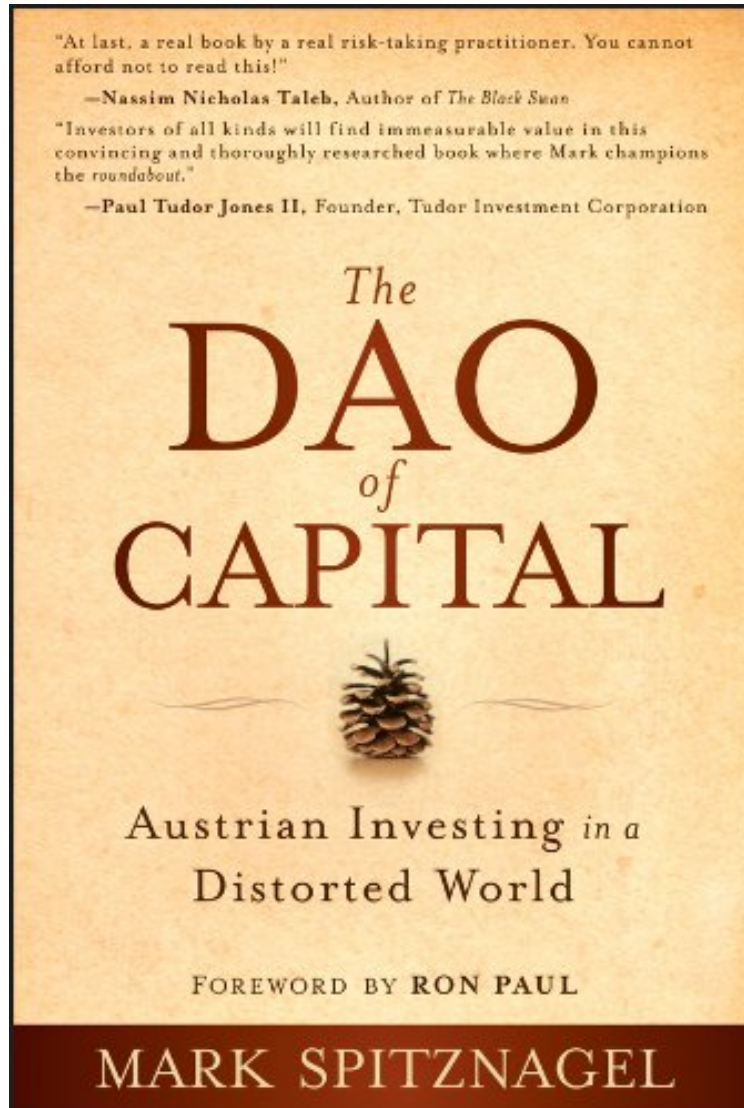


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The Dao of Capital: Austrian Investing in a Distorted World

Mark Spitznagel

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Mark Spitznagel : The Dao of Capital: Austrian Investing in a Distorted World before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Dao of Capital: Austrian Investing in a Distorted World:

8 of 8 people found the following review helpful. a calming and wisely insightful bookBy CHill58008Quieting the mind is incredibly valuable. I have a degree in economics and really enjoy the work in Behavioral Economics and I think this book makes available to the reader a method that is consistent with that research. It does take the long way: as another reviewer pointed out there are a lot of pages that basically boils-down to ROIC, and that is a true observation. But therein lies the wisdom. The book has history along with eastern thought and anecdotal stories in

greater amount than direct investment info... And that is the crux of the book: That investing is a human endeavor and that it is as much about personal growth and introspection as it is about financial growth and external data. As a human endeavor complexity is at play, that there is no silver bullet or one-line equations that will make you a good investor. This history and eastern philosophy is good for you. Investigating thought on other human endeavor can elucidate investing. Using your greatest assets of time and your ability to learn, primarily through failure, you can achieve wealth and become a better person in the process. Imagining the worst and becoming comfortable with small losses will prepare you not only financially but also emotionally and cognitively as well. I highly recommend this book to everyone interested in investing. I also recommend "The Black Swan" by Taleb, an associated of Spitznagel. To Spitznagel's calculated level-headedness Taleb provides an endearingly arrogant, pissier version of the same general perspective. Also, Daniel Kahneman's "Thinking, Fast and Slow" would complete the trifecta of must-reads.

