrestler in High School
2. In 1987, he graduated with BA from Sydney-Hampdon College
3. In 1990 he graduated from MBA at UVA as Shermit Scholar
4. His first job was at Fidelity Investments, where he helped established and ran an emerging-market fixed-income and currency group.
5. From 1995 to 1999, he worked under Julian Robertson at Tiger Management Corp., where he also headed emerging-market investments
6. He made his reputation and huge profit by betting against the Thailand Baht during the Asian Currency Crisis of 1998
7. In 1999. he co-founded Discovery Capital, with backing from Julian Robertson and George Soros.

SUCCESS
1. Despite down year in 2008, when his fund lost 33%, the annual return between 1999 and 2015 around 17%, making it one of best performing hedge fund.
2. In 2012, he bought a share of the Pittsburgh Steeler
3. As of 2014, Discovery Capital has more than #37.5B in management asset and relatively small number of clients; about 12.

QUOTES
“I learned, when you lose your conviction, get out.”

“I can't really control political risk. But by doing my homework on the countries in which the fund is invested, I can try to limit it.”

“Information is key.”

“Invest using a `top-down' approach. That means I first analyze the investing climate within a given country.

“In order to reduce currency risk, I have made certain that around 70% of my holdings are valued in dollars instead of foreign monies. And to limit interest-rate risk, some 40% of assets are in floating-rate bonds, which are less subject to principal loss than fixed-rate debt if rates rise.”

“I learned, when you lose your conviction, get out.”

“Any time you invest overseas, currency risk can play a role. That's the risk that movements in the currency of the nation in which you're invested can hurt the returns on those investments. I can reduce currency risk by buying dollar-denominated bonds - those whose returns are directly tied to the U.S. dollar (in 2000) We really focus on about 20 markets.”

Chapter 9: How To 1: My 12 Favorite Trading Books

These are my 12 favorite books on trading, The following 12 books are arranged from oldest to the newest. Reminiscences is the oldest book , Principles is the newest book.

1. **Reminiscences of a Stock Operator** by "Edwin Lefèvre" Wiley 1923 (available free internet download)
2. **How to Trade In Stocks** Jessie Livermore 1940 (available free internet download)
3. **Soros on Soros Staying Ahead of the Curve** by Byron Wien and Geroge Soros – John Wiley 1995
4. **SOROS: The Life, Times, and Trading Secrets of the World's Greatest Investor** by Robert Slater McGraw-Hill Education 1997
5. **Margin of Safety: Risk-Averse Value Investing Strategies for the Thoughtful Investor by** Seth Klarman 1991
6. **The Intelligent Investor: A Book of Practical Counsel** Benjamin Graham with Warren Buffet's Preface Harper & Row January 22, 1986
7. **Market Wizards: Interviews with Top Traders** By Jack D. Schwager Harper Paperback 1993
8. **The Alchemy of Finance** by George Soros Wiley 2003
9. **Encyclopedia of Chart Patterns** by Thomas N. Bulkowski, Wiley Trading 2007
10. **The New Market Wizards: Conversations with America's Top Traders** By Jack D. Schwager Harper Collins 2009
11. **The Complete TurtleTrader** by Michael W. Covel HarperCollins Publishers 2009
12. **Principles** by Ray Dalio: By Bridgewater Associates 2011 (available free for internet download)

Chapter 10 How To 2: Same Stock Chart for Rich People and Poor People

10.1   How the Top Trader Trade

Rich or Poor, everyone looks at the same stock chart. I have included a most useful chart. This chart applies to 70% of the tech stocks in NASDQ. Please do not use this chart to trade non-Tech stocks.

10.2   Step by Step Construction of a chart

Step 1: Plot the Chart
Go to finance.yahoo.com, type in DDD for search,
Then click on “5 year”. Here is the chart

