Contents

Acknowledgments xiii
About the Author xv
Introduction xvii

CHAPTER 1  J. Kyle Bass: Timing Is Everything 1
The Back Story 1
A Few Definitions 2
Bass Asks Why 4
Learning from the Past 6
Shorting Subprime Loans 7
The Best Position 8
The Effects of Abuse 11
Who Was Watching? 13
Re-creating Bass's Trading Strategies 17
Bass's Top Traits 17

CHAPTER 2  James Chanos: The Real King of Enron 24
Enter Enron 21
Really Looking at Enron 23
The Best Position 26
Recreating Chanos's Trading Strategies 28
A More Recent Example 28
Chanos's Top Traits 30
CONTENTS

CHAPTER 3  Paul Tudor Jones II: Legendary Global Macro Trader

Following a Genius 31
The Path of Greatness 32
  Starting Out 33
Knowing All the Markets 35
  Global Macro Trading 36
  Elliot Wave Theory 38
More Keys to Jones’s Success 40
Success beyond Trading 43
Recreating Jones’s Trading Strategies 43
Jones’s Top Traits 44

CHAPTER 4  John Templeton: Legendary Mutual Fund Manager

What Made Templeton Famous 47
Templeton’s Life before Investing 49
  Educational Aspirations 50
  The Married Life 52
Templeton’s Big Move 53
  Back to New York 54
Looking to the Future, and the Templeton Growth Fund 55
  Templeton’s Second Marriage and Fund 56
  The Bahamas 57
Recreating Templeton’s Trading Strategies 58
Templeton’s Top Traits 59

CHAPTER 5  Jesse Livermore: Legendary Speculator

Livermore’s History 61
At Home in New York 63
  Fame and Fortune 63
  The Panic of 1907 64
  The Crash of 1929 65
Livermore’s Tragic End 66
An Example of Livermore’s Influence Today 68
Contents

Recreating Livermore's Trading Strategies 69
Livermore's Top Traits 69

CHAPTER 6  John Paulson: The Greatest Trade of All Time 73

Paulson's Early Career 73
Paulson & Co. 74
The Greatest Trade 74
Recreating Paulson's Trading Strategies 79
Paulson's Top Traits 81

CHAPTER 7  George Soros: From Humble Beginnings to World Trader 83

Soros's Famous Trades 84
The Hardships of a Trading Genius 87
Going to School in London 88
Work in New York 90
Joining the Big Leagues 91
Finding Himself 93
Crashing from Success 95
A New Protégé 97
Onto the World Stage 98
The Backlash 100
A Conflicted Mind 101
A New Era 101
Recreating Soros's Trading Strategies 102
Soros's Top Traits 103

CHAPTER 8  David Einhorn: A Company's Worst Nightmare 105

Allied Is Not an Ally 105
Lucky Lehman 108
The Great Beyond 110
Recreating Einhorn's Trading Strategies 111
Einhorn's Top Traits 112
CONTENTS

CHAPTER 9  Martin Schwartz: From Amateur to Superstar 115
Start Small, Go Big 115
Trading Like a Rock Star 117
Winding Down 118
Recreating Schwartz’s Trading Strategies 120
Schwartz’s Top Traits 121

CHAPTER 10  John Arnold: Master of Energy 123
Success at Enron 123
Centaurus Energy 124
The Explosion 126
Recreating Arnold’s Trading Strategies 127
  Crude Oil 127
  Natural Gas 128
Arnold’s Top Traits 130

CHAPTER 11  More Great Trades: Phillip Falcone, David Tepper, Andrew Hall, Greg Lippmann 131
Phillip Falcone 131
Recreating Falcone’s Trading Strategies 134
David Tepper 135
Recreating Tepper’s Trading Strategies 136
Andrew Hall 138
Recreating Hall’s Trading Strategies 139
Greg Lippmann 141
Recreating Lippmann’s Trading Strategies 143
In Summary 144

Notes 147
Glossary 149
References 151
Helpful Web Sites 157
Index 161