2 of 2 people found the following review helpful. Austrian school basics in a complicated book. By Jack Wilshire This book is excellent introduction to Austrian economics and its application to investing. Unfortunately, the book suffers from a few problems: One, the evolution of Austrian thought is a book in and of itself. Why the author chose to add a later of complexity about Chinese philosophy into the mix is beyond me. It needlessly complicates the book. Two, this book requires some work. I read it on my kindle and found myself pressing the dictionary button often. "Praexology", "teleological", "Misesian" are just a few of the words that make the book a challenging read at times (although this may be a reflection of a limited vocabulary by the reader and not any shortcomings of they author). Austrian words only add to the complicated text. Three, the book felt repetitive at times and I found myself skipping through paragraphs that were, well... boring. Finally, from an investor perspective, two chapters are really all that is required reading. They present a very precise system. For this reason, I recommend the book. In the end, the author has served up a tome of important scholarly work. Just be prepared for a challenging read.

26 of 27 people found the following review helpful. thought provoking and ultimately worthwhile. By graham Great summary of Austrian economics and its main developers. At times a little turgid and forgot the authors own maxim by being roundabout for its own sake in places. I have come away with a much better appreciation of Austrian economics and a reinforcement of the value investing approach that I try to follow, but starting from an even more rigorous thoughtful position and this book is a major influence on my future investment process. Can there be higher praise than that this book will alter my behavior?

As today's preeminent doomsday investor Mark Spitznagel describes his Daoist and roundabout investment approach, "one gains by losing and loses by gaining." This is Austrian Investing, an archetypal, counterintuitive, and proven approach, gleaned from the 150-year-old Austrian School of economics, that is both timeless and exceedingly timely. In *The Dao of Capital*, hedge fund manager and tail-hedging pioneer Mark Spitznagel—with one of the top returns on capital of the financial crisis, as well as over a career—takes us on a gripping, circuitous journey from the Chicago trading pits, over the coniferous boreal forests and canonical strategists from Warring States China to Napoleonic Europe to burgeoning industrial America, to the great economic thinkers of late 19th century Austria. We arrive at his central investment methodology of Austrian Investing, where victory comes not from waging the immediate decisive battle, but rather from the roundabout approach of seeking the intermediate positional advantage (what he calls *shi*), of aiming at the indirect means rather than directly at the ends. The monumental challenge is in seeing time differently, in a whole new intertemporal dimension, one that is so contrary to our wiring. Spitznagel is the first to condense the theories of Ludwig von Mises and his Austrian School of economics into a cohesive and—; as Spitznagel has shown—highly effective investment methodology. From identifying the monetary distortions and non-randomness of stock market routs (Spitznagel's bread and butter) to scorned highly-productive assets, in Ron Paul's words from the foreword, Spitznagel "brings Austrian economics from the ivory tower to the investment portfolio." *The Dao of Capital* provides a rare and accessible look through the lens of one of today's great investors to discover a profound harmony with the market process—a harmony that is so essential today.

"Investors of all kinds will find immeasurable value in this convincing and thoroughly researched book where Mark champions the roundabout. Using thought-provoking examples from both the natural world and the historical world, *The Dao of Capital* shows how a seemingly difficult immediate loss becomes an advantageous intermediate step for greater future gain, and thus why we must become "patient now and strategically impatient later."—; Paul Tudor Jones II, Founder, Tudor Investment Corporation "At last, a real book by a real risk-taking practitioner. The *Dao of Capital* mixes (rather, unifies) personal risk-taking with explanations of global phenomena. You cannot afford not to read this!"—; Nassim Nicholas Taleb, Author of *The Black Swan* "You really should read Spitznagel's book because you will learn a lot whether you agree with everything he says or not."—; Jim Rogers, Author of *Street Smarts*—; *Adventures on the Road and in the Markets* "Wall Street gamblers who believe the Fed has their back need to read this book. Mark Spitznagel provides a brilliant demonstration that the gang of money printers currently resident in the Eccles Building have not repealed the laws of sound money nor have they rescinded the historical lessons on which they are based."—; David Stockman, Former U.S. Congressman, Budget Director under Ronald Reagan, and Author

