

## Interview Elm Wealth Founder, Victor Haghani and CEO of Elm Wealth, James White On:

### *THE MISSING BILLIONAIRES*

A Guide to Better Financial Decisions

“Making better decisions is not a zero-sum game. Sound financial decision-making, consistent with your individual preferences, will not only increase your and your family's expected happiness, but will dramatically increase the welfare of our entire society.”

- **Victor Haghani and James White**

## MEET VICTOR HAGHANI AND JAMES WHITE



**Victor Haghani** has 40 years' experience working and innovating in the financial markets, and has been a prolific contributor to academic and practitioner finance literature. He founded Elm Wealth in 2011 to help clients, including his own family, manage and preserve their wealth with a thoughtful, research-based, and cost-effective approach that covers not just investment management but also broader decisions about wealth and finances. Victor started his career at Salomon Brothers in 1984, where he became a Managing Director in the bond-arbitrage

group, and in 1993 he was a co-founding partner of Long-Term Capital Management. He lives in London and Jackson Hole, Wyoming.

**James White** has spent two decades working in finance, covering the gamut of quantitative research, market-making, investing, and wealth management. He is currently the CEO of Elm Wealth, and previously has held research, trading, and executive roles at PAC Partners, Citadel, and Bank of America. He lives in Philadelphia.

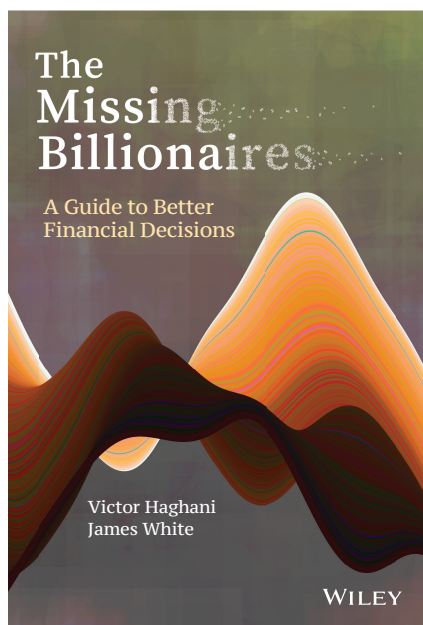


James and Victor were brought together by their mutual conviction that investment sizing is a crucial and under-appreciated aspect of the investment process in both personal and professional investing.

## ABOUT THE BOOK

### *The Missing Billionaires: A Guide to Better Financial Decisions*

(Wiley, September 6, 2023)



Over the past century, if the wealthiest families had spent a reasonable fraction of their wealth, paid taxes, invested in the stock market, and passed their wealth down to the next generation, there would be tens of thousands of billionaire heirs to generations-old fortunes today. So the puzzle remains: why can't you find one such billionaire on any current rich list?

[\*The Missing Billionaires: A Guide to Better Financial Decisions\*](#) by Victor Haghani and James White tackles this puzzle by focusing on one mistake which is of profound importance to all investors: poor risk decisions both in investing and spending. The book offers a powerful yet accessible framework for making sound financial choices throughout one's life, bridging the gap between personal finance and academic

literature, bringing the valuable insights of academic finance to non-specialists.

"To be clear," explains White, "we're not lamenting the fact that there aren't more billionaires in the world today— there's probably quite enough inequality in wealth as things are. The point we are trying to make is that collectively we face a really big and pervasive problem when it comes to making good financial decisions. If even the most financially successful members of our society, at least some of whom were smart and capable and all of whom could afford the "best" financial advice, consistently made atrocious financial decisions, what should we expect from the rest of us?"