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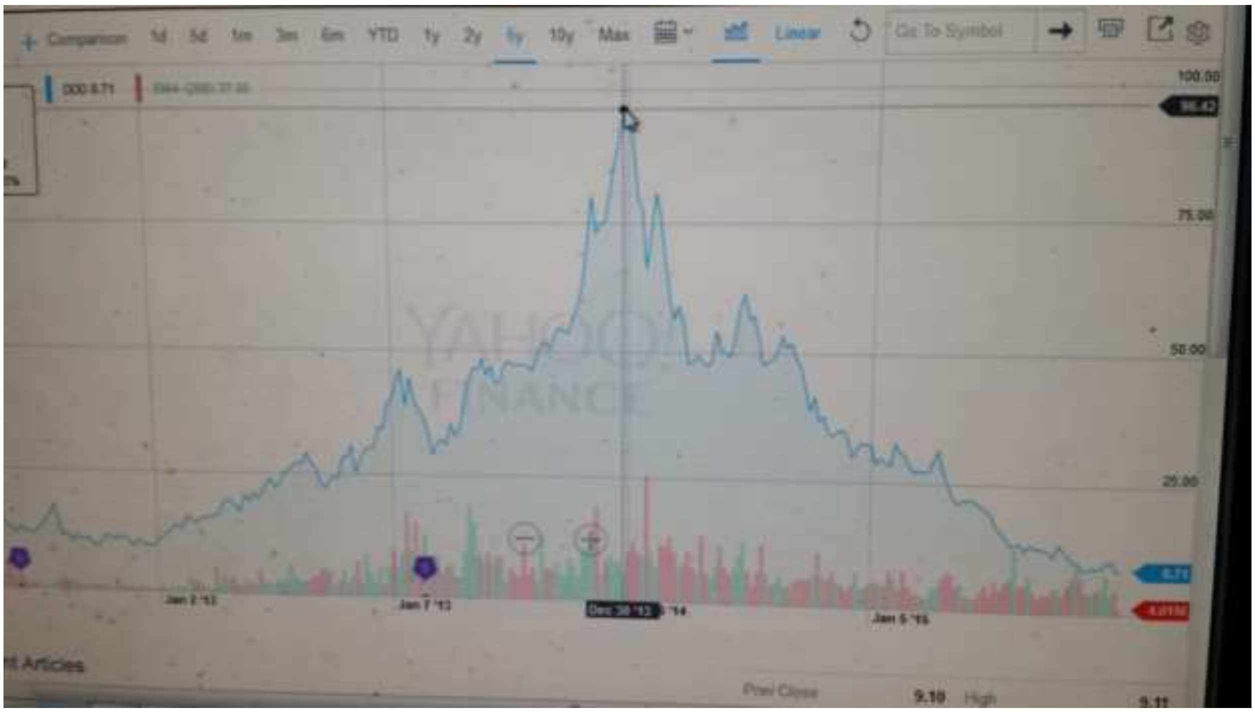
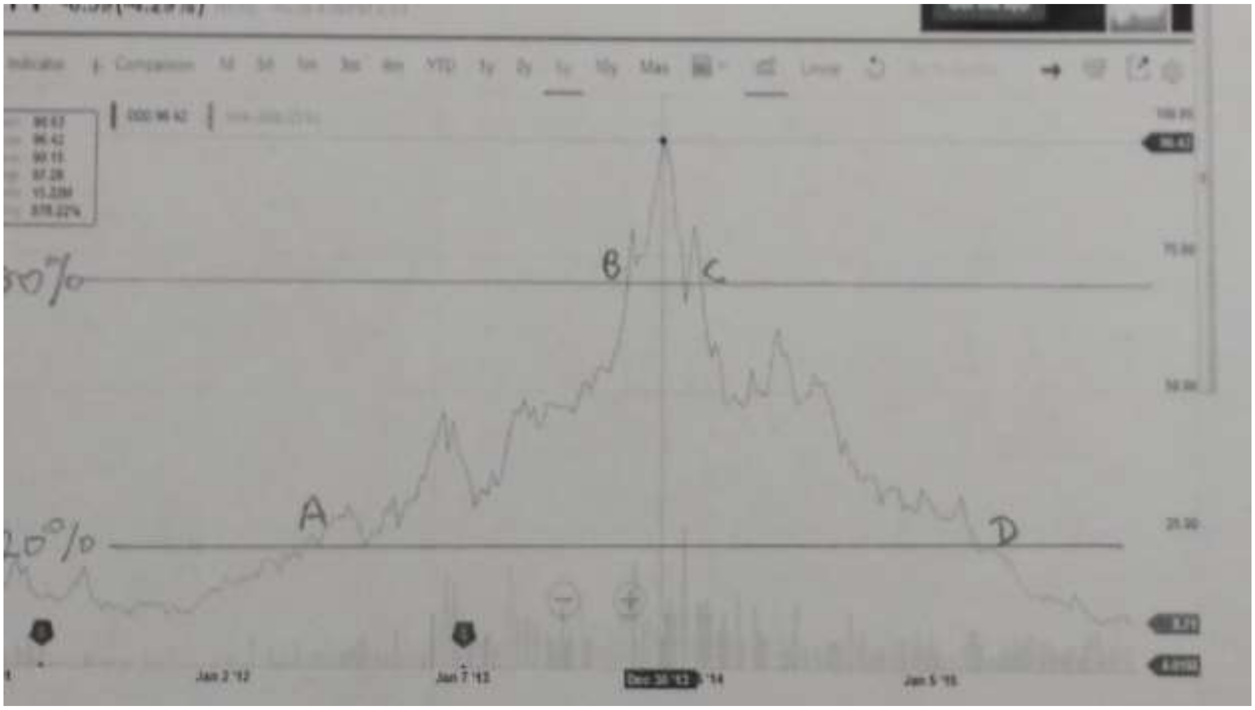


