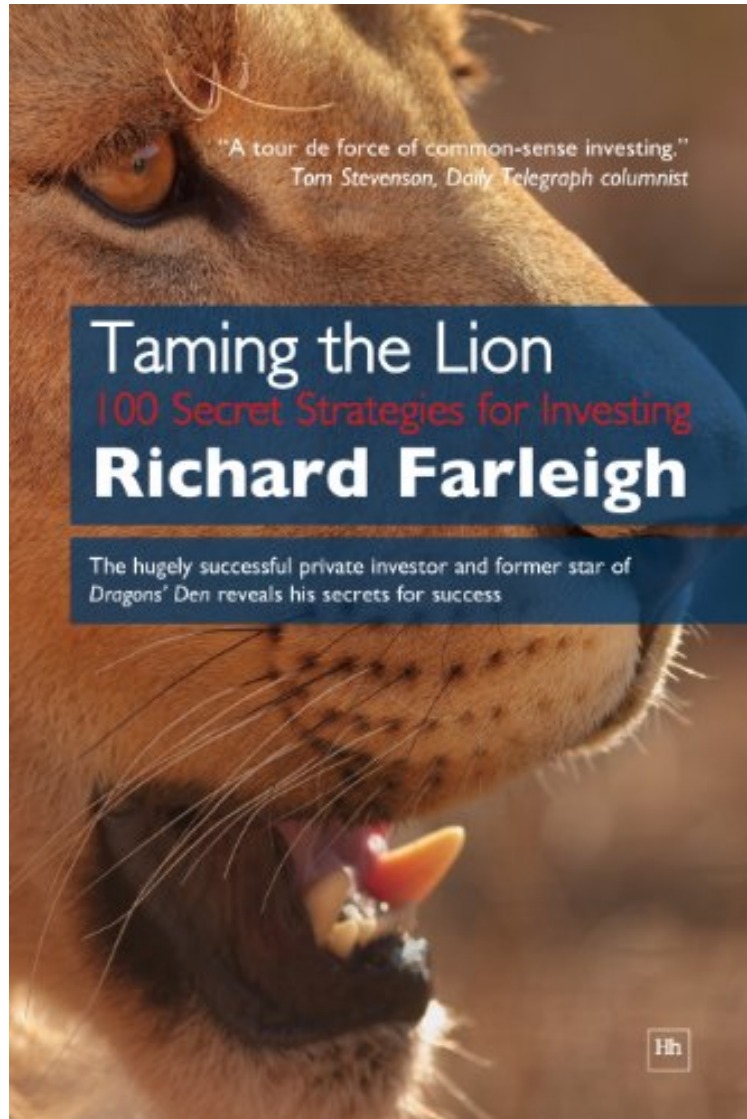


(Mobile book) Taming the Lion: 100 Secret Strategies for Investing

## Taming the Lion: 100 Secret Strategies for Investing

*Richard Farleigh*

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**Richard Farleigh : Taming the Lion: 100 Secret Strategies for Investing** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Taming the Lion: 100 Secret Strategies for Investing:

3 of 4 people found the following review helpful. Great Principles for InvestingBy CCLIf you're looking for a book on specific investing techniques, you may be disappointed. Richard Farleigh provides some insightful big picture principles that serve as a great foundation for speculation in general. The examples he provides from his own life didn't come off as narcissistic to me. I enjoyed examining a professional investor's thought process and actions. My only gripe about the book is the way it is organized. The thoughts are roughly categorized but don't flow that well. I'm on my second reading, taking notes, and re-ordering the ideas. This is one of the most best big picture trading books

I've read.0 of 0 people found the following review helpful. Has deep thought but easy to followBy Michael HsiaoIt easy to follow the 100 Strategies.very clear and deep thought.I bought the ebook after chinese traditional edition.2 of 2 people found the following review helpful. To 'stay in the game' requires discipline.By S SmythI found this book by Richard Farleigh to be clearly written and well paced. It honestly and fairly describes the techniques which work for him as a professional investor who has managed to 'stay in the game' and made money from it. He does also point out that acquaintances of his use different methodologies, which work well for them.He clearly identifies the comparative advantage most likely to be useful to aspirants and makes clear what he means by the next big thing so as not to make such terminology seem flippant. My understanding, for example, is that one should watch out for shifts in technology such as the introduction of transistors versus tubes/valves and the petrol-engine versus the steam-engine, since these big changes are the fundamental drivers for a plethora of novel invention and genuine opportunity.He also indicates the markets best suited to the beginner (property) and those that are specialities (currency) requiring knowledge and experience.Above all, Richard Farleigh makes it clear that investing is a discipline and is doomed to failure if one is not prepared to apply themselves to the work involved.I was rather surprised at his admiration for John Maynard Keynes who is, without dispute, the worst economist ever, and whose philosophies have massively undermined the prosperity and freedom of the west and significantly contributed to contemporary terrorism and the inability of the western powers to confront it in their befuddlement over moral equivalence.I enjoyed Richard Farleigh's book and think he would enjoy reading: 'Capitalism: A Treatise on Economics by George Reisman.'

