THE LITTLE BOOK OF BULL'S EYE INVESTING
Finding Value, Generating Absolute Returns, and Controlling Risk in Turbulent Markets

John Mauldin
National Bestselling Author of Endgame
Little Book Big Profits Series

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JOHN MAULDIN

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FROM SOUTH AFRICA IN the BA lounge. Always working for you guys.

In a book with as many sources as Bull’s Eye Investing, it goes without saying that there are many people from whom I am constantly learning and who are great influences on my thinking. I am lucky in that so many people take the time to patiently help me understand the significance of various pieces of the puzzle and how they fit together. Bull’s Eye in particular owes a great deal to Ed Easterling, James Montier, and Rob Arnott. The idea for taking a rather large tome like the original Bull’s Eye Investing and making the best parts into a Little Book came
from my extremely patient editor at John Wiley & Sons, Debra Englander. Deadlines come and go at least for me, but a good editor is hard to find.

And speaking of editors, I must gratefully acknowledge the masterful work of Terry Coxon, who took a very rough collection of material and turned it into a book and greatly improved upon the original writing while doing so, gently prodding me to be more clear in my prose. To have someone of his talent take the time under deadline pressures is most amazing, and I am grateful in the extreme.

And to those who said kind words about the original book and helped turn it into a best seller and a great career break for a little-known author, I will always be grateful. Without your acknowledgment, this Little Book would never have come about.
“Would you tell me, please, which way I ought to go from here?”

“That depends a good deal on where you want to get to,” said the Cheshire Cat.

“I don’t much care where . . . ,” said Alice.

“Then it doesn’t matter which way you go,” said the Cat.

“. . . just so long as I get SOMEWHERE,” Alice added as an explanation.

“Oh, you’re sure to do that,” said the Cat, “if you only walk long enough.”

—Lewis Carroll, Alice’s Adventures in Wonderland

Every hunter knows you don’t shoot where the duck is; you shoot where the duck is going to be. You’ve got
to "lead the duck." If you aim where the duck is at the moment you shoot, you'll miss it.

Bull’s Eye Investing simply attempts to apply that same principle to the markets. In this book, I hope to give you an idea of the broad trends that I believe are at work now and will persist for the remainder of this decade. Then I’ll help you target your investments to take advantage of those trends.

Through the Looking Glass

When I was invited to do this Little Book of Bull’s Eye Investing, I wondered whether the original Bull’s Eye Investing (written nine years ago and dense in data and research, and not little at all) could be shortened and still deliver what put the book on the best-seller lists and earned it the top spot on Forbes publisher Rich Karlgaard’s roll call of the decade’s most important books on investing. It has since been published in several foreign languages and is still in print.

Thinking about doing the Little Book made me go back and carefully read the original, and I was pleased to find how much of it is still useful today. Much of the research that it reports is timeless and still will be valuable a generation from now. Many of the predictions, whether by luck or skill, were spot on. We are still on the path I mapped out but are much further along it. The
task for the *Little Book* is to collect the parts that have held up well and then bring things up to date, and introduce new readers to the concept of Bull’s Eye Investing.

As I write this introduction (the final element), I’ve just come from Hong Kong, where *Bull’s Eye Investing* has something of a serious following. Publishers are eager to do a Chinese-language version for distribution in Hong Kong and the mainland. The principles of the long-term ebb and flow of markets really do work wherever human beings are involved in investing, which is to say, everywhere.

Successful investing for the remainder of this decade will mean doing things differently from what people did so profitably in the 1980s and 1990s and from what Wall Street is still telling people to do. We started the last bull market, in 1980, with high interest rates, very high inflation, and low stock market valuations. All the elements were in place to launch the greatest bull market in history.

The environment now is just the opposite. Stock market valuations are still relatively high (though well down from the stratosphere where they were flying at the beginning of the decade), and interest rates will eventually have to go up. In addition, gold is volatile, as is the dollar against other currencies, and the twin deficits of trade and government debt stare us in the face.