



Morgan Housel Interview

-February 2021-

Ted Oakley
Managing Partner

Getting Wealthy vs Staying Wealthy

“...there’s only one way to stay wealthy: some combination of **FRUGALITY** and **PARANOIA**.”

“If I had to summarize money success in a single word it would be **SURVIVAL**.”

Source: The Psychology of Money



Financially Unbreakable > Big Returns

“More than I want big returns, I want to be financially unbreakable. And if I’m unbreakable I actually think I’ll get the biggest returns, because I’ll be able to stick around long enough for compounding to work.”

“I think of my own money as barbelled. I take risks with one portion” and prioritize safety with the other.

Source: The Psychology of Money



Give Yourself Some Room for Error

“Leverage is the devil here.”

“Leverage – taking on debt to make your money go further – pushes routine risks into something capable of ruin.”

Source: The Psychology of Money



Nothing's Free

“Market returns are never free and never will be.”

The price is “volatility, fear, doubt, uncertainty, and regret.”

This price “feels like a fine for doing something wrong.”

Instead, view it like a ticket fee – “the cost of admission” – to get the reward of higher returns.

Source: The Psychology of Money



Have a Good Sense of Your Future Regret

Don't realize "where the boundaries of your risk tolerance are by going past them"

"You know exactly how much risk to take if you know exactly when you will cry Uncle when things don't work out."

Source: Morgan Housel – "Unfortunate Investing Traits"



Have a Good Sense of Your Future Regret

“Manage your money in a way that helps you sleep at night.”

“Go out of your way to find humility when things are going right and forgiveness/compassion when they go wrong.”

Source: The Psychology of Money



The Boom-Bust Cycle

“What kind of person makes their way to the top of a successful company?”

“Someone who is determined, optimistic, doesn’t take ‘no’ for an answer, and is relentlessly confident in their own abilities.”

“What kind of person is likely to go overboard, bite off more than they can chew, and discount risks that are blindingly obvious to others?”

“Someone who is determined, optimistic, doesn’t take ‘no’ for an answer, and is relentlessly confident in their own abilities.”

Source: Morgan Housel – “Death, Taxes, and Three Other Inevitable Things”



The Boom-Bust Cycle

“Part of the reason the boom-bust cycle occurs is because the same traits needed to propel huge growth are the same traits that cause collapse.”

Source: Morgan Housel – “Death, Taxes, and Three Other Inevitable Things”



What's Enough?

“The hardest financial skill is getting the goalpost to stop moving.”

If having more “increases ambition faster than satisfaction...You feel as if you're falling behind, and the only way to catch up is to take greater and greater amounts of risk.”

Source: The Psychology of Money



Play Your Own Game

“...few things matter more with money than understanding your own time horizon and not being persuaded by the actions and behaviors of people playing different games than you are.”

Source: The Psychology of Money



Committing to a Strategy

“There are few financial variables more correlated to performance than commitment to a strategy during its lean years”

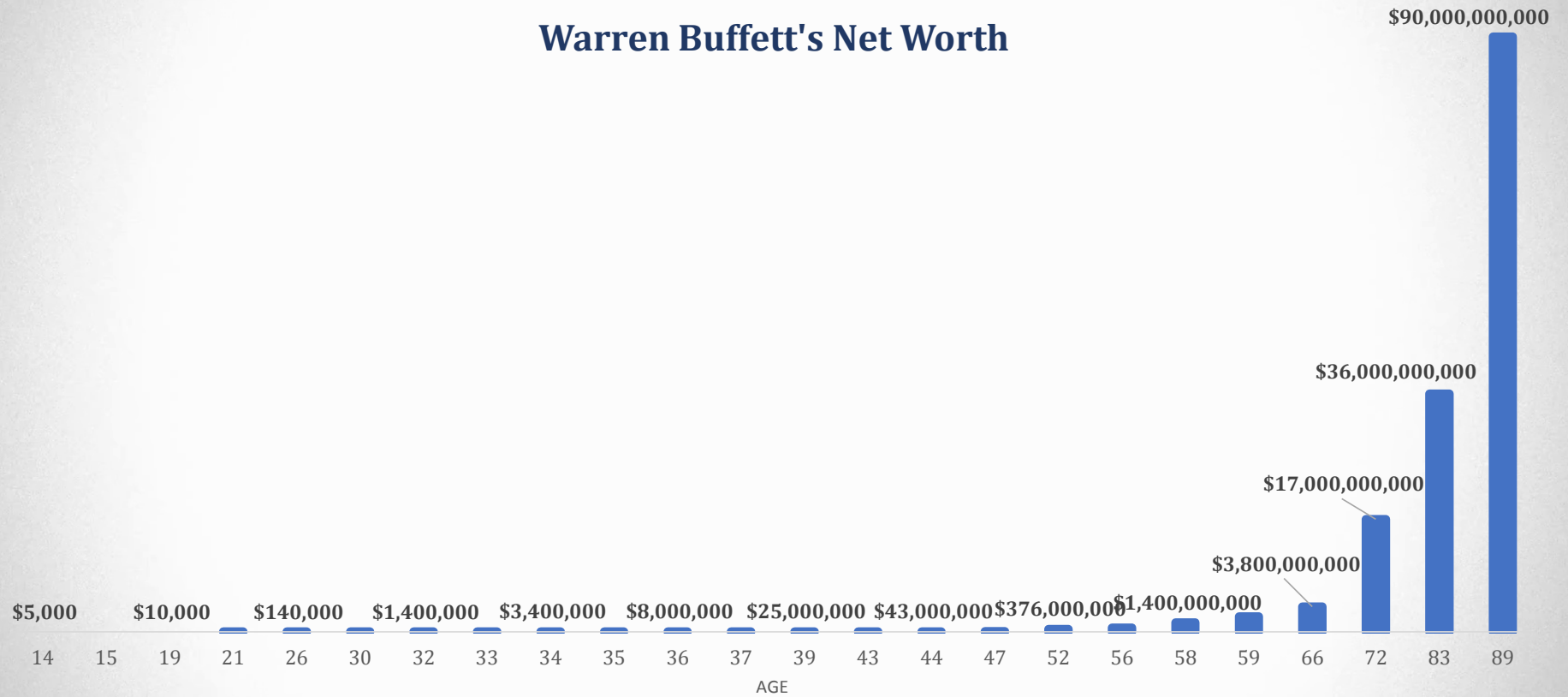
“The reasonable investors who love their technically imperfect strategies have an edge, because they’re more likely to stick with those strategies.”

Source: The Psychology of Money



Shut Up and Wait

Warren Buffett's Net Worth



Source: Morgan Housel

Mastering the Conflicting Skills of Confidence and Paranoia

“Being right is the enemy of staying right, partly because it makes you overconfident, even more importantly because it leads you to forget the way the world works.”

--- Jason Zweig

Source: Morgan Housel – “Common Causes of Very Bad Decisions”



Teaching Kids About Money

“The best way to teach your kids about money is to make them feel the power of its scarcity.”

“...I get nervous around big allowances and parents who always say ‘yes.’”

“Making sure your kids understand the scarcity of money teaches them the difference between necessary and desirable.”

Source: Morgan Housel – “Personal Finance Philosophies”

