



Vitaliy Katsenelson Discusses Having Soul in the Game and the Importance of Habits

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Dave

0:00

All right, folks. So welcome to investing for beginners Podcast. Today we welcome back our special friend Vitaliy Kasenelson, CEO of the Denver-based investment firm IMA, an award-winning writer known for his common sense, great storytelling, and wisdom. He's written for Financial Times and Barron's, and his articles are published on my favorite website Contrarian Edge. Vitaly is joining us today to discuss his third book, *Soul in the Game*.

Vitaly is easily one of my favorite writers, and I've been enjoying these articles for years. They bring wisdom, great insights, and fantastic stories to investing and life. So Vitaly, thank you again for joining us today. We appreciate you taking the time out of your busy day to come to talk to us. And we're really excited to talk to you about your book and all the things that you've got going on. So I guess my first question is, do you consider yourself an investor who writes or a writer who invests

Vitaliy

0:52

Wow, well, first of all, Dave and Andrew, thank you so much. So in the past, I was somewhat embarrassed that I wrote so much. And I would say, I am an investor who writes, and now I am just looking at myself as a person who also invests, but quickly things through writing, because investing is just one of my identities, you know, it's my main occupation has spent a lot of time doing this. But I'm so much more than just an investor, right? Writing is now an inseparable part of my personality or my identity because bizarre writing, my IQ, you know, would be 20 points slower, and I need Mike needs all the help I can get.

Dave

1:36

So that's awesome. So I guess what prompted you to write this great new book, *Soul in the Game*?

Vitaliy

1:43

Over the years, I would write articles would send them out to my readers. And a lot of times, some of my articles were button investing, most of them are who were, but there were, over time, bigger and bigger. No, I started to write about non-investment topics. And people would reach out to me and say, Vitaliy, you should take your non-investment articles and put them into a book. And I was somewhat resistant to that because I still was certainly kind of conflicted about my identity. Right. But then I wrote this article about Tchaikovsky and about the struggles he had writing, you know, this beautiful, six that four strings.

And when I wrote this article, I realized that the struggle Tchaikovsky had composing that beautiful music is very similar to the struggles anybody who writes goes through as well. So after it was damaged, this article hit me over the head that somebody who reads it will know actually who wants to learn how to write or who is struggling as a writer would really benefit. But more importantly, I realized I had written so many articles over the years, just like that, on somebody that could help others. So my goal was just really to take all the articles I wrote, but live, put them into a book. And that was it. But then I kind of did that.

And then when I was almost done with the book, and when I say almost, I think, literally work in the last chapter, I stumbled on stoic philosophy and ended up, you know, telling my editor at Herrmann house that I needed to break and I just really want to I want to study, so philosophy. And I ended up writing almost a third of the book about stoic philosophy completely out completely for this book. And in all fairness, I ended up going back and writing a lot more new articles, new essays, or chapters for this book and rewriting an old one. So it's a lot more than just a collection of my articles. I hope you guys can tell me what you think about that.

Dave

3:43

So yeah, I definitely think it's more than just a compilation of your articles. And I think, you know, the thing that I enjoy about your writing in general, but just about the book, too, is you do such a great job of weaving stories and wisdom kind of together. You've had an interesting life prior to coming to the United States, as well as some of your adventures here in the United States. And I think that the kind of the juxtaposition of the, I guess, the two separate lives, and then coming to the United States, and kind of how you look at those things through investing to me has always been very interesting.

And because I've been reading your writing for so long, I feel like I kind of know you, and I know your family. And even though I've never met your kids, I feel like I know your kids really well. And I know the stoic philosophy became very important to you because you could see it in Twitter to kind of change your Twitter threads or your post change from more investment related to pretty much focused on stoic philosophy. And so it's okay that he's definitely going down that rabbit hole. So I wonder where that's going

to go. And so that was why it was kind of cool. When I got the book and was able to start reading, it was okay; now I'm getting that now I understand where that's kind of going.

Vitaliy

4:54

I think it's actually gonna give me a Twitter thread. It's a kind of reflection of what I'm reading or doing at the time. Um, if you see what I'm reading or doing, follow me on Twitter; I'd say you get a very accurate picture.

Dave

5:08

Yeah, yeah, for sure.

Andrew

5:10

I was wondering, Vitaly, thanks for coming on. If you could maybe expound for people who aren't familiar with you and your great emails, what is it about writing that makes your thinking so clear when it comes around investing? And do you think it's something that average investors who are trying to manage their portfolio should try to implement in their process?

Vitaliy

5:34

Okay, that's a great question, I think a very important question. So let me tell you about how I write first. I wake up about it; it depends on the time of the year. But let's say about five o'clock in the morning, I make a cup of coffee. And then I basically write for two hours straight. I try not to get distracted by other things; I put my headphones on, put classical music on, and write. And I do this every single day, with very rare exceptions. So now, if you think about it, what is writing? Right is focused thinking because you're thinking about a subject, and your mind is just focused on that. So if you think but I'm involved in focus, thinking 720 hours a year, at least, that's a lot of focus thinking.

