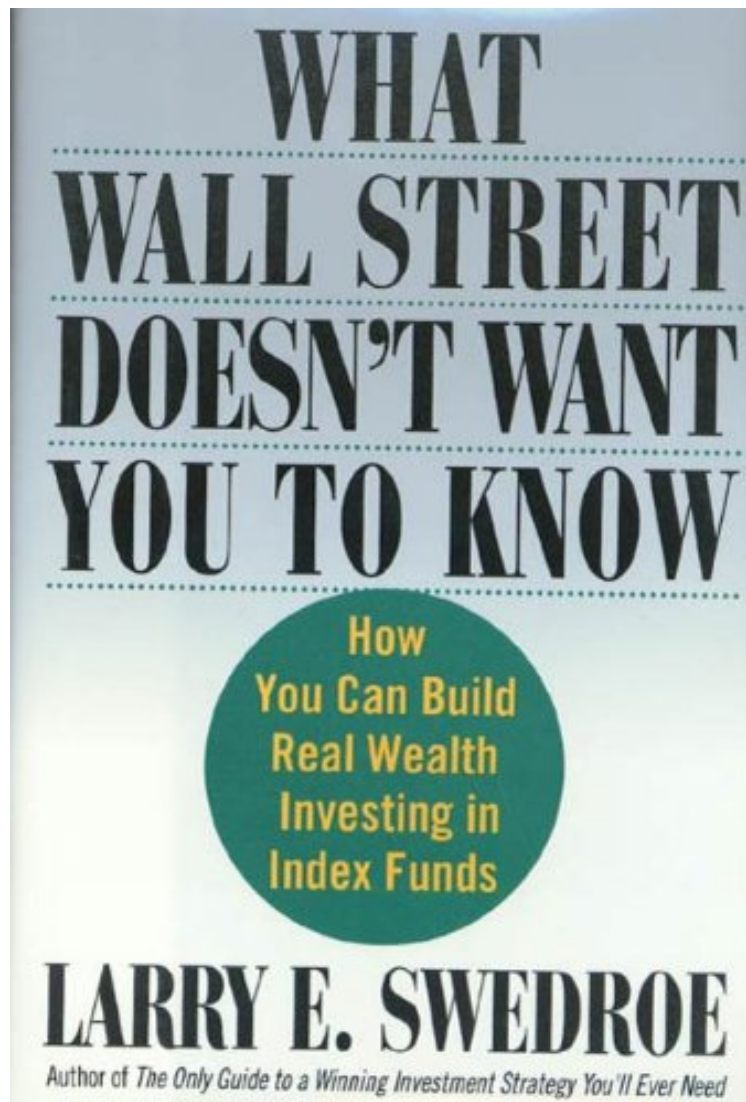


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What Wall Street Doesn't Want You to Know: How You Can Build Real Wealth Investing in Index Funds

Larry E. Swedroe

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Larry E. Swedroe : What Wall Street Doesn't Want You to Know: How You Can Build Real Wealth Investing in Index Funds before purchasing it in order to gage whether or not it would be worth my time, and all praised What Wall Street Doesn't Want You to Know: How You Can Build Real Wealth Investing in Index Funds:

11 of 13 people found the following review helpful. worth its weight in goldBy David RothEvery investor should read this book. Its conclusion--thatinvestors should keep to low-cost index funds, broadlydiversified internationally and across asset classes--issupported by an extremely thorough review of relevant research.Why should you buy low cost