Divided into four parts, the first part of *The Missing Billionaires* builds the theory of optimal investment sizing from first principles, starting with the concept of betting on biased coins. Part two covers lifetime financial decision-making, with emphasis on the

integration of investment, saving and spending decisions. Part three covers practical implementation details, including how to calibrate your personal level of risk-aversion, and how to estimate the expected return and risk on a broad spectrum of investments. And finally, Part four, which includes a collection of entertaining puzzles. These puzzles are designed to encourage readers to apply the concept of utility, a measure of the satisfaction or happiness derived from different outcomes, to problem-solving and decision-making scenarios.

After reading *The Missing Billionaires*, you will walk away with a comprehensive and practical framework for:

- Deciding how much risk to take on individual investments
- Deciding how much risk to take in their investment portfolio
- Deciding how much to personally invest in a business where they work
- How to assess different options for managing personal longevity risk
- Linking spending, bequesting, and investment decisions
- Evaluating all kinds of financial decisions, from car and home insurance to when and whether to realize taxable capital gains, in a consistent and unified way

With captivating case studies and anecdotes, including one about Victor's partnership investment with LTCM and a bonus chapter on Liar's Poker, the authors draw on their experiences as principals of Elm Wealth, a multi-billion-dollar wealth management practice. Their prior careers as arbitrage traders at esteemed institutions such as Salomon Brothers, LTCM, Nationsbank/CRT, and Citadel also inform their insights.

Whether you are young and building wealth, an entrepreneur invested heavily in your own business, or at a stage where your primary focus is investing and spending, *The Missing Billionaires: A Guide to Better Financial Decisions* is your must-have resource for thoughtful financial decision-making.

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## INTERVIEW TOPICS

Drawing from their expertise and key themes in *The Missing Billionaires*, Victor and James are available for interviews, articles, and commentary and can discuss:

- The missteps of the missing billionaires: where they went wrong and what we can learn from their mistakes.
- Balancing risk and reward: understanding risk aversion and the connection with investment sizing and optimal portfolio choice.
- Interconnected financial choices: exploring the interplay between spending, bequesting, and investment risk.
- A holistic approach to financial decision-making: the evaluation of insurance, capital gains realization, mortgage sizing, etc.
- Bridging personal finance and academic literature: making important academic insights accessible to all.
- Wealth building for young people: how to build a financial foundation that will last a lifetime.

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## **PRAISE FOR *THE MISSING BILLIONAIRES***

“How much investment risk should I take? How much should I spend, and how much should I save? We all want answers to these questions, and financial economists have them, but the answers need to be translated into practical language. That’s exactly why you should read this enjoyable and insightful book, to understand and apply the best thinking about risk-taking and lifetime financial planning.”

—John Y. Campbell, Morton L. and Carole S. Olshan Professor of Economics at Harvard University

“Through years of dialogue with Victor and James, I have put into practice the ideas described in this book, and to great effect. They present a framework which encompasses many of the important principles I have learned through my nearly four decades of trading experience. *The Missing Billionaires* should be required reading at every bank, hedge fund and investment firm focused on enduring success.”

—Alan Howard, Founder of Brevan Howard

“This book provides a thought-provoking, straightforward introduction to some of the most important questions in personal finance, and an engaging, non-technical description of some of the answers provided by financial economists over the past fifty years.”

—Robert C. Merton, MIT Sloan School of Management Distinguished Professor of Finance, Nobel Laureate in Economic Sciences

“Haghani and White persuasively explain that to make good decisions under uncertainty, not only must we think probabilistically, but also, we must apply those probabilities to the appropriate objective function. Thinking beyond the plight of the ‘missing billionaires,’ perhaps human history would have followed a gentler and more peaceful path if our leaders had made decisions with the ideas of this book in mind.”

—Philip E. Tetlock, Annenberg University Professor at the University of Pennsylvania, and co-founder of The Good Judgment Project

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## CONNECT

Website: <https://elmwealth.com/book/>

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Victor Haghani TEDx Talk: [Where are all the Billionaires and Why Should We Care?](#)

James White LinkedIn: <https://www.linkedin.com/in/james-white-b4310a47/>