Okay. So for me, I think it's very important because I was a scatterbrain. And for me to have thought that they were all the parts are connected together. That's what writing does. It basically connects all the elements of the soul together. And now I have a thought that I can share with the world. Also, the process of discovery, the way I look at writing, is basically, it's a creative process that connects our conscious and subconscious minds. We kind of know what you think, like, at this point in time, on almost any subject, that's knowledge, we have an unconscious mind, that's accessible to us.

But the subconscious mind is this huge reservoir of knowledge that the only way I can access is by sitting down and doing focused thinking. Now, this whole conscious of the conscious mind is kind of it's some people may say it's kind of a wudu concept or something. But if you think about this, when you read the book, you read what 80,000 words, you don't remember, like, you remember the concept generally, right, but you don't remember every single word you read, right? But I would argue a lot of that information, some of

it was retained in the conscious mind, and a lot of it is deposited into the subconscious mind. And I don't know if you guys had this experience, but I had an experience when I would write. And suddenly, I'm using a word that is kind of new to me, even though I just wrote this word. And it's just; basically, they've, you're laughing, but you probably have probably happened to you, right?

And because what happened was, at some point in time, in some book, I read that word, and it was deposited in my subconscious. And then when I was writing, it, just, you know, kind of floated to the surface. So I would argue everybody should write, again, I'm a biased person because that's, that's it has been very helpful to me, as an investor, I think, well, first of all, I think when you buy a stock, or we sell a stock, you should write a journal of why you are buying stock, and why you're selling the stock.

Because what it does, it truly fleshes out your thinking, and then you will be able to see when you have to express put your thinking on paper, you'll be able to see all the deficiencies or the holes in your thinking, and then you actually decide not to buy the stuff. Okay, because that's almost like exposing your thinking to another evaluation; I guess I think everybody should write; I wish I wrote a journal. And if I did not write for two hours a day, I would write a journal. And I highly advise other people to do this. At some point in time, I need to create this new habit. I may write I started in my journal in the evening before I go to sleep. But I think journals would I write so much that I just, I think, I wrote a journal for either two weeks or a month. But I found that it was all I did in the morning. And it was always competing with other things that I wanted to write. So that's why I'm not writing the journal. But I would highly advise people to start. Chris was writing a daily journal.

Andrew

9:22

I think I really liked that advice. And especially the part you're saying where you're trying to figure out whether you want to buy a stock or not. I've had newsletters, Dave, you know, this where I pretty much got to the end and then decided I wasn't going to buy the stock. And like you said, photonic, just kind of want to double click on that idea. Because it's so key, I think you're really filling in the holes that you don't even realize are in your thought process about the company until you have to. I mean, I've seen it with myself where I'm fleshing out an idea, and I'm like, Well, what is the data that supports that idea?

And then, you have to go through the writing process to find that data. You might have never thought about that until later on because you were forcing yourself to go through this writing process of fleshing out your thoughts and putting that subconscious into the conscious. Absolutely. So how often do you, I guess, in your writing, look back at things that you have written about? And how often are you changing your philosophy or your ideas, or some of the ways you think about the world, one of the things I really liked that I read in one of your emails, which I tried to, at least if I can't read all of them, at least skim them, because there's always a valuable nugget in there, it seems, is you talked about how we make these biases based on our circle around us. Of I see my five friends doing this thing.

And so I think the whole world works this way. So you know, that's kind of like this, I feel like an advanced idea that maybe, I don't know, if you were maybe aware of it all your life, or if you never knew it existed, and then you discovered it and then wrote about it. But like, how often are you coming across those discoveries? Or maybe like changing your mind about certain ideas? And is it going back to your old writing? Or is it just kind of trying to learn as much as you can, and it just kind of naturally happens?

Vitaliy

11:11

So I think you're talking about the myopic circle's idea. Yeah. I think I have changed my mind. And a lot of times, in my experience, as you grow, you learn, hopefully, right. And my goal, I'm happy to change my mind when I'm in the future. And what I'm thinking today, if I arrived at that in a kind of very thoughtful way, right? So I think it's important to go back and look at your thinking and look for a couple of things. Number one, you're looking for the assumptions you made. Like now I'm talking about the same way in stocks, like, oh, look at all the assumptions I made in the past. And ask yourself, are they still true,

I also look for the logic if I had a flawed logic or if that thinking was just flawed based on the information I had at that time. And if the world has changed, and now I need to update my thinking on the subject, the like when I wrote the biopic circles, so let's talk about that myopic circles, I think it's a very interesting framework. So let's let him expand this a little bit. So I don't smoke. I used to smoke when I was 21 years old; I quit when I was 21. And at the time, if I look at my friends today, none of them smoke.