Richard Farleigh reveals the 100 secret strategies that he developed to enable him to succeed in the markets.During his time running a trading desk, Farleigh set out to develop a repeatable methodology based on observation and reasoning, not just on one-off flukes and luck, to enable him to outperform the market on a regular basis.The (potentially controversial) beliefs that he incorporates into his strategies include:- Markets tend to under-react, not overreact.- Big, obvious ideas offer great opportunities.- It is safe to invest with a consensus view.- Contrarian trading is usually irrational.- It is best to enter and exit the share market at the right times instead of always staying invested.- Price trends are well known but under-utilised.- Chartists are just astrologers.- Investment and trading are increasingly similar.Some of the techniques simply involve being better than other investors at some of the basics, including only chasing genuine opportunities, managing risks and coping with losses.As his trading results started to attract some attention, Farleigh was frequently asked to give presentations of his ideas to other professional traders. From the feedback during these sessions he realised that others were interested in an approach to investing which was based on first principles. Finding that anecdotes were the best way to make a point, and that ideas could be summarised into numbered strategies, allowed him to show clearly how the methodology worked.Years later, he is still using the same approach, and has found that amateurs, as well as professionals, are keen to find out how markets work and how to improve their investment performance. This book contains those secrets.-----About the 100 StrategiesThe rules are based on two broad experiences. Firstly, my involvement with investing and trading has been an endless pursuit of looking for patterns and developing my own repeatable methodologies. I have wanted to turn an art into a science. Secondly, from so many conversations with intelligent and educated people, who are curious about markets, but have been unhappy with a lack of useful reading material.The book is intended for anyone with an interest in trading or investing, whether they are amateurs or professionals. The laws grew out of a series of popular lectures that I gave in my early career and out of the process of training new people to trade the markets.Perhaps a unique thing about my approach in this book is that I have developed a framework which is applicable to all markets, whether they are bonds, money market, commodities, currencies, stocks, or property. The more I have learnt about these markets the more I have been convinced that it is sensible to approach them the same way. This is very useful, especially when some markets are underperforming.This is a serious book. It is definitely not a "how to get rich quick" trick. I have presented my observations and interpretations as laws for practical purposes. It incorporates equally a lot of groundwork analysis of markets.In finance there has been a gap between practitioners and the theoreticians. I intend to bridge that gap with a solid and, at times, theoretical explanation for my observations. Nevertheless, I have presented the material in a personal way. It is light hearted, with lots of anecdotes. I have not done endless amounts of research on each of the laws, so at times I may have erred on the detail. However it is always the concepts that are important, as these are what I am trying to get across.

The Telegraph Investment column By Tom Stevenson (Filed: 16/11/2005) You've probably heard the market adage 'the trend is your friend'. It's been around so long and sounds so corny that, if you're anything like me, you've not given it much deeper thought. That's a pity because it is more profound than it sounds. This realisation hit me in a senior moment at the weekend while reading an excellent investment book, Taming the Lion by Richard Farleigh (published by Harriman House). Farleigh deserves a moment of your time because, despite an unpromising start to life (his early years were spent in the back of a pick-up truck driving round Australia with his itinerant, alcoholic father), he had made enough money by the age of 34 to retire to Monaco. Much of it came from running a successful hedge fund in Bermuda in the days before most of us had even heard of hedge funds. He was also a successful business angel in the

