

PRINCIPLES

RAY DALIO

RAY DALIO is Chairman and Chief Investment Officer of Bridgewater Associates, the world's largest hedge fund. Dalio founded Bridgewater in 1975 in his two-bedroom apartment in New York City and as at the end of 2017 Bridgewater manages about \$160 billion in investment funds for large institutional clients including corporate pension funds, university endowments, central banks and foreign governments. Bridgewater's hedge fund has made more money for its investors (\$37 billion and counting) than any other hedge fund ever. In 2012, *Time* magazine named Ray Dalio as "One of the 100 Most Influential People in the World." He is active philanthropist and a participant in *The Giving Pledge*, a commitment to give more than half of his wealth to charity. Ray Dalio is a graduate of Harvard Business School and C.W. Post College. His estimated net worth circa mid-2017 was USD \$17 billion.

The website for this book is at: www.principles.com.

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MAIN IDEA

The key to success in life and in your career is to get to understand the various cause-and-effect relationships which exist in the world. There are patterns which repeat and principles which dictate how best to harness those patterns. Apply the right principles consistently well and you will get the results you need to prosper and succeed.



- LIFE PRINCIPLES
- WORK PRINCIPLES
- AN IDEA MERITOCRACY



The ultimate aim of learning and applying the right principles is to build and run an "idea meritocracy" – that is, an environment where the very best ideas come to the surface and the rest drop out. To have a functioning idea meritocracy, your people have to be prepared to do three things:



"I believe that everything that happens comes about because of cause-effect relationships that repeat and evolve over time. Look to the patterns of those things that affect you in order to understand the cause-effect relationships that drive them and to learn principles for dealing with them effectively. Whatever success I've had is because of the principles I've followed and not because of anything unique about me"

– Ray Dalio

LIFE PRINCIPLES

Pages 2 - 3

- 1 Embrace reality, deal with it
- 2 Use the 5-step process
- 3 Be radically open-minded
- 4 People are wired differently
- 5 Learn to make decisions

WORK PRINCIPLES

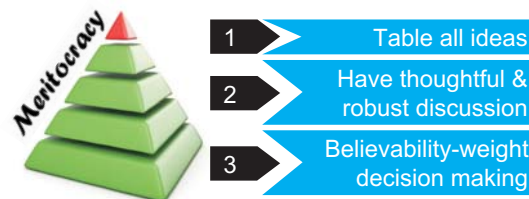
Pages 4 - 8

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|--------------------------------|--------------------------------|--------------------------------|
| 1 Trust radical truth | 6 Get beyond disagreements | 11 Don't tolerate problems |
| 2 Cultivate good relationships | 7 WHO outweighs WHAT | 12 Always look for root causes |
| 3 Allow for mistakes | 8 Get your hiring right | 13 Improve your machine |
| 4 Get and stay in sync. | 9 Train, test & evaluate staff | 14 Do what you set out to do |
| 5 Use B-W decision making | 10 Manage to run the machine | 15 Use tools and protocols |

AN IDEA MERITOCRACY

Page 8

The best way to make decisions over the long haul is to establish and operate an "idea meritocracy" – where the best ideas always win out regardless of who suggests them. This kind of decision making system will always outperform autocratic and even democratic systems by a wide margin.



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