Step 2: draw 2 horizontal lines: 20% from the top line, 20% from the bottom line.

Step 3: Now we have 4 points of intersection, I call them A, B, C, D.



Step 4: Point A is called a Breakout , Point C is Test of Failure, usually from a head-and-shoulder pattern or a double-top.

There are only 2 Trades: (a) Rich Man's Trade and (b) Poor Man's Trade

Rich Man buys at Point A, and sells at Point C. in the process makes 150% profit in 2 year, or 75%
Poor Man buys at Point B, and sells at Point D. in the process loses 75% of money in 2 years.

As we can see, the rich man would have made a fortune. The poor man would have lost his/her underwear. Why is it so?   Applying Soros logic, the rich man plays ahead of the curve. the poor man follows the curve. It is just that simple.

10.3 How to Ride and Diversify Risk: 10% 20% Rule

Risk diversification is essential.

Step 1: If you have $100, divide it into 10 parts. Each part holds $10.

Step 2:   Buy 10 NASDAQ new stocks (by new I mean recent IPO).   Since 70% of the time you will make money.

Step 3:   Set triggers so that if you lose 15% sell one half, if you lose 20% sell the other half

Step 4, Just ride the profit. Remember to sell at Point C. It is generally at the end of a head-and-shoulder or double-top.

Chapter 11. How To 3: Risk, 70% Rule, 10% Rule and 20% rule

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Risk is a four letter word. Respect it and you shall prosper. Disrepect it would bring disaster. Here are my 3 rules for risk management

Rule #1 70% Rule

Do not trade anything without a 70% probability of success. Everybody looks at the same chart. I assume every trader knows what is head-and-shoulder, double-top, double-bottom, breakout etc by studying the technical analysis masters like Edward & McGee and Martin Pring.   Thomas Bulkowski is the third generation. He added with his innovation of percentage probability of success in his book. **Encyclopedia of Chart Patterns. Bulkowski** would give us a probability of success for each of the chart pattern. In this way, we know a head-and-shoulder pattern is more reliable than a double-top etc and when and how do we trade a breakout

Rule #2 10% Rule

Never put more than 10% of portfolio asset into 1 single trade. And this means a trader should start with 10 positions or more. In this eBook, I have discovered some traders like William Ackman and Leon Cooperman likes to trade a small number of stocks (under 20) in their portfolio. This rule, together with the next rule, will ensure absolute survival of the trade. As the sayings go, “there are young traders and there are brave traders, there are no old and brave traders.”

Rule #3 20% Rule

Never lose more than 20% on each trade. So, the trader should set up a mental trigger of 20% or a real trigger. If a trade loses 20%, sell everything.   This is one of my survival rule. The most important reason to use Rule #3 is let profit ride. Let’s say if you have 10 position, each position taking 10% of your total asset. The max you can lose is 20%. The max you can win is unlimited, at least in theory.   This Is George Soros’s theory of the slot machine. If every time you pull the slot machine, the max you lose is 20%, but there is no maximum what you can win. In other words, max downside is 20%, max upside is unlimited. The more you bet, the more you will win.

Chapter 12: Conclusions 22 Lessons Learned

12.00 An Insult to Efficient Market Theory

If you believe in efficient market theory, you would invest in a low-cost index fund, not a hedge fund, In reality, the Hedge Fund industry is a lot more complex. There are sovereign funds, distressed debt funds, computer-model algorithm funds, and many more

12.01 How I learned these lesson Lessons from top traders

In 1998, I became interested in trading stocks. My strategy was simple. I would buy the best 200 trading books from bookstore and I would read each book 10 times. And every read has been as interesting as the last. I found top traders fascinating, not just for their wealth, but also for their contrarian courage. Some are downright catfish and vulture in our economic systems. They buy distressed debt and companies that most traders would not touch.