So and because we are attracted to people who are like us who share similar values, you know, I'm not judgmental, but people who smoke are just their values. Usually, smoking comes with other values that usually conflict with my values. And therefore, it's very easy to think to have this myopia that people don't smoke, right? Well, in reality, 14% of Americans smoke, so statistically, we know it's not true. But here's the interesting part, if you find somebody who smokes, and those people, most likely their friends, also smoke, because they're attracted to people who smoke. So like, I have a circle that I have in this life where my experience is limited to my understanding of the world. And I assume that the world is as I see this, but the world is actually that more than what I see, right? And there are a lot of people who have different experiences than I do, etc. So there isn't support for the smoking companies. Like how it's very easy for us to think that I'll give you one example, we will realize any company that does money transfers from the United States to Mexico.

So my first thought was when I started as a company, while this company is going to be out of business. Why? Because who needs the services if you can just send money by PayPal, Venmo, or whatever? When I started to do more research about the company, I actually had to go and like so this company focuses on the Mexico corridor, so people who send money from the US to Mexico, most of these people are migrant workers that come to the United States. So I actually ended up going to Mexican neighborhoods in Denver and observing this person, and I realized they live in a different world. They rarely use credit cards, and a lot of them don't have check accounts, United States, most of the relatives in Mexico don't have checking accounts. They live in a cash economy. And so, therefore, they don't even know how to spell PayPal. The point is that they don't use PayPal. And they probably won't be using PayPal for a long time. So me going in exposing myself to the New World, kind of expose myopia that I know that I have, and so now when I'm analyzing a company, I'm thinking is my experience to that company's service limited by my kind of limited experience. I'm constantly thinking about that.

Dave

14:41

And that makes a lot of sense. So I guess when you're thinking about those things, you know, how do you research some of these ideas? Like I'm thinking in particular about the like, the stoic philosophy, like, you know, will you sit down to write for two hours? You know, we all know you open a computer, you look at the blank screen and like, oh, how do I put stuff on there? Where do you go gather the research to fill the head to start putting stuff into writing?

Vitaliy

15:05

So before I wrote about stoic philosophy, I probably read a dozen books, at least I listened to, I don't know, 50. I can't even tell you how much how many podcasts I listen to. I did in the, you know, I love learning. So if I can write about something, the first thing to learn this right. And writing helps me to learn better. But I wrote this book, like a good example; I wrote a book about more series of articles about Tesla.

And by the way, your listeners and viewers can get the free version of this book at [Tesla analysis](#); that calm was a 9000-word essay, or something a 15,000-word essay about Tesla and AI, which is a very deep dive into Tesla. Well, I spent probably a month learning about it; everything I could; I read Malcolm's biography, I read as much as I could, I watched a lot of YouTube videos, listened to our podcasts ended up doing a lot of reading. So that's a prerequisite to writing to write it.

Dave

15:57

Yeah, I love the idea of having to research all that information to be able to put it down; I think it is very, very helpful. I think sometimes people feel like that; it just comes to you. But you know, they don't realize that there's a lot of work that goes into, you know, those two hours that you're spent, and

Vitaliy

16:13

you know, it's what's important to understand this knowledge is cumulative. In a sense, when I was writing about Tesla, I had to use my knowledge from owning Apple stock, or like all the research I did on Apple, or the research, I did not know care because I was using Apple Nokia as an analogy. So like, this is good. This is what I love about investing. The longer I do it, the better I get because this knowledge doesn't go away. It just accumulates.

Andrew

16:38

So I'm thinking again about maybe some of these turning them for the first time, they don't know anything about business models, maybe the idea of Tesla or the idea of Apple excites them. So can you give a basic overview of that analogy? And why does that like make sense for investors?

Vitaliy

16:56

Yeah. Okay. When I was analyzing Tesla, a lot of people were comparing Tesla cars to kind of traditional what's called internal combustion engine cars, ice cars. And they were basically saying, while it can be very easy for General Motors and others to make electric cars. And I use the analogy of a dumb phone smartphone analogy. Okay. So when Nokia came out, I remembered, so I will Nokia. So it's gonna give us a small story. I owned Nokia in 2004. And Motorola came out with a flip phone. And Nokia kind of struggled

for a few months, and they didn't have a flip phone, and Nokia struggled for a few months, the stock declined. And then, six months later, the commodity was a flip phone.

And I doubled my money. It's great. So that's not the lesson. The lesson was when Apple came out with iPhone. I was like, Well, I know how there's no last time this happened. I made a lot of money. So I bought a Nokia. And the problem is this was not a change in the way the phone looked. This wasn't a four-factor, right? This was a complete change. It's the phone that went from one domain of dumb phones to a smartphone, which you know, was the first one was there to make phone calls, and have maybe a little bit computing power a little bit? Well, we're smartphones; we're really just a computer that does 200 Other things, plus also makes phone calls. So and I made a mistake, you know because I did not recognize the difference. I did not recognize that we shifted into a new domain, from dumb phones to smartphones domain, which is basically all the knowledge that you have, in a dumb phone business, actually; most of it is actually going to hurt you. Because think about Nokia at the time generalizing now, if you think about DME for its 90% hardware, 10% software, or whatever.