of The Great Deformation Idquo;A timely, original, right-economic principles and history-based approach to investing. Drawing on impressive philosophical building blocks,nbsp;The Dao of Capitalnbsp;illuminates the wellsprings of capital creation, innovation and economic progress. Dazzling!rdquo;mdash;Steve Forbes, Chairman and Editor-in-Chief, Forbes Media Idquo;This is a magnificent, scintillating book that I will read over and over again. Every page is eye-opening, with numerous areas for testing and profits in every chapter. Herersquo;s an unqualified, total, heartfelt recommendation, which coming from me is a rarity, and possibly unique.rdquo;mdash;Victor Niederhoffer, Author ofnbsp;The Education of a Speculator Idquo;The Dao of Capitalnbsp;is an impressive work. Spitznagel's approach is refreshinglymdash;scholarly without being tedious. What a broad look at economic history it provides!rdquo;mdash;Byron Wien, Vice Chairman, Blackstone Advisory Partners LP "Spitznagel has written an essential new book. Indeed,nbsp;The Dao of Capital: Austrian Investing in a Distorted Worldnbsp;might be one of the most important books of the year, or any year for that matter."mdash;Forbes Idquo;The Dao of Capital: Austrian Investing In A Distorted Worldnbsp;by Mark Spitznagel (Wiley, 2013) is a beautifully crafted book, one I can recommend to readers of all political/economic persuasionshellip; it is impossible not to be shaped by its carefully presented history and logic.rdquo;mdash;Seeking Alpha Idquo;There is no shortage of market bears who take a grim view of the stock market. But Mr. Spitznagel has gained credibility in the investment world by predicting two market routs in the past decade, first in 2000 and then in 2008. Still, Mr. Spitznagel's approach is unusual for a money manager.rdquo;mdash;The New York Times Idquo;A fascinating and radical break from the investment dogma of the past several decadesrdquo;mdash;Fortune Idquo;While The Dao of Capitalnbsp;makes for demanding reading, it repays the effort as a heady historical and intellectual feast.rdquo;mdash;Barron's Idquo;Spitznagel could simply have written that investors need patience and must avoid the temptation of the quick profit; that building a successful strategy, and life, involves a longer-term approach foregoing instant gratification; that establishing a solid foundation while appearing not to create progress puts you in position for much greater success later on. He did not do that. Instead, he takes you on a tour of history and nature that illuminates these long held truths. In the end his message is simple, but by providing the historical underpinnings he brings them to life in a much more vibrant way.rdquo;mdash;Futures Magazine Among the Idquo;12 Books That Every Investor Should Read... deeply informative and will leave an impact on you.rdquo;mdash;Business Insider Idquo;A memoir and free market manifesto... that bring(s) theoretical concepts down to the practicalnbsp;level.rdquo;mdash;Institutional Investor Idquo;I applaud the book as a look into the thinking process of a great investor, especially one that has a clear and consistent understanding of the market process, the dangers of government intervention, and the benefits of Austrian economics.rdquo;mdash;Ludwig von Mises Institute Idquo;Mark Spitznagel assembles the best insights in human nature and economics to bring order out of the chaos of our world. Economists, investors and lay persons alike will find abundant treasures innbsp;The Dao of Capital, one remarkably useful and exciting book!rdquo;mdash;Lawrence Reed, President, Foundation for Economic Education and President Emeritus, Mackinac Center for Public Policy Idquo;Spitznagel's excellent book is a powerful presentation of how monetary policy deceives entrepreneurs and investors into making poor investing decisions. I highly recommendnbsp;The Dao of Capitalnbsp;as a guide to avoiding these deceptions and thus to better investment results.rdquo;mdash;Marc Faber, Publisher ofnbsp;The Gloom, Boom Doom Report Idquo;Spitznagel's sound analytical foundations combined with shrewd strategic thinking provide the reader with a broad philosophy for long run success in wealth creationmdash;where understanding the process that puts you in a position to win is more important than simply stating the goal of winning. I greatly recommend this book.rdquo;mdash;Peter Boettke, Professor of Economics and Philosophy, George Mason University Idquo;Mark Spitznagel has done a remarkable job summarizing, synthesizing, and extending the great Austrian tradition, and weaving it into a wonderful set of practical lessons. What'squo;s more, he is a great writer and storyteller in the tradition of Bastiat, Hazlitt, and Rothbard, bringing subtle and sometimes complex ideas to life with memorable examples and sparkling prose. Highly recommended!rdquo;mdash;Peter Klein, Professor of Applied Economics, University of Missouri and Carl Menger Fellow, Ludwig von Mises Institute Idquo;Mark Spitznagel was one of the most profitable hedge fund managers both before and after the 2008 crash.nbsp;The Dao of Capitalnbsp;is a comprehensive understanding of the theories of Ludwig von Mises and the Austrian economic tradition. Mark brings Austrian economics from the ivory tower to the investment portfolio.rdquo;mdash;Ron Paul, Former U.S. CongressmanFrom the Inside FlapAs today's preeminent doomsday investor Mark Spitznagel describes his Daoist and roundabout investment approach, "one gains by losing and loses by gaining." This is Austrian Investing, an archetypal, counterintuitive, and proven approach, gleaned from the 150-year-old Austrian School of Economics, that is both timeless and exceedingly timely. In The Dao of Capital, hedge fund manager and tail-hedging pioneer Spitznagel takes the reader on a gripping, circuitous journey from the Chicago trading pits, over the coniferous boreal forests and canonical strategists from Warring States China to Napoleonic Europe to burgeoning industrial America, to the great economic thinkers of late 19th-century Austria, ultimately arriving at his central investment methodology of Austrian Investing. Victory comes not from waging the immediate decisive battle, but rather from the roundabout approach of seeking the intermediate positional advantage (what he calls shi), of aiming at the indirect means rather than directly at the ends. The monumental challenge is in seeing time differently, in a whole new intertemporal dimension, one that is

