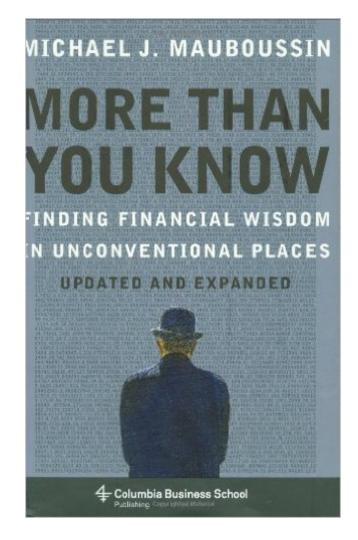
The book was found

# More Than You Know: Finding Financial Wisdom In Unconventional Places (Updated And Expanded) (Columbia Business School Publishing)





# Synopsis

Since its first publication, Michael J. Mauboussin's popular guide to wise investing has been translated into eight languages and has been named best business book by BusinessWeek and best economics book by Strategy+Business. Now updated to reflect current research and expanded to include new chapters on investment philosophy, psychology, and strategy and science as they pertain to money management, this volume is more than ever the best chance to know more than the average investor. Offering invaluable tools to better understand the concepts of choice and risk, More Than You Know is a unique blend of practical advice and sound theory, sampling from a wide variety of sources and disciplines. Mauboussin builds on the ideas of visionaries, including Warren Buffett and E. O. Wilson, but also finds wisdom in a broad and deep range of fields, such as casino gambling, horse racing, psychology, and evolutionary biology. He analyzes the strategies of poker experts David Sklansky and Puggy Pearson and pinpoints parallels between mate selection in guppies and stock market booms. For this edition, Mauboussin includes fresh thoughts on human cognition, management assessment, game theory, the role of intuition, and the mechanisms driving the market's mood swings, and explains what these topics tell us about smart investing. More Than You Know is written with the professional investor in mind but extends far beyond the world of economics and finance. Mauboussin groups his essays into four parts-Investment Philosophy, Psychology of Investing, Innovation and Competitive Strategy, and Science and Complexity Theory-and he includes substantial references for further reading. A true eye-opener, More Than You Know shows how a multidisciplinary approach that pays close attention to process and the psychology of decision making offers the best chance for long-term financial results.

## **Book Information**

Hardcover: 320 pages Publisher: Columbia University Press; Upd Exp edition (October 18, 2007) Language: English ISBN-10: 0231143729 ISBN-13: 978-0231143721 Product Dimensions: 6.1 x 0.8 x 9.2 inches Shipping Weight: 1.2 pounds (View shipping rates and policies) Average Customer Review: 4.5 out of 5 stars Â See all reviews (71 customer reviews) Best Sellers Rank: #494,033 in Books (See Top 100 in Books) #236 in Books > Business & Money > Investing > Analysis & Strategy #1264 in Books > Business & Money > Investing >

## **Customer Reviews**

It is rare to find a book that fundamentally changes how you think about investing, and beyond that, learning. This is such a book. Mauboussin relies on a simple, but fundamentally non-consensus idea - that finding useful links between disparate fields, rather than focusing exclusively on one discipline, can make you a better investor. His sources range from Darwin to Dr. Seuss, his subjects from physics to ant colonies, but all of them are focused on generating conclusions and tips that will help you beat the market. More Than You Know builds a comprehensive investment framework in four chapters:1. "Investment Philosophy" tackles how you should make investment decisions. Focus on process not outcomes, understand that the magnitude of gains and losses trumps their frequency, understand the psychological hang-ups that can lead to bad decisions, and realize sometimes we see patterns where they don't exist.2. "Psychology of Investing" helps investors identify the pitfalls that prevent us from remaining objective such as stress, circumstance, and bias.3. "Innovation and Competitive Strategy" teaches investors how to think about industry structures and how they are changed by innovation. In a world of accelerating change, Mauboussin demonstrates the folly of using historical P/Es, how you can profit from mean reversion, and how perception gaps are generated at predictable stages in a company's evolution.4. Why can a group of people get to the right answer when no individual person actually has the answer? Why do seemingly small scale inputs often lead to massive and disproportional outputs in the stock market?