And the smartphone, the software is important as the hardware. I'm not sure if it's 50/50 or 60/40. Doesn't matter. But this software is incredibly important. So that means Nokia's workforce was big Nokia was designed for a very different product. So, where iPhone could just focus from a blank slate perspective on focusing on the smartphone, Nokia basically had to let go of a whole bunch of engineers, which was one need to design hardware, a brand new talent, which he didn't have a training system. And to make things even worse, Nokia had its operating system CBN, which was basically created for dumb phones. And what it tried to do because it has a lot of similar engineers tried to adapt their operating system for smartphones. And it failed miserably because, originally, it was not designed for that. So this is one framework.

Now, if you think about electric cars versus t cars, so the Tesla is a lot More than just a car that has an electric motor, right? It's first of all, think about General Motors. I don't know how many engineers it has that are trying to squeeze extra efficiency from IC engine from the IC. Now, the internal combustion IC engine, well, it won't need any of those engineers; it doesn't need any of those engineers for the electric motor, right? And also, the electric car, the Tesla car, is a lot more the software is so much more important that car than it is in the old cars. So my argument was that transition is going to be a lot more difficult for the traditional manufacturers. And Tesla, actually, the fact that it's never made, I see cars, that's a huge advantage.

Andrew

20:46

I like that a lot. Because, you know, to a certain extent, you're right, it's not the I'm gonna rag on value investors being one myself, a lot of value investors look and wanted to value it as a GM or a Toyota or Ford when it's not any of those cars. And, you know, we'll see what happens in the future. But you do have to kind of think of it in a different way if you're going to have the conviction to hold on to a stock like that for the long term.

Vitaliy

21:13

Let me make a couple of extra points about Apple, which is kind of, you know, that's important. If you're an Apple stock, let me tell you, um, today, I'm going to be talking about all the mistakes I made. So we own Apple stock, and we made a lot of money. So we actually ended up selling Nokia; I think we took a 40% loss

in the summer, the second type of person has double the money, the center, and the second title, basically, I think we lost 40%. And then we bought an Apple in 2012. And we made a lot of money in this. But then I made an assumption on models that the iPhone prices would decline. Do you know why?

Because every single time you had a consumer electronic, the prices per unit declined? No? Well, Apple didn't think about it actually raising prices, and the demand hasn't changed. And so my mistake in my analysis was that I know it's a, I looked at it in the world where you have a company of a consumer electronics became a commodity for the most part. Well, Apple, because it's really just hitting us, please market share with Android. And once you buy an Apple phone, you're very likely to switch to Android; Apple actually has a lot of latent, which has increased. And you asked me about if I go back and look at money, I'll my assumption, you know, what I wrote? Well, that was a mistake.

That was a clear mistake in my analysis. And so we sold apple 100% ago, like, you know, double since since since we sold it, and the decision was wrong, that part of the decision was wrong, because earnings power, we're not for the right reasons.

Andrew

22:44

Gotcha. That makes a lot of sense. As the guy who wrote a great book called active value investing, are you looking at companies like Apple and Tesla as the market seems to keep falling? Are you even allowed to say with your fund?

Vitaliy

22:57

Can I look at anything I want? No, of course, no, I'm looking at a lot of companies that have fallen and initially attracted to them, especially in, you know, high-quality businesses at the right price and big capital, you know, Apple again, and probably Tesla as well. It's at some price.

Dave

23:12

Yeah, All right. So I'd like to switch gears a little bit here. And we talked about like getting up at five o'clock in the morning every day to write. That's a habit. And you talk a lot about your struggles with sugar, your struggles with meditation, and being able to do it, and I do it. So how do you develop better habits?

Vitaliy

23:32

Okay. It's great. This question is because I think I figured something out a couple of days ago that I want to share with you guys.

Dave

23:40

Okay, good, because I'm dying to know.

Vitaliy

23:43

So the best way to develop habits is to start small. If you want to start writing, just start writing five minutes a day, start with a sample of something very easy, in just keep coming back by doing this. If you do this long enough if I think to forget that if you do it for three weeks or four weeks, it is going to turn into a habit. Okay, and just try very, very hard to keep this habit. In fact, don't try. Say I'm a person who writes. And when you say this, that becomes your identity. Now to create habits, it's also important to link them to something else or snack habits. So I'll give an example. And this is the I meditated the whole year without a single skipping a day by linking meditation to my walks in the park.

