

PREFACE

THE INVESTMENT PHILOSOPHERS represents a way of dealing with a common problem in the world of investing—that most investors use the same intellectual paradigms to establish their views on financial markets, with only the slightest room for variations. *The Investment Philosophers* is an introduction to the process of using philosophical concepts to generate novel investing insights, which is accessible to readers who are new to making connections between the fields of philosophy and investing. It is not about getting to a specific intellectual destination, but rather about sparking a process of individual thinking in readers.

I have always enjoyed exploring how concepts I found useful in one area could be useful in other areas. When I first discovered my love for the stock market, I quickly noticed that my knowledge of the game of chess supported my understanding of markets. However, I also soon realized that just chess was not enough. There were many other ideas from different disciplines

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that could be used to understand markets. Although the investment community has traditionally looked to certain disciplines for market insights, such as classical economics and statistics, I was constantly on the lookout for investment thinking that explored market connections beyond the norm.

Following my college graduation, I wrote the following in a letter to Michael Mauboussin, the famed multidisciplinary investment writer:

When I picked up your book, *More Than You Know*, [I] realized that there was so much more to investing than simply memorizing and applying facts from conventional financial resources. This realization only served to bring my already extreme level of interest in investing to a whole new level. Although I majored in finance during college, I specifically chose to attend Bucknell University, a liberal arts college, because of my desire to gain a deeper knowledge of other intellectual subjects, which seemingly had nothing to do with investing. Choosing to minor in philosophy, I immediately fell in love with the depth and range of thought I was forced to deal with in these fascinating courses. I often had ideas about applying philosophical principles I had learned to my investing, but I never thought anyone would take these ideas seriously. However, after discovering your book, and continuing to read every single intellectual piece I could get my hands on from your time at both Credit Suisse and Legg Mason, I realized that there did exist accomplished investment professionals, who were making these multidisciplinary connections and paving the way for the next generation of multidisciplinary investors.¹

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Mauboussin's writing introduced me to the rich insights that can result when disparate intellectual fields, such as those of cognitive psychology and evolutionary biology, are applied to the world of investing. However, I could not help but wonder whether there were other intellectual disciplines that had not received their due in the world of investing. The immense potential of philosophy for positive applications in investing remained untapped. I wrote *The Investment Philosophers* because some of the richest philosophical perspectives of modern times have yet to be thoroughly applied to investors' understanding of financial markets.

This leads us to a question: if philosophy is so applicable to investing, what has stopped market participants from going beyond the surface of the value it has to offer to investors? For most people, philosophy is an unapproachable field of thought. The world of philosophy is rich with wisdom, but many people cannot even come close to the underlying jewels buried within it, because there are so many labyrinths and excess words standing in the way of those jewels.

I remember the first time I opened up Baruch Spinoza's *Ethics*, and how intimidated I was by it, given its complex format explaining the totality of life and the universe. As I studied philosophy in college, I gained experience distilling the priceless wisdom of numerous philosophers despite their often impenetrable prose. I realized how much potential remained untapped to apply these perspectives to the investing world. It became my goal to write a book that opened readers' eyes to some of the richest philosophical perspectives of modern times which have yet to be applied to investors' understanding of financial markets.

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There was a specific reason why I set out to focus on modern philosophical ideas in particular. While many ancient philosophical traditions, such as Greek philosophy, were indeed complex, they did not contain the same level of intellectual obfuscation that emerged in philosophy during the past several hundred years. The barriers to entry for accessing modern philosophical thought have prevented most market participants from mining these intellectual jewels for their useful applications to the complex realm of investing. Doing this generally requires someone with a deep knowledge of both the realms of philosophy and investing, as well as a willingness to spend the time going through countless works, distilling their meaning, and often being disappointed when there is nothing of value to be applied to investing. I believe that, given my background, I am positioned to mine those intellectual jewels and share them with readers.

Ever since I was young, I have been fascinated by both investing and philosophy. I have also taken on the difficult endeavor of making connections between disparate disciplines in other contexts. For instance, I entered and completed a JD/MBA program knowing that I did not plan to practice law, with the key aim of using the wisdom I gained in law school to better inform my practice of investing. The problem was, as many people reminded me, that just learning how to understand legal language and how to read cases was such a high barrier to entry, to where it was not worth doing all that leg work just for the sake of informing my investment perspective.

My response to these criticisms included two main points: the high barriers to entry for understanding law created a high

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potential for novel insights, and I enjoyed the challenge and complexity of learning law. I have always felt this way about understanding philosophy and completing the extensive research needed to create innovative insights for the investing world. I could not have done this with a field that I did not love to engage with, even if I thought it would yield incredible insights. There are so many false starts and misses in finding a particular thinker or philosophical text that might illuminate investing principles. Just as I love screening for unique investment ideas, I have developed a love for going through countless thinkers and so many of their works, just to find that diamond in the rough.