These thirty short essays offer a view on the financial markets that is informed by a widely read and wide-ranging intellect. At its best this collection will free the reader to view markets differently from ways in which they are accustomed. In particular, general readers not directly involved in the markets may find this book of interest. For others the insights are generally accepted investor truths in no need of further proof. It is the author's view that the markets are a "complex adaptive system" and an inherently social activity. As such we may better understand their workings by looking at other organized systems in nature. Interconnecting links in nature, patterns of psychological behavior, the imitative activity of ants, the life cycle of the fruit fly, or mathematical "power laws" are viewed for what insights they can provide. Much of this leads to already accepted ideas. Here are some examples. A long term perspective is the preferred investment approach. A disciplined strategy ("process") will eventually yield desired results. Too much portfolio turnover is unproductive. Stress is a product of short term thinking. Innovation is a product of information. The

rapid flow of information makes it difficult for a company to control its competitive advantage for long. Great growth companies mature through a life cycle and "stall". The pace of company and product life cycles appear to be accelerating. Investors are often their own worst enemies due to built-in biases. The business of investing is often at odds with the interests of the investor. Losses are harder to bear than successes of equal magnitude which tend to be discounted. Crowd behavior, herding, often leads to excesses (Mackay's "the Madness of Crowds").

The author is a strategist at a large active-management mutual fund firm, and it shows in a bizarre intellectual oversight that dominates my impression of the book. Statistics are cited on p. 16 that 2/3rds of actively-managed mutual funds under-performed their indexes over a recent 5-year period, and 3/4ths over 10 years. The author accurately describes Jack Bogle's and Charles Ellis' cogent critiques of the mutual fund industry. He proceeds in the course of the book to recount many results and observations, both from the investment world and other fields, suggesting that markets are efficient enough that efforts to outwit them are not worth the cost. He notes the correlation between low turnover and high performance, and how psychology and social pressure lead investors astray when they try to beat the market. He presents in fact most of the intellectual background that supports low-cost index investing over active management (the key omission being the tax problems caused by actively-managed mutual funds in taxable accounts). And yet, the book is an attempt (successful in a way) to describe a body of wide-ranging knowledge for use in trying to select investments to beat the market. This internal conflict reaches its most absurd in Chapter 24, describing the remarkable tendancy of collective information to be more accurate than individual experts, even in predicting the future... but where does this lead the author? Not to index funds, which would be the obvious investment application of this idea. Rather, he suggests that "investors who identify companies intelligently using collectives... may gain an investment edge." In other words, he would buy stock in Vanguard (if that were possible), but he wants you to invest your money with his firm!

#### Download to continue reading...

More Than You Know: Finding Financial Wisdom in Unconventional Places (Updated and Expanded) (Columbia Business School Publishing) More Than You Know: Finding Financial Wisdom in Unconventional Places Kindle Publishing Box Set: How To Write A Book In Less Than 24 Hours, K Money Mastery & Kindle Marketing Secrets (Kindle Publishing, Kindle Marketing, Book Publishing, E-Book Publishing) The Digital Transformation Playbook: Rethink Your Business for the Digital Age (Columbia Business School Publishing) Business Plan: Business Tips How to Start Your Own Business, Make Business Plan and Manage Money (business tools, business concepts, financial freedom, ... making money, business planning Book 1) The 4-Hour Workweek, Expanded and Updated: Expanded and Updated, With Over 100 New Pages of Cutting-Edge Content. Capital and the Common Good: How Innovative Finance Is Tackling the World's Most Urgent Problems (Columbia Business School Publishing) Interest Rate Swaps and Other Derivatives (Columbia Business School Publishing) The Activist Director: Lessons from the Boardroom and the Future of the Corporation (Columbia Business School Publishing) Smart Machines: IBM's Watson and the Era of Cognitive Computing (Columbia Business School Publishing) Designing for Growth: A Design Thinking Tool Kit for Managers (Columbia Business School Publishing) The Designing for Growth Field Book: A Step-by-Step Project Guide (Columbia Business School Publishing) Solving Problems with Design Thinking: Ten Stories of What Works (Columbia Business School Publishing) Designing for Growth: A Design Thinking Toolkit for Managers (Columbia Business School Publishing) The Most Important Thing Illuminated: Uncommon Sense for the Thoughtful Investor (Columbia Business School Publishing) The Most Important Thing: Uncommon Sense for the Thoughtful Investor (Columbia Business School Publishing) Inside the Investments of Warren Buffett: Twenty Cases (Columbia Business School Publishing) Charlie Munger: The Complete Investor (Columbia Business School Publishing) What I Learned Losing a Million Dollars (Columbia Business School Publishing) Investing: The Last Liberal Art (Columbia Business School Publishing)

### <u>Dmca</u>