So I walk in the park every single day. In any weather, almost any weather. Okay, so I meditated for year results. Keep it in there, but you know what happened? And then it fell off the wagon. Do you know how it happened? I just figured it out. Finally, I think this winter, when I went to work in a park, it was incredibly cold for a few days. And I could not sit and meditate on this; it was just too cold. So guess what happened? I kept meditating for a few days. And then now I'm trying to get back into it. And I'm gonna, and since I tell myself, I'm the person who meditates, I'll get back into meditation again. But I realized that like, at least, my habit of walking in the park, which is fine, works all the time, except two or three times. But those three times were enough for me to know, to kind of fall off the wagon. But that's how you create your habits, all

Dave

25:24

All the small steps and kind of stacking, I think, yeah, is that the kind of the idea that James Clear was talking about and,

Vitaliy

25:32

And I think I highly recommend a book; it's a phenomenal book. And I got it from him; I actually worked in and pivoted a little bit. So I'll give you this analogy, this thing I do, I found, maybe I forget, when it may be, I think was six months ago, maybe a year ago, I lost track of the time that I drink too much coffee, I literally found myself drinking the six cups of coffee a day. And I like coffee, maybe the first cup of like, because of how it makes me feel. But the rest, I just kind of like the flavor, which is I just drink black coffee. But what I found that maybe a second or third or sixth cup, is really, I consumed the mindlessly I just wander in to make coffee. And so what I started doing, I said, Okay, for every cup of coffee, I need to do 30 Push Ups. And so now my consumption of coffee dropped to three cups of coffee a day, and I do push-ups, you're gonna get healthy, and you know, my, and I got healthy, you don't have to do you can do crunches, if you're on whatever you want, you have to do push-ups.

Everybody wins, right? Like, you know, because I drink less coffee. And again, I'm healthier. In another thing, for anything you do, create what I call a minimum measurable unit and a road bicycle. And every time I wrote it, my MMU was just getting out and riding, then was to get out and ride for 20 minutes, then was

ride and have at a certain speed or have so many revolutions per second. And every single time, I would increase it. And that became my main four units. When I walked into the park, it was the same thing. But then I hurt my back. And may I still force me to work. But just for as long as it can bear the pain, but just have something you can fall back to. Okay, I'm going to do at least that.

Dave

27:17

Did you have like a checklist or something? Are you one of those people that like to have like a notepad or something that you know, so you can cross off the whiffs or you can track your progress kind of thing?

Vitaliy

27:28

It's I know, it helps some people it doesn't, if I was keeping track of a lot of things, and I would advise somebody not to do this. Just keep it simple to just a few things. But like, you know, Jerry Seinfeld has this streak thing where he every day he had to write a joke. And that's fine. If that works for you. You know, I don't need to do this because I keep it in my head. But again, just a few things a day. And he but if it's if it helps you just you know, maybe we can close on the calendar when you know, I did this day.

Dave

27:54

Right? As somebody that's a failed meditation. What would you tell me to improve that I've tried and it just never took for me? I've tried it two or three times. I read actually about your struggles with it early on. And it just didn't work for me. So I guess what you would tell me?

Vitaliy

28:12

So I think I failed with meditation first before I succeeded for at least a year. The reason I failed was that I had run images of meditations. Okay. You know, like the images you see of this beautiful skinny woman sitting on a cliff on the mount and looking at this sunrise or sunset, and she had a ponytail. And I realized, oh my god, for me to meditate, I need to find something like this. Well, in reality, you really don't. You just you can read that you can actually some people can meditate in a very loud environment. Next to the jackhammer kind of sounds like a jackhammer, so you can really meditate anywhere. And that's number one.

Number two, the reason people get frustrated with meditation is that they try to sit and breathe and not think, and when they try not to think, they fail that miserably, okay, and they basically say, Oh, I can not think; therefore I'm not going to meditate. What they don't realize is that that's a feature, not a bug; you try not to think and fail. You're creating a new habit of observing your thoughts. And like when I meditate, my MMU is one man. I just tried to get this one minute of perfect meditation out of 10. Okay, and I failed, even though it's one minute now have the time, okay? But what you do when you close your eyes, and you try to breathe, and this thought comes to you, and you want to notice that thought, and that observation of this thought is incredibly important.

The fact that you notice that thought, that's a skill you want to train. Here's why that killing itself will make you mindful. When you're driving in the car and you are upset. Somebody told you something. You're upset about something, and you observe this thought that you are, you realize, oh, I'm upset about this, for this reason, just observation of the thought, you know, basically diffuses that thought, and reduces your pain that makes you mindful that makes you observe your own thinking. This is why I think if you want to start start with three minutes or five minutes, it doesn't matter. Start with something. And actually, but when I say this, I'm really speaking to myself as well because I need to get back on the wagon again, in a way that they will be two or three times a week right now, but I want to do it every single day. So I'll start with Dave; if you do it, I'll do it. I'll do three minutes a day if you do three minutes a day. So but that's, that's my advice.