This book offers a way for interested investors to gain exposure to these innovative perspectives on investing without having to go through all the legwork that I did. In the spirit of the many authors who have generously shared their wisdom with the investment community, I am excited to share these philosophical perspectives that I have gained. I am eager to share how they have informed my evolution as an investor, as well as how some of the investing greats have often applied some of these wisdoms without even realizing that they were encapsulating the innovative ideas of modern philosophy's greatest thinkers.

Friedrich Nietzsche once wrote: "I distrust all systematizers and stay out of their way. The will to system is a lack of integrity."² Although this seems like a harsh statement, I find a great deal of truth in what Nietzsche is saying. Specifically, I understand what he means with respect to my intellectual journeys through investing.

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While I think that for certain beginners it is necessary to teach investing through a series of systems, I also believe that when it comes to investing's more advanced levels, we should avoid the urge to oversystematize thinking about investing. The processes and components that make up investing are so impermanent and so constantly evolving that any endeavor to over-systematize them will lack the rich truth that is the world of investing.

I believe that systems can provide useful perspectives through which we can gain insight into investing. However, the problem is when we treat those systems as authoritative or superior to others. No single system can fully capture the dynamic truth of investing, however much we may wish it. Rather, we can only approach the truth of investing, as it constantly evolves, much like the people, companies, and world events that comprise it.

If there is one field that recognizes the difficulty of canonizing a set of principles to explain its subject matter, I believe philosophy fits the bill. The subject of philosophy is unlimited because it explores the totality of our lives and the entities that make up our realities. One beautiful element present in modern philosophy is its inherent acknowledgment regarding the ever-changing nature of its subject matter.

Philosophy contains a self-reflective understanding that its very nature must change to keep up with the increasingly rich and evolving subject matter it tries to capture. Philosophy will never fully capture that richness, but it can and should continue in its noble endeavor to evolve as its underlying subject matter does. I believe that this should be the same in our thinking about investing. I think we need to become more dynamic

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about how we approach investing, because as soon as we believe we have the system fully figured out, we are only showing how much we do not appreciate the evolving nature of the underlying subject matter.

The Investment Philosophers offers a collection of thinkers whose perspectives on life have been very difficult for average readers to penetrate. As a result, these thinkers' rich insights have been difficult to bring into the realm of investing. Despite being difficult to access, the beauty in these perspectives is their flexibility and willingness to go outside the box. This is something that is missing in much of today's investment thinking. Going through the diversity of thought amongst these thinkers offers a new way to approach investing, which acknowledges that investment thought cannot be pinned down. Rather, investment thought is an ever-growing entity that evolves as the world's financial markets do. Thus, we should continuously look to enrich the body of investment thought with new connections.

This is where *The Investment Philosophers* fills a void that exists in current investment literature. It provides that diversity of thought and perspective that opens our eyes to just how dynamic our approaches to investment thinking can be. I want to emphasize that I mean dynamic and not just diverse. It is the adaptability of these methods of thinking that make them so pivotal to this new chapter of investment thinking that I aim to set off. I hope you enjoy coming along for the ride, as I am certainly excited to have you along with me and some of the most profound and dynamic thinkers of the modern era.

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I would like to pay tribute to the handful of successful investors that have been trailblazers in applying modern philosophical concepts to investing in the recent past. One example is the legendary investor Bill Miller, who over the past several decades has created a philosophical road map to accompany his investment strategy. This road map includes thinkers such as William James, whose ideas on pragmatism are highly relevant to the evolutionary approach to understanding financial markets.³ Miller's road map also includes the philosophical connections between Ralph Waldo Emerson's ideas on self-reliance and Warren Buffett's practice of investing.⁴

When I set out to write this book, I considered many different modern philosophers and ideas that might be worth including. There were three major criteria I looked for when choosing them: they needed to be (1) ideas that would make philosophical connections to investing that have not been discussed at length in other investment literature, (2) by thinkers who have some historical or personal connection to financial markets, and (3) understandable to those new to the practice of connecting investing with philosophy.

When I discuss philosophers or investors that have appeared in past investment literature, I aim to do so in a novel way that builds on past work, as opposed to just rehashing existing connections. For instance, at one point, I connect Warren Buffett's way of thinking to the philosophy of Friedrich Nietzsche, thus adding to past connections between Buffett and Emerson. At another point, I connect William James's philosophy on abstraction to investing, adding to past connections between James's philosophy of pragmatism and investing.

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Most of this work focuses on new connections using philosophers who are rarely mentioned in investment literature. This book takes a reflexive approach towards its subject matter. In the tradition of George Soros, it explores not only how the selected philosophers' ideas can shape our understanding of financial markets, but also how markets have shaped the ideas of these selected philosophers. By guiding readers on an exploration of the novel connections I have added to my own philosophical road map to investing, I aim to inspire others to generate their own philosophical connections to investing in the future. By making a point of incorporating new philosophical connections into our investing, we can combat the problem that this work sets out to address in the first place—that most investors are using the same intellectual paradigms to establish their views on financial markets, with only the slightest room for variations. Let the journey begin!