so contrary to our wiring. With one of the top returns on capital of the financial crisis, as well as over a career, Spitznagel is the first to condense the theories of Ludwig von Mises and his Austrian School of Economics into a cohesive and highly effective investment methodology. From identifying the monetary distortions and non-randomness of stock market routs (or black swans, Spitznagel's bread and butter) to scorned highly-productive assets, *The Dao of Capital*, in Ron Paul's words from the Foreword, "brings Austrian economics from the ivory tower to the investment portfolio." *The Dao of Capital* provides a rare and accessible look through the lens of one of today's great investors to discover a profound harmony with the market process—a harmony that is so essential today. From the Back Cover Praise for *The Dao of Capital* "A timely, original, right-economic principles and history-based approach to investing. Drawing on impressive philosophical building blocks, *The Dao of Capital* illuminates the wellsprings of capital creation, innovation and economic progress. Dazzling!" —Steve Forbes, Chairman and Editor-in-Chief, Forbes Media "This is a magnificent, scintillating book that I will read over and over again. Every page is eye-opening, with numerous areas for testing and profits in every chapter. Here's an unqualified, total, heartfelt recommendation, which coming from me is a rarity, and possibly unique." —Victor Niederhoffer, Author of *The Education of a Speculator* "The *Dao of Capital* is an impressive work. Spitznagel's approach is refreshing—scholarly without being tedious. What a broad look at economic history it provides!" —Byron Wien, Vice Chairman, Blackstone Advisory Partners LP "Wall Street gamblers who believe the Fed has their back need to read this book. Mark Spitznagel provides a brilliant demonstration that the gang of money printers currently resident in the Eccles Building have not repealed the laws of sound money nor have they rescinded the historical lessons on which they are based." —David Stockman, Former U.S. Congressman, Budget Director under Ronald Reagan, and Author of *The Great Deformation* "Mark Spitznagel assembles the best insights in human nature and economics to bring order out of the chaos of our world. Economists, investors and lay persons alike will find abundant treasures in *The Dao of Capital*, one remarkably useful and exciting book!" —Lawrence Reed, President, Foundation for Economic Education and President Emeritus, Mackinac Center for Public Policy