Andrew

30:47

I'm gonna ask the dumb question here in the room, what are the biggest benefits that you've seen from meditation,

Vitaliy

30:53

I think they, some people, would say it makes you calmer. I didn't observe that. Like, it didn't make me more; sometimes you get into the zone as it happens, rarely get into the zone where you'd say, almost like you're high on. I can't even explain that it's very difficult to explain. But that's not why you do this. It's what it is described; it's that you, you basically training yourself to observe your own thoughts.

And by observing your own thoughts, reduce a lot of negative emotions that are constantly in the back of your mind; you don't even notice them anymore. I think that's probably one of the biggest benefits to me, too. Also, like when you sit down, you're trying to control your breathing, you know, it's of course, it's going to come down to, but that's not why I do it.

Dave

31:37

So does meditation help you remove some of the self-talk, the negative self-talk

Vitaliy

31:42

with helps to neutralize helps neutralize the negative self-talk? Yes. Because bye, bye, bye. So what happens when this negative, something little happens? And this self-talk, negative self-talk, just kind of blows it up more and more and makes it larger? By us diffusing it, we've reduced that we reduce it, and therefore it has become a healthier life.

Dave

32:05

I guess that makes a lot of sense. So can you explain to me what Solon the game means?

Vitaliy

32:11

Soul in the game? Well, let's have skin in the game. I had skin in the game when you share both upside and downside when you're doing something for somebody else. Like when you call me cam. So when I manage money or buy liquid net worth invested in the same stocks as my clients, so, therefore, I have skin in the game; if I make a mistake in buying a company, then it's going to hurt me, it's going to hurt my clients. But it's you know, oh, the easiest example is when a cook eats his own cooking.

Yeah, that's the other speaker, the skin in the game. So the game is a kind of the next celebration of this, where the activity has so much meaning to you, that you love this activity, that it basically becomes indistinguishable from your identity. And if you think about people who are incredibly good at what they're doing and who are dripping with emotions when they're talking about what they're doing those people or do you notice people like if you want to take your kids to the doctor, you want him to take it back to his son in the game who's not just doing it, because he's trying to pay for his student builds.

You know the same thing with any activity in your life. When you go to a restaurant, and you have this waitress who has this incredible personality who really wants to take care of you. Now, this was formula Hassan again. So it could be inactivity. But that's basically what's going on in a high-level game.

Dave

33:37

I love that concept. And I love that was probably honestly, my favorite part of the book was the soul in the game chapter because I think that's something that has always attracted me to people and different things is when you sense that soul in the game, I guess I'd never put that connection together. But the soul and the game that I think that's something that I always found attractive, whether it's athletes, musicians, you know, investors, writers, you know, a waitress, anything that was easily my favorite chapter in the book,

Vitaliy

34:05

This became part of our culture at AMA. So when we do something like people say, oh, you know, we got to have a solid game. We've been told this or just don't do it. So yeah, so this is, yeah, that's very important to us.

Andrew

34:18

I liked how at the beginning of the book, you read a little thing you said to my children, and you had their names. And you said because you never read my emails. So hopefully, they will read your book. Could you summarize? Yeah, good. Maybe for any parents out there who maybe want to maybe they have kids, your

children's age, and maybe they want to give a book like this to them? What would be some of the biggest parts of the book that could be helpful for those parents and those children?

Vitaliy

34:47

That's a good question. I was talking to a reader a couple of days ago who read my book, and he was raving about it. And he said, You know, I think every person who graduated from high school should read this book. I was flattered by this song.

Yeah. I wrote it for my kids. Because in this book, I downloaded all the thoughts, all the things that I wish I knew when I was their age. Okay. And when they are older, like, I wish I knew them when I was when I became a parent. So I think stoic philosophy is something that could help anybody at any point in their life. Actually, my eight-year-old is probably a little bit too young for that, but my 16-year-old daughter and 21-year-old son our prime for that, and we talk about stoic philosophy all the time. And more importantly, I consider myself practicing stoicism; what does it mean? I try very hard to live by those ideas.

Now, I fail all the time. And that's because I'm trying to rewrite the behavior that's been formed for most of my life, so it's very difficult to rewrite. And so when I fail, I talk to my kids about it. And I say, here's what I did. Here's what I did wrong. This is how I should have done it. And I find that to be extremely important. Because my kids realize that it's okay to strive for that, and it's okay that you're not going to succeed every single time. But if you do this long enough, then you're going to rewrite your habits, and you're going to start in the world; it's going to become easier to go through life. Let me just clarify what stoic philosophy, philosophy is; basically, it's a 2000-year-old philosophy from Greece; when the word you're gonna stick philosophy sounds very scary and intimidating.

