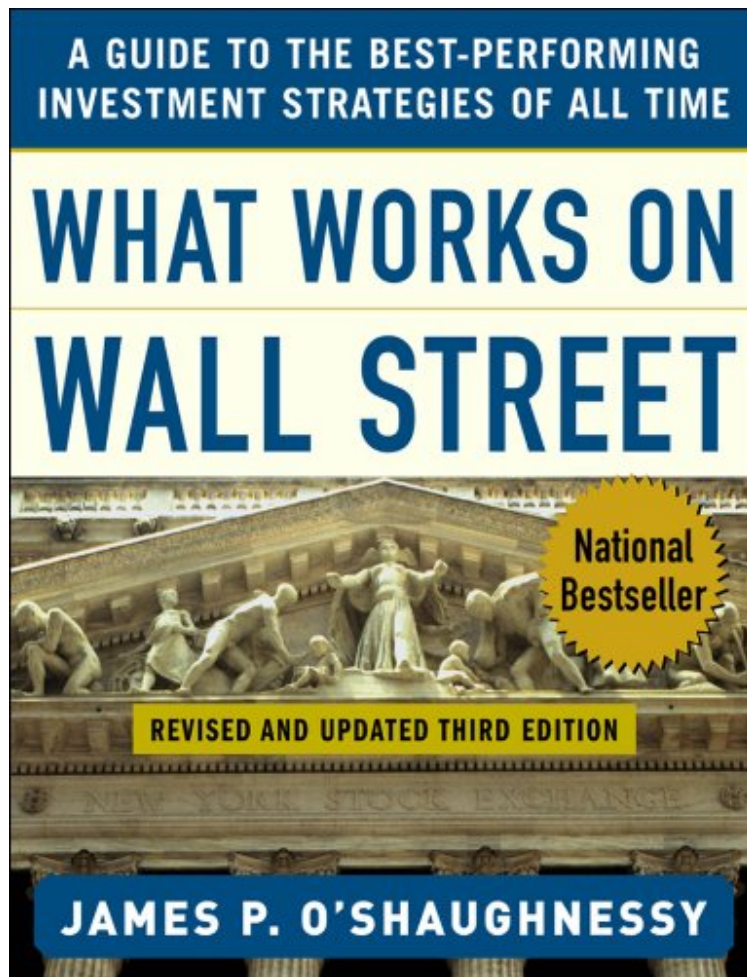


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## What Works on Wall Street: A Guide to the Best-Performing Investment Strategies of All Time

*James P. O'Shaughnessy*

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**James P. O'Shaughnessy : What Works on Wall Street: A Guide to the Best-Performing Investment Strategies of All Time** before purchasing it in order to gage whether or not it would be worth my time, and all praised What Works on Wall Street: A Guide to the Best-Performing Investment Strategies of All