12.03 My George Soros Bias

Value investing since Benjamin Graham had been studied repeatedly and is now taught in all the mainstream business school. The book "The Intelligent Investor" has become a classic, beloved and admired by all, academicians and traders alike. Not George Soros, despite spending over $11B to promote his world view and **Reflexivity,** is finding little respect. Nevertheless, George continues to pump his money to trumpet his view (https://www.google.com/?gws_rd=ssl#q=soros+reflexivity+youtube). Now, George Soros writes in a long and convoluted style. What can be explained in less than 10 pages would have taken Soros 300 plus pages of pontification.

But the advantages of George Soros is obvious too. He is the most open of all the top traders (Ray Dalio is also quite open). He would openly discuss why he took certain positions. Then there is the success factor. Soros is the most successful, and the most philosophical. So if you would compare the 22 lessons with the 9.01 George Soros Rules by Robert Slater, you will find I have stolen just about half the rules from George Soros.

12.04 The 22 Lessons from Top Traders

Lesson 1: Chaos is a trader's best friend.

Whereas the average Joe get killed in the market by chaos, the top traders thrived in chaos and confusion. They fish in muddy water. I would apply the 80% 20% rule. In 20% of the time the market is very inefficient, this is where the top traders in the world can come in and exploit the crack and reap a healthy profit.

Lesson 2: Be Ahead of the Curve

Look for sudden changes in the market before everyone else sees it. Making big money is never obvious. Once a trend can be discern, the opportunity to making big profit diminishes. George Soros constantly reinterates how important it is to stay ahead of the curve.

Lesson 3 Don't Bet the Ranch

Whether you are a private solo trader or a hedge fund professional, it is important to respect risk and don't bet the ranch. E.g. James Dinan first traded and loss his entire savings of $600K in 1987 when the market crashed. He was working for Kellner Dieo & Company. It was highly leveraged and could not withstand the seris of heavy losses. The second example is Julian Robertson, the King of short-sellers in the 1980s and 1990s, his hedge fund imploded because he shorted the internet stocks too early and over bet.

Lesson 4, Be Weary of Leverage.

Leverage will magnify your wins in good time, but can be deadly in a string of losses. There are many traders who would not do leverage. The reasoning is survival. If you don't use leverage and cut losses early, you will always survive and do another come-back. Here I give 2 famous examples of Hedge fund blow-up. The first example is LTCM's demise in the 1992. The second example is Bear Stearn's sudden demise in 2008, both were heavily leveraged and did not live to see another day.

Lesson 5: Be Contrarian, but avoid the Stampede.

All big money are made betting against the crowd, but just be sure not be a contrarian too early, as one might be run over by the stampede. I will give 2 examples of betting against the crowd too early. First, Julian Robertson was right when he bet against the Internet Stock but he shorted too early.
Second, David Tepper often trade when he is the only buyer. He made almost 40% annual return, but even he lost heavily during the Russian debt crisis of 1998.

Lesson 6: Math Matters, Computers Matter Even More

There are too many to quote, but I give 4 examples" (1) Ken Griffith, made money with speed trading (2) Renaissance Tech James Simons, who made it with sophisticated mathematical modeling and (3) Two Sigma, founded by David Siegel and John Overstock, combine computer with statistics (4) David E Shaw, also use sophisticated computer modeling to manage his hedge fund. (5) King Street Capital by O'Francis Biondi and Brian Higgins, they tend to be younger, many have PhDs here.

Lesson 7: Special Knowledge Matters

Without specialized knowledge, you don't trade everything and anything. By specializing, the trader concentrate on his own high competency area where he has an edge. The following are list of specialization of 5 hedge fund managers in this book. (1) John Arnold, only trade natural gas, very narrow/ (2) James Dinan, specialize in trading bankrupt companies. (3) Marc Lasry, on distressed debt too,(4) Robert Citrone, emerging market top-down approach (5) David Tepper, distressed debt

Lesson 8: Trend Matters

David Harding, are famous Trend followers, He is listed as one of the Tuttle Traders. Soros also a trend followers: from his most famous and unorthox saying "invest first, investigate later". It should be added that Soros practiced very careful position-sizing

Lesson 9: Be your own boss

Of all the 48 hedge fund self-made billionaires in this book, all of them founded their own fund. There is no exception. If you work for someone else as a trader, you might be the better trader than the boss, but the boss will always make more money than you, because you have to split the profit with the boss. A typical hedge fund founder hire hundreds of traders. .