early years of the 1990s tech boom and came through the subsequent crash with a sizeable fortune despite losing an estimated GBP100m. *Taming the Lion* is subtitled 100 Secret Strategies for Investing, most of which I'll leave you to enjoy by yourself (they're worth it). Worth pulling out, however, are Farleigh's thoughts on market trends and how to make money from them. The first point to make about trends is that by rights they should not exist. Economic theory says that markets are efficient and at any point in time reflect all relevant information. In other words the direction of prices in the past has no bearing on prices in the future - they are just as likely to rise as fall. The efficient markets theory is, however, largely rubbish, especially in less well-researched corners of the market like smaller companies, and Farleigh proved it years ago when he was trading for Bankers Trust in Australia. He showed that markets continued in an existing direction around 55pc of the time and reversed themselves the other 45pc. Now that might not sound much, but for an investor 10pc represents a massive advantage. If you get 55pc of your calls right and manage your portfolio properly by riding winners and cutting losers you will make a lot of money. Farleigh also showed that trends have been operating year in, year out for decades and, with hardly any exceptions, across a wide range of different markets from shares to commodities, bonds, indices and currencies. It's no wonder that trading with the trend - so-called momentum investing - has become so popular, especially with hedge funds. You only have to look at a handful of major markets to realise the power of trends. Farleigh cites the Dow over the past 25 years, the dollar-yen exchange rate which has fallen steadily from around 400 to around 100 and the big fall in interest rates around the world since about 1980 (see the first chart). In these and similar cases the market spent most of the time moving steadily in the same direction. All an investor had to do was go with the flow. There's a widely-held belief that markets always over-react but in fact they are very slow to react. Commodities prices illustrate this well. Economic growth in China was running at 10pc a year as long ago as the mid-1990s yet it took years for this to be reflected in higher prices for raw materials like copper and oil. You can see this with individual shares, too. Take a successful growth share like Majestic Wine, which traded at 55p five years ago and has risen steadily in the intervening period to 280p. There have been a few modest setbacks over the years but generally speaking the shares have risen in a fairly straight line. This is not as unusual as you might think. In an efficient market the bright prospects for Majestic, which have been known about for a long time, would have seen the shares rise quickly and then level out rather than rising steadily over the period (see the chart). There are at least three reasons why prices don't behave this way. First, markets are surprisingly slow to understand the full implications of new information. Big picture developments are, therefore, usually underestimated. Take the economic problems in Japan - it took the market 14 years to fully reflect the crisis from the 1989 peak to the start of the recovery in 2003. Second, price reactions are slowed by inertia and scepticism. People cling on to their old beliefs long after they are no longer valid. The herd instinct among investors and analysts is a powerful force and it makes them adjust their expectations slowly. Third, there is the counter-intuitive fact that in financial markets unlike other areas of the economy rising prices attract buyers. As prices go up we gain confidence that because others are buying it must be a good idea. Because trends are caused by big fundamental and psychological factors, they are unlikely to disappear overnight unlike the pricing errors or other anomalies that tend to be eliminated as soon as they are recognised. They are something to do with how the human mind works. So what does this mean for the investor? First, it argues against contrarian investing, which says you should look for opportunities where the market has overshot one way or the other. If prices move with the trend more than half the time, you start your search with an immediate handicap. Farleigh's advice is 'don't look for opportunities where the market's going to reverse, look for those where it's going to continue on its path.' Second, it suggests you are better off spending most of your time looking at the big picture and lining up your assets accordingly. Back the next big thing and as it becomes clear your judgment was right add to your bet (or cut it if you're wrong). Finally, stick with your winners. Trends go on for a lot longer than you might expect.

About the Author Richard Farleigh was born as one of eleven children in the country town of Kyabram in Australia in 1960. He was placed in foster care at an early age and grew up in Sydney. Despite a difficult start in life and being diagnosed as backward at the age of 5, he went on to win a scholarship to study economics and econometrics at New South Wales University, and graduated with first class honours. Farleigh worked briefly in the Research Department at Australia's central bank, the Reserve Bank of Australia, working on economic modelling. At 23, he passed up the opportunity for an academic career in economics and joined a leading investment bank, Bankers Trust Australia. There he worked for a number of years in designing and managing swaps and other derivatives. During this period he demonstrated a strong ability at trading financial markets, and was then appointed head of the bank's proprietary trading desk, which achieved spectacular results by predicting big picture trends and by using a trading model he developed. In 1992 he was hired as head of a very powerful private hedge fund in Bermuda, which had searched the world for the best candidates. He was able to retire at the age of 34, and moved to live in Monte Carlo. From there he began investing in small companies which were mostly situated in the UK. Over the years, he has invested in over 50 start-ups, many of which have floated or been acquired. One such venture has been Home House, a Georgian mansion which Farleigh as a backer and Chairman, help to convert into one of London's most fashionable and successful private members' clubs. Despite his early retirement and being affected by the tech wreck in the year 2000, Farleigh has become substantially wealthy and he has been named as one of the top ten entrepreneurs in Europe. Apart from being keen on tennis, skiing and boating, Richard is an internationally ranked

chess player, and has represented Bermuda and Monaco in the Chess Olympics. Richard is a former 'Dragon' of BBC series Dragons' Den.