But really, it's really not. It's a beautiful philosophy, very simple. And I look at it as an operating system for life. There isn't a color printing system for life. Because when you're born, you're not really given. The way we behave is formed by our parents, by our friends, you know, my life, right? I don't think we are really told the stoic philosophy provides this curriculum that helps you to deal with life and remove these kinds of negative emotions. It lowers the volatility of negative emotions; how's that? And therefore, I think it could help anybody. And that you'd have this it doesn't, you know, it's not a religious philosophy. So it doesn't conflict; if you're religious, it is going to help you; if you're not religious is going to help you. And it had a tremendous impact on me. And I'm still learning. I'm still practicing. I'm trying to improve. And hopefully, next time we talk, I'll be better at that.

Dave

37:30

Yeah, maybe at least three minutes a day, at least three minutes a day. I'm gonna start tomorrow morning, I promise you, I've been trying to.

Vitaliy

37:39

Actually, here's the thing actually let me point something out. And I make this mistake all the time myself. So this is when you say I try. It's the one thing that you need to get to say; I'm the person who meditates. I'll

give you an example. And this is actually from James Clear Book. When somebody offers you cigarettes. And you say, Oh, I tried to quit smoking. That means I can promise you that means that you get as you fall off the wagon in about a week. Okay, when somebody offers you a cigarette, and you say, I don't smoke, right?

Then you are the person that actually tells you that that's the behavior, my identity, okay? And the person who doesn't smoke. So what you need to like, when I say you live, it's you and me. You need to get back to the point where we say; I'm the person who meditates; three minutes a day doesn't matter. Ten minutes a day, nowadays, but I'm the person who meditates, and then that will become part of your identity. But anything you do like this, I'm the person who doesn't need sugar. Therefore, when somebody offers me a cake, it doesn't matter. I don't need you to know; it's a non-decision decision because I don't need sugar.

Dave

38:45

Right? Yeah, I agree with you. 100%. It kind of goes back to the whole Yoda quote in Star Wars, right? There is no try. There are doers who are not? Yeah. So the famous stoic philosopher Yoda.

Vitaliy

38:57

Let's try, though. I listened.

Dave

39:02

So we've talked a lot about the different parts of the book and everything. And I would be remiss if we didn't discuss, you know, music. So I know music is obviously a very big part of your life. So I guess what we can learn from classical composers? I mean, how, how do you tie a lot of the book into music? And what can we learn? You know, even if it's somebody that doesn't necessarily listen to classical music, what can we learn from like Schubert and Chopin and some of the great others that you mentioned? Think about,

Vitaliy

39:31

they were all writing music, okay, I'm composing music, writing, investing. Those are creative activities, right? Creativity. And therefore, we can look at how their life stories and their struggles and realize that this would we can learn from them. Let me tell you this funny story. There's this composer Hector Berlioz, who grew up in France, and he fell in love I have with this Shakespearean actress. I think her name is Harriet Smith. He loves her, and he writes her love letters, and she never replies to the letters. And he was so devastated. He rented an apartment across the street from her apartment.

He decided he was going to write a symphony just for her. It became called Symphony Fantastic, which is one of the most famous symphonies out there. The interesting part, Hector Berlioz started to study music late in his life, while late, all relative when he was 12 or 13 years old. That's relatively late. And therefore, he did

not receive as much classical education as many other composers. And therefore, when he was breaking the rules for music composition, he did not even know them.

Now, there is a theory that he was completely high when he wrote the music. I'm not advocating for that part, but him not knowing the rules or why this is important. Or he may be observing the rules and saying those rules are not. It's not like they are those rules are just data conventions. It doesn't mean I have to follow them in a way that requires mindfulness. We're talking about meditation, you're doing this, and you say, Well, I'm supposed to do this, this, and this. And then you say, Who said I'm supposed to? Anyway, so let me give an example. Let me talk about sympathy for the stick because that's important. Before Hector Berlioz, there were no program symphonies. What is program symphony means? So program music is music that basically has a story inside of it. So the simplest example would be a musical, right? Or an opera, an opera has, there was a story, a play, and then there is music on top of that. Okay, so, and that music kind of follows the story. Well, it was never done before with symphonies; the character Berlioz, he had, this love was raging the side of him, and he wrote this very dark story about, you know, dark story, and the role of the symphony around the story. Okay. And that simply became an incredible success because people were not used to it, and they loved it. So here it listens; yes, it was not the premiere.

But she listened to the Chicago Symphony; she started to take him seriously, and they got married. And another thing Korea kind of went downhill, and you know, the marriage fell apart. But now we have the symphony for the stick because of her. So you can see how there's so much we can learn from Berlioz. In whatever activity we're doing. There's a whole bunch of shortcuts; there is a lot of dogma that says you should, this is how you do this. Okay, like, let's go back to Tesla for a second. Elon Musk, when he was making fillip to the car, the fact that you know, he didn't really know when they actually have any, any experience of making traditional cars was a big benefit to him because he looked at it and said,

Well, instead of waiting to make a four-wheel drive car, instead of having this complex transmission, I'll just put two motors on the front axle and the back axle. And that's how I'm going to make a forward drive car. So that's an example of somebody looking at it. And ignoring the dogma when not influenced by how things have been done before. Another example if you look at the model three, at the interior of the Tesla Model three, it's a completely different design. It's not like it's a revolutionary, not evolutionary, design. I mean, in the sense that there are no buttons. And if you are a General Motors engineer, or interior designer working for General Motors for the last 20 years of your life, you've been just changing the shape of buttons or their locations.

