



RAY  
DALIO  
USA



**Investor profile at InvestingByTheBooks:**  
The book *The World's 99 Greatest Investors: The Secret of Success* provides a unique opportunity to learn from the most prominent investors globally. In the book they generously share their experiences, advice and insights and we are proud to present these excerpts. Magnus Angenfelt, previously a top ranked sell side analyst and hedge fund manager, will be presenting one investor per month. For those who cannot wait for the monthly columns, we strongly recommend you to buy the book. The investor himself writes the first section below and then Angenfelt describes the background of the investor and comments on his investment philosophy. Enjoy.

While most others seem to believe that mistakes are bad things, I believe mistakes are good things, because I believe that most learning comes via making mistakes and reflecting on them. Blaming bad outcomes on anyone or anything other than oneself is both incorrect and

subversive to one's progress. It is incorrect because bad things come at everyone, and it is your challenge and test to successfully deal with whatever comes at you. Blaming bad outcomes on anyone or anything other than oneself is essentially wishing that reality were different than it is, which is silly. It is also subversive because it diverts one's attention away from mustering the personal strength and other qualities that are required if one is to produce the best possible outcomes. Remember, Nature is testing you, and it is not sympathetic.

Everyone has weaknesses. The main difference between unsuccessful and successful people is that unsuccessful people don't find and address them, and successful people do. That is why, as one of our managers has observed, reflective people are much more successful than deflective people.

In order to make money in the market you have to be an independent thinker. And, I think, creative too.

BORN Queens, New York USA 1949.

EDUCATION Dalio received a BA from Long Island University and an MBA from Harvard Business School in 1973.

**CAREER** Dalio worked on the floor of the New York Stock Exchange and invested in commodity futures. After his MBA, he started work as director of commodities at Dominick & Dominick LLC. In 1974, he became a futures trader and broker at Shearson Hayden Stone. In 1975, aged 26, he founded the investment management firm, Bridgewater Associates where he is president, co-CIO and mentor.

**INVESTMENT PHILOSOPHY** Dalio is a hedge fund investor with macro investments as his specialty. He is a master of the diversification needed to enable him to steer his giant funds. He bets mainly on economic trends, such as changes in exchange rates, inflation, and GDP growth round the globe. He spends most of his time trying to figure out how economic and financial events fit together in a coherent framework. Bond and currency markets, in which Dalio is an expert, are widely believed to represent the greatest bulk of profits historically. But he is also active in other asset classes. Gold was one of the company's largest contributors in 2010. In stocks Bridgewater tends to make relatively small, but numerous equities investments, sometimes having several hundred equity positions. He regards the consensus as 'often wrong', which is why he judges independent thinking to be the main criteria in managing money.

**OTHER** He is said to be intelligent and idiosyncratic, and manages the world's largest hedge fund with \$140 billion in assets and 1,200 employees. In 2011, Bridgewater was ranked both the largest and the best-performing hedge-fund manager in the world, which is a unique combination. With its 39 billion profit in US dollars for clients Bridgewater has furthermore become the hedge fund with the second highest yield ever in absolute figures. The last 18 years' performance is estimated to have been 15 % annually before fees. One of the more striking features of Bridgewater Associates is the corporate culture that Dalio has created. Dalio has presented the concept in a 123-page online book, Principles. He bought his first shares at the age of 12, and according to the Forbes he had a net worth of US\$12.9 billion as of 2013. Dalio is a practitioner of transcendental meditation; his main hobby is music – jazz, blues, and rock 'n' roll (his father was a jazz musician). Recently, he joined a philanthropic campaign, pledging to give away at least half of his money.

*Sources: Ray Dalio, Principles; CNBC; Bridgewater Associates; gurufocus.com; The New Yorker, 2011; Wikipedia.*