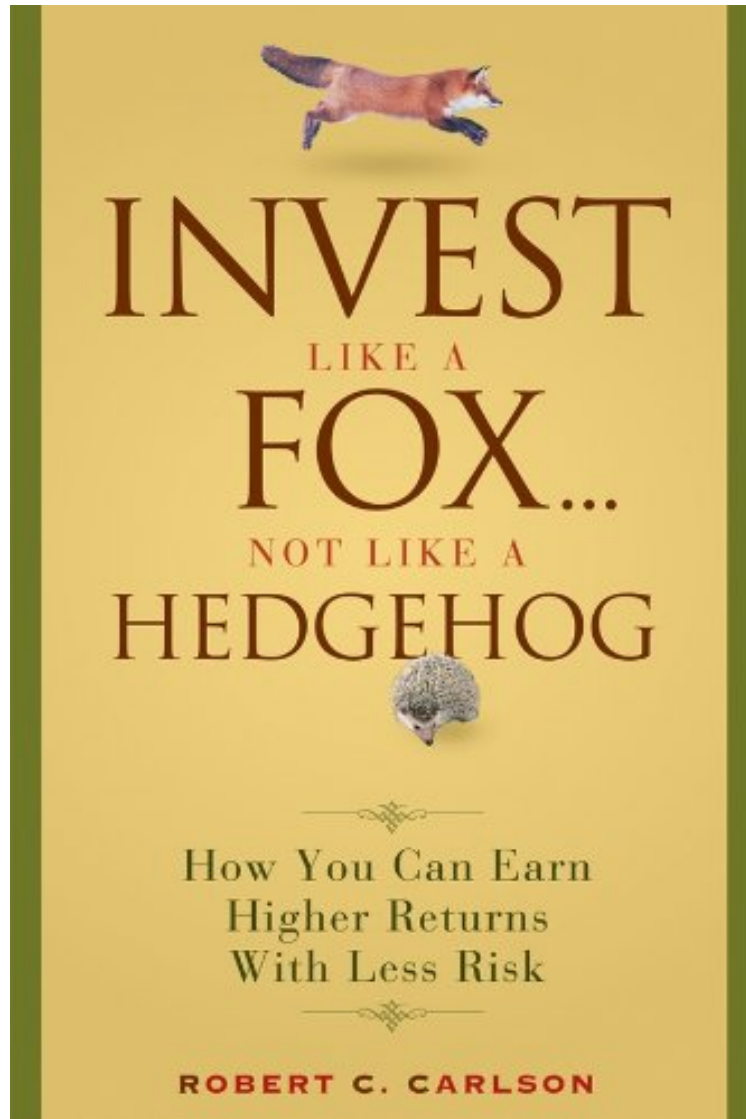


(Read free) Invest Like a Fox... Not Like a Hedgehog: How You Can Earn Higher Returns With Less Risk

Invest Like a Fox... Not Like a Hedgehog: How You Can Earn Higher Returns With Less Risk

Robert C. Carlson

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Robert C. Carlson : Invest Like a Fox... Not Like a Hedgehog: How You Can Earn Higher Returns With Less Risk before purchasing it in order to gauge whether or not it would be worth my time, and all praised Invest Like a Fox... Not Like a Hedgehog: How You Can Earn Higher Returns With Less Risk:

7 of 7 people found the following review helpful. Think you should just allocate and "buy and hold"?; Read this!, Think Again !!By James KerrThis book is a needed antidote to the glib advice often given to create a diversified portfolio and then just hold it, no matter what happens (except for periodic rebalancing). These portfolios are often

marketed as "lazy chair", or "coffeehouse", etc....but, as this book makes clear, life is, unfortunately, not that simple. This book explains the academic theory that underlies the buy-and-hold philosophy, and then points out the practical flaws for a real-life, individual. The basic problem is that in the real world investors are concerned with the next ten years or so (which is especially critical for those in the early years of retirement), not the last century of financial data used to support the buy-and-hold recommendation. In practice, Carlson points out that in the short-to-medium term there are valuation cycles, and these down cycles can result in sharp downturns that could devastate a buy-and-hold investor. That is particularly true if an investor holds all-market index funds, which are often a key part of the simplified buy-and-hold strategy. Carlson makes a number of suggestions on how to act as an investor, and I will mention a couple of these here. Basically, you need to take into account the valuation cycles, and, like a fox, make adjustments periodically. Timing the market is impossible, so investors have to act like risk managers, and position themselves with a "core" portfolio that should perform well in downturns, while having other, riskier positions that fluctuate, using sell signals to avoid large losses. Another tactic is to use alternative investments that use hedge-fund like strategies to perform well in various market conditions. It should be noted that the one-star reviewer apparently didn't focus on the investment strategies mentioned in the final chapters of the book.

2 of 2 people found the following review helpful. Worth a read
By Mariusz Skonieczny
The author describes to readers that hedgehogs are investors who never change their investment strategy and tend to see and relate everything through one vision. Foxes, on the other, hand adjust their strategies when circumstances change. He gives example of Tiger Woods and Warren Buffett by showing how they changed their ways to adapt to changes. He says, "Investors must adapt their investment strategies to capture the dynamism of the investment markets or they will earn lower returns than they should and perhaps suffer large losses." While I completely agree with the author on this point, I am not so sure that investors lose money because they don't adapt. I think that investors lose money because they don't have any investment strategy at all, and they jump in and out of the market based on emotions, expert advice, or other factors. Those readers who have an investment strategy and are too dedicated to it will probably benefit from this book because they will learn to be more flexible.