Lesson 10. Mentor Matters

When someone is young, they often spent years trading for an established and renown traders to learn the trade with other people's money. Mentoring is important. Here are 3 examples. Druckenmiller spent years trading under George Soros. Eventually they both got famous for the $1B payday betting against the British pounds. Second, Julian Robertson is famous for his Tiger Cubs, his protégé that followed his footsteps: among the most famous Tiger Cubs are Andreas Halvorsen, Chase Coleman, Stephen Mendels and Louis Bacon., The third example is Ken Griffith, who started his hedge fund Glenview when he was only 21. He worked for 2 years for Fred Meyer and who also invested to help him start.

Lesson 11 Trading Philosophy Matters

The most obvious advantage is of having a trading philosophy is "what is truth". Once truth is defined a trading philosophy is born and the trading philosophy ensures consistency. Having a trading philosophy that is open and accessible to every one is important. The hedge fund managers with the most clear philosophy are also the most successful. The first is Soros, who is the most successful hedge fund manager in history. He is a philosophy major in London School of Economics and often described himself as the "failed philosopher", often hinted that he would like to be consider a philosopher first and only an investor later. The second example is Ray Dalio, founder or Brdigewater, the largest hedge fund in the world, though less profitable than Soros. Ray Dalio wrote his 443 princeiples in an employee pamphlet to ensure everyone follows the same philosophy as him, the founder. He is open to debate, criticism before any decision is made. Last and third, Carl Icahn, the second most successful hedge fund mangers, was a philosophy major in Princeton before dropping out of medical school NYU.

Lessons 12. Go Global

Almost all the hedge fund managers in this book are global traders. They trade as comfortable internationally l as well in domestic. This in part explains why so many of them are Jewish, or immigrants or both. Here are some more examples of "go global". Carl Icahn pressed Sony of Japan, David Tepper invested in Argentina, SKorean and Russian sovereign debt. Paul Singer traded in emerging market.

Lessons 13. Position-sizing matters

Here I give one example, Soros is most famous for holding large position when he is winning. Stanley Druckenmiller , who co-managed Duquesne Fund, said Soros had achieved superior return than his Duquesne fund because of position-sizing. even though the two funds basically trading the same thing.

Lesson 14. Trade Long- Trade Short

That is the essence of the Hedge Fund, in this way the traders can make money when the money is going up and also when the market is going down. There is no one way, you can trade long, you can trade short, but you have to trade right to make money.

Lesson 15. Trade Pain

Because you trade contrarian, you will trade with lots of pain. This is part of trading contrarian. I use here examples of trading distressed debt. Paul Singer, David Tepper and Marc Lasre are the expert distressed debt trader. They often buy while they are the only buyer. There is so much negative publicity surrounding companies or countries near bankruptcy. Their CEO is about to be fired, Their Head of State is about to fall.

Lessons 17 Age does not matter

One of the most surprising findings in the course of researching this book is that young age does not correlate with lower return. Example one is Ken Griffin, in his 40s still. Example two is David Siegel and There is no telling a trader in over 60 readily beat traders under 60. The older traders are richer (Soros, Icahn all in 80s) because they traded more years.

Lesson 18: Experience Matters

Normally takes about 10 years of highly specialized experience to become a top trader. Here we have many young wizards, Ray Dalio, Ken Griffith were traders in their teens. Seth Klarman was the youngest when he bought his first stock at age of 10. Swieca also bought his first stock as teenager. So someone like Seth, in his early 30s have more than 20 years of trading experience.

Lessons 19. Value Matters

No one disagree that value and fundamental analysis are important proponents, Seth Klarman, Michael Price and Nelson Peltz, who all openly admit to be students of Ben Graham School of Value investing. Seth Klarman had even written a book called "Margin of Safety", to expound what is only one chapter (Chapter 20 of the book The Intelligent Investor) and outline his whole philosophy.

Lesson 20, Work Extremely Hard

Michael Hintze attributed his success to working extremely hard and working harder than the others. You really need to work long hours and even around the clock to be macro-global traders.

Lesson 21: Start Small,

This is how George Soros end up the world's best short-term speculation. One of his famous quote is "Invest First, Investigate Later". But he would start by putting in a very small position, just to test the market. Another proponent of the "start small" philosophy is Bruce Kovner, who says one the biggest mistakes traders make is committing to too large a position in the beginning. The idea is to start small and let the trend shows the way before one commit to a large position.

Lesson 22: Partner Matters

About half the hedge funds covered in this book are founded by partners. For example. George Soros first partnered with Jim Roger, then later with Stanley Druckenmiller. Another example of fruitful partner is Two Sigma, which was founded by David Siegel and John Overdeck. A third example is King Street, which was founded by O'Francis Biondi and Brian Higgins.