index funds? Swedroe says: (1) Fund fees--not past performance and Morningstar ratings--are the prime determinant of performance within asset classes. High fees, low returns. (2) Typical funds have high turnover, incurring substantial trading costs, market impact costs (having to pay too much for large blocks of stock), and most importantly, paying out huge capital gains to tax-paying shareholders. (3) Indexing helps an investor clearly identify her strategy, and therefore stay the course, better than strategies based on "a little of this and a little of that." (4) Almost all variation in mutual fund returns is attributable to the investing style used (small versus large cap, growth versus value), and *not* to stock picking per se *. Therefore, if you want exposure to an investing style such as small cap value, buy the index, and don't pay a manager 1.5% to mimic the index. (5) Almost no funds beat the market on a long-term basis. These points are indisputable, and should lead all investors to put down their Fortune and Barrons and get on with their lives. Of course, *somebody* needs to pore over company financials and market trends and Fed policy, etc. But it should not be the typical investor. And since people are out there doing it anyway, there is no need for any given investor to *pay* them to do it by paying high fees for money management and investment advice. An aside: Swedroe's company, Buckingham Asset Management, has access to an excellent set of low cost index funds from DFA. These are superior to Vanguard's in two ways: (1) they offer more asset classes, and (2) they screen *all* stocks for valuation and size criteria, rather than restricting attention to the stocks that happen to be in popular indices such as those from Russell or SP. But, unfortunately, you need to use a DFA-affiliated advisor to have access to the funds. If you don't, then good luck finding an international small-cap or small-cap value index fund. 0 of 0 people found the following review helpful. Single best book on investing I have ever read. By Jeff I have read at least hundred books on investing and this is by far the best for the average investor. He makes a clear, concise argument that explains index investing is the best, most efficient strategy for the average investor. I think 99% of the investing industry would agree IF their livelihoods didn't depend on fees. Warren Buffett certainly agrees and has said so as have many other of the investing greats. Larry does a good job of explaining the costs, inefficiencies of the various alternatives. I thought it was an excellent book. 0 of 0 people found the following review helpful. A real eye-opener. The game of "Wall Street" is ... By DA real eye-opener. The game of "Wall Street" is over for those who read this. Tune out the noise and for god's sake...stop TRADING!

Why do so many actively managed funds underperform? Why do passively managed funds provide superior returns, especially after taxes? What are the true interests of fund managers and the financial press? Most important, what strategy is in your best interest? What Wall Street Doesn't Want You to Know answers all these questions and more, giving you the inside information you need to become a successful investor who plays the winner's game-creating wealth-instead of the loser's game Wall Street wants you to play, of trying to pick stocks and time the market. In his revolutionary new guide, investment professional Larry Swedroe explains why active managers have rarely been able to add value to your portfolio over time. He dispenses with traditional Wall Street wisdom and experts and shows you how to invest the way really smart money invests today. What Wall Street Doesn't Want You to Know tells you exactly what Wall Street doesn't want you to know: how to avoid the pitfalls of short-term thinking and to invest so that you can create more wealth-much more wealth-over the long term.

From Publishers Weekly Investment adviser Larry E. Swedroe (The Only Guide to a Winning Investment Strategy You'll Ever Need) wants individual investors to understand What Wall Street Doesn't Want You to Know: How You Can Build Real Wealth Investing in Index Funds. With clarity and conviction, he cuts through market mythology (principally that actively managed funds even those managed by professionals attend to beat market returns), and explains how to apply his fundamental Modern Portfolio Theory to "passively" manage investments and "deliver the greatest expected return for any given level of expected risk." Copyright 2000 Reed Business Information, Inc. From Booklist Swedroe focuses exclusively on index funds. A favorite of financial guru Jane Bryant Quinn, Swedroe previously touted index funds with The Only Guide to a Winning Investment Strategy You'll Ever Need (1998). Index funds represent a "passive" approach to investing, but one still must choose among the several types available, and Swedroe offers helpful guidance. His main focus, though, is on making his case that index funds are the surest way to invest over time. He argues that no Wall Street portfolio manager can consistently outperform the market and that no investor can know more than the market does collectively. Swedroe shows why "past performance is not a predictor of future performance" is more than just a throwaway disclaimer as he takes on Wall Street and its "deceptive advertising practices," research costs, and trading fees. David Rouse Copyright copy; American Library Association. All rights reserved "Despite the superior returns generated by passively managed funds, financial publications are dominated by forecasts from so-called gurus and the latest hot fund managers. I believe that there is a simple explanation for the misinformation: it's just not in the interests of the Wall Street establishment or the financial press to inform investors of the failure of active managers." --from the Introduction "This wonderfully iconoclastic book drums home the message that beating the stock market is a loser's game. Larry Swedroe's new book tilts-successfully-at the windmills of professional managers, Wall Street analysts, owing 'the best 100 companies' (or the best ten funds), hedge funds market timers, investment newsletters, and short-term strategies. Once you're convinced by the powerful case the author has made, he then offers seven steps to playing a winner's game. The diagnosis is right on the mark, and his

essential prescription-rely on portfolio construction, index funds, broad diversification, minimal costs and taxes, risk control, and time-also comes close to the center of the target: the optimal accumulation of your financial wealth." -- John C. Bogle, founder and former chairman of The Vanguard Group