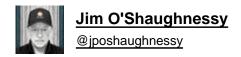
Twitter Thread by Jim O'Shaughnessy





I'm torn on how to approach the idea of luck. I'm the first to admit that I am one of the luckiest people on the planet. To be born into a prosperous American family in 1960 with smart parents is to start life on third base. The odds against my very existence are astronomical.

Ironies of Luck https://t.co/5BPWGbAxFi

"Luck is the flip side of risk. They are mirrored cousins, driven by the same thing: You are one person in a 7 billion player game, and the accidental impact of other people\u2019s actions can be more consequential than your own."

— Morgan Housel (@morganhousel) March 14, 2018

I've always felt that the luckiest people I know had a talent for recognizing circumstances, not of their own making, that were conducive to a favorable outcome and their ability to quickly take advantage of them.

In other words, dumb luck was just that, it required no awareness on the person's part, whereas "smart" luck involved awareness followed by action before the circumstances changed.

So, was I "lucky" to be born when I was—nothing I had any control over—and that I came of age just as huge databases and computers were advancing to the point where I could use those tools to write "What Works on Wall Street?" Absolutely.

Was I lucky to start my stock market investments near the peak of interest rates which allowed me to spend the majority of my adult life in a falling rate environment? Yup.

But these favorable conditions would have been meaningless if I hadn't fought hard to get the data for my book, or if I had allowed the conventional wisdom of my youth sour me on the stock market.

For those too young to remember, everyone HATED the stock market for most of the 1980s and much of the 1990s. In the early 80's, all the "smart" folks were going into real estate and hard assets.

Stocks were for losers. It wasn't until the late 90s that everyone loved the stock market.

So, yes, circumstances were nearly ideal for me to succeed as a stock market investor and author, but I needed to actively

decide to take advantage of them.

And I've also experienced and understand being in the right place at the right time and yet making the wrong choice. In 1999, I founded an online investment advisor called Netfolio. It was one of the first robo-advisors.

In early 2000, we got a ridiculous offer from one of Wall Street's largest investment banks that would have made everyone associated with Netfolio crazy rich, and I said no.

Even at the time I realized how incredibly lucky I was to get the offer, but I failed to grab it. I failed to take advantage of the wonderful spot Karma had placed me in and passed on the deal.

In other words, I failed to act when the rare, favorable and lucky circumstances were at hand. Had I done so, I'm sure that there would have been many people attributing my incredible luck to skill on my part. I'm pretty sure I would have attributed my luck to skill too.

Yet I don't regret the experience because on reflection, it provided me with a really good understanding of the role of luck. The writer Damon Runyon said "The race may not always be to the swift nor the victory to the strong, but that's the way to bet."

I agree. Having been on both sides of luck, I think luck is bound up in many outcomes in life yet it is how you react and play the hand that determines how lucky you will be.

People who have the ability to suss out potentially random favorable circumstances and jump in to take advantage of them, will, in my opinion, end up being "luckier" than those who can't.

I've always loved Carl Orff's "Carmina Burana", which is based on a series of medieval poems about the cruelty of fate. The first, "O Fortuna", has some cool lyrics. It's in Latin, and because it's been a long time since I took Latin, here are the opening lyrics in English:

O Fortune, like the moon

You are changeable, ever waxing, ever waning;

Hateful life

First oppresses and then soothes as fact takes it;

Poverty and power

It melts the like ice.

You can follow and listen to the slightly different version here: https://t.co/Rfkd3cEKCG

The point being, we humans have been alternately blaming and praising fate for our condition in life forever.

I think that having an open mind and looking for potentially unusual (i.e., lucky) circumstances and then acting quickly to take advantage of them is the key to being luckier than the average person.

Finally, I think we are all lucky to have <u>@morganhousel</u> in our life to make us think more about things and never take anything for granted. Thanks Morgan, for reminding me how lucky I am.	
arrything for granted. Thanks Morgan, for reminding the now lacky rain.	