Kay, the idea of actually creating the screen like an iPad and putting all the controls there was just completely outside of your domain, right? We talked about how you go from dumb phones to smartphones; then he has different domains, same thing. And so when you look at Tesla car model three, he basically completely changed how the car looks inside. And again, like Barry loans when he wrote Symphony for the stick,

Dave

44:17

That's great. I love that idea of, I guess, breaking the rules, partly because they don't know the rules. When I was a musician, well, I am a musician. But back in the day, I came across a gentleman who played in a big band that was from Australia. And he came from the Outback in Australia. He didn't know the rules. And so he came up with a completely different way of playing the guitar that made him very unique. And it was because he didn't know the rules, and when you sat down and listened to him, it was just amazing. And I

love to play guitar. I went to college, got a degree in music, played in bands for years, did it until I wanted to have a family and you know, I wanted to actually sleep in a bed So,

Vitaliy

45:01

it is very hard to earn a living as a musician; my niece graduated from Royal College of Music, which is kind of Juilliard of Europe, and viola, and now she's teaching a whole bunch of eight-year-olds, you know, vibes and knows basically, what's your issue?

Dave

45:24

Yea, It's a challenging life. But there's a lot of great things that come from A to you certainly learn a lot of discipline and a lot of patience. And, you know, my grandmother used to have the saying that I've bored Andrew with a few times, that water dripping on a stone eventually makes an impression. And you know, that was my guitar. That was my guitar; you could

Vitaliy

45:43

relate to a lot of the stuff I wrote about classical music and creativity. You could really relate to it, I guess.

Dave

45:49

Yes, yes, absolutely. Yep. Yep. It was fantastic. All right. Well, Andrew, do you have anything else you'd like to discuss? Now? This was great. Awesome. Batali. I do have to share a personal thing. You talk in the book about a trip you took; I believe it was with Mia Sarah to San Francisco. And I'm gonna, okay, I'm sorry. You're talking about just having moments with your daughter and how those are precious to you. And that's something that you guys will remember for us. Do you live

. And that little bit has stuck with me, and I have an eight-year-old daughter. And there are times when I'm doing things with her that I have to remember to focus on what it is we're doing and try to connect with her. Because those moments will stay with us for the rest of our lives, and it's not about the things we do. It's just about the time we share together, and I really enjoyed that story and really is one

Vitaliy

46:43

A thing so thank you so much for this exercise. Let me just tell you a new story. Yesterday, we had a little scare, and I took my daughter Hannah to the hospital and ended up not being fine. Everything was fine. But it was, you know, the first hour was kind of somewhat scary. And then we once she felt better. We may just love we just made it like a very fun-loving experience out of the whole thing when she was hooked up to the machine like to all the other monitors. At the yards, the machine started to beep. I said, Hey, you gotta be

careful; your IQ is dropping. Like I'll tell you this, that experience with her again, obviously, it's a good thing that it's you know, it had a very good ending, but we even tried to make fun of, you know, kind of that was a meaningful experience for us. That's good to know. But thank you. Thank you for that. Yeah, absolutely.

Dave

47:36

Yeah, you're welcome.

Andrew

47:38

So Vitaliy, we want to thank you for coming on. We've got a ton of great resources, and you have your new books all in the game. People can also check out your blog, [contrarian edge.com](http://contrarianedge.com). And you have a great email newsletter as well; anywhere else, people should check you out. Is that pretty much where they should go?

Vitaliy

47:56

Well, no, that's a great question. So a couple of things. First of all, I could not stop writing this book after it gets published. So I already wrote five new chapters, actually, finishing two more. So if you go to [Soul in the Game.net](http://SoulintheGame.net), there are instructions where after you buy the book, you can send you can basically get five new chapters I wrote since so, so check out Sony game that net, and you'll be able to subscribe to my articles there as well.

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Dave

49:02

Cool. Well, Vitaliy, again, thank you very much for your time. We appreciate you sharing all your insights and your time with us. We know your time is valuable. And we do really appreciate that. And it's all of his stuff. It is fantastic. I've been a big fan for a long time. I've really enjoyed his writing. You're welcome. And I've enjoyed his writing and his ideas, and it's all worth checking out. You'll be better at it. So without any further ado, I'll go ahead and sign us off; you guys go out there and invest with a margin of safety. Emphasis on the safety. Have a great week, and we'll talk to you all next week.

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