- Mariusz Skonieczny, author of Why Are We So Clueless about the Stock Market? Learn how to invest your money, how to pick stocks, and how to make money in the stock market

3 of 5 people found the following review helpful. Excellent for the serious retirement investor
By Malcolm J. Roebuck
This book takes the subject of diversification to a 2007/2008 level by highlighting the Funds ETF's and Derivatives that are now being created to give the serious investor an opportunity to apply them. A serious book for the investor who wants to get it right. Be sure to cover the last chapters.

Proven techniques for leading-instead of following-fast-changing markets Investors, no matter what strategy they are using, can be placed into two categories. Single-minded, inflexible hedgehogs lock into one strategy and stick with it through thick and thin. Dynamic, adaptable foxes, on the other hand, are alert for changes, learn from experience, embrace new ideas, and make the most of new trends and technologies. The key lies in being flexible and realizing that markets are dynamic. Invest Like a Fox . . . Not Like a Hedgehog shows investors how being a hedgehog can reduce returns while increasing the risk of a portfolio, and how acquiring the cunning and adaptability of the fox will improve returns while reducing risk. It reveals the shortcomings of popular but hedgehog-like investment strategies and shows how a fox-like investor adjusts to new market realities. Readers learn how to use the renowned Bayesian Theory of Probability and other guideposts from outside the world of finance to adjust their strategies and react to new information.

From the Inside Flap
Why do most investors earn less than they should? Why do widely followed investment strategies fail to meet investors' goals? Is there an explanation for market volatility and for long-term bull and bear markets? A venerable investment axiom is: The most dangerous sentence in investing is "This time it is different." Yet, something always is different. Investment markets are dynamic; they reflect the interaction of millions of people each day; and things change. Successful investors learn to distinguish between the relationships that do not change from those that do. The fact is, if you want to excel in any type of investment environment; and improve returns while reducing risk; you must move away from the inflexible mindset of a hedgehog, who sticks with one strategy through thick and thin, and become an adaptable fox, who learns from experience, embraces new ideas, and makes the most of new trends and technologies. With Invest Like a Fox . . . Not Like a Hedgehog, financial professional Robert Carlson will show you exactly how to do this, and much more. Filled with in-depth insights and expert advice, this detailed guide examines the distinct differences between hedgehogs and foxes; reveals the shortcomings of popular but hedgehog-like investment strategies; and helps you develop fox-like investment strategies that will allow you to achieve long-term success as well as avoid unnecessary losses. Along the way, you'll also discover how to use the renowned Bayesian Theory of Probability and other guideposts from outside the world of finance to adjust your strategies and react to new information. Challenging the concepts of Modern Portfolio Theory (MPT), Efficient Market Hypothesis (EMH), and the Capital Asset Pricing Model (CAPM) every step of the way, Invest Like a Fox . . . Not Like a Hedgehog: Explores market volatility and the long-term bull and bear markets that

most investment assets are subject to Explains how to use your knowledge of the Valuation Cycle and Rational Beliefs Theory to build and manage an investment portfolio Addresses mistakes commonly made by both foxes and hedgehogs, and discusses how Behavioral Finance can benefit fox-like investors Outlines the trends and tools that will shape portfolios of the future And much more There are a number of strategies that can help investors achieve their goals, but the only way they will work is if investors change the way they think about the markets and their portfolios. With this book as your guide, you'll quickly learn how to think differently about investing and discover how to use that new way of thinking to develop a winning investment strategy.

From the Back Cover
Praise for *Invest Like a Fox . . . Not Like a Hedgehog* "We've known Bob for years as Trustee and Chairman at Fairfax County Employees' Retirement System. Under Bob's leadership, Fairfax County has moved ahead of the curve by pursuing forward-looking and innovative investment solutions that are enormously beneficial for its members. We pay very close attention to what Bob has to say." —Dan Bernstein, Director of Research, Bridgewater Associates, Inc. "A thoughtful, thorough evaluation of the dynamic processes required to achieve investment success. This book clearly establishes that the only formula for success is a disciplined focus on the way to analyze markets, not on statistical formulas that trigger preprogrammed responses. The essential focus on managing risk and the willingness to pursue strategies that diverge from the crowd are pearls of wisdom that would be worthwhile reading for individual and institutional investors alike." —Thomas H. Weaver, CFA, Managing Director, FrontPoint Partners, Morgan Stanley Investment Management

In the competitive world of investing, most individuals earn less than 7% annually—even during good markets. Individual investors are not the only ones reaping lower than expected returns. Many institutional investors, such as mutual funds and pension plans, frequently earn less than their targeted goals. While making money in today's investment arena can be difficult, the key to success lies in acquiring the adaptability of a fox and abandoning the rigid beliefs that define a hedgehog. With *Invest Like a Fox . . . Not Like a Hedgehog*, financial professional Robert Carlson will show you exactly how this can be accomplished. Written in a straightforward and accessible style, *Invest Like a Fox . . . Not Like a Hedgehog* outlines a proven approach to long-term investing that focuses on reducing risk while improving returns. Filled with in-depth insights and expert advice, this detailed guide will change the way you think about investing and assist you in developing an investment strategy that will work in today's dynamic markets.

About the Author Robert C. Carlson is Editor of the monthly newsletter *Retirement Watch*. He is also the managing member of Carlson Wealth Advisors, LLC. Carlson is Chairman of the Board of Trustees of the Fairfax County Employees' Retirement System, which has over \$2.4 billion in assets, and was a member of the Board of Trustees of the Virginia Retirement System, which oversees \$42 billion in assets. He has been interviewed by or quoted in numerous financial publications and has appeared on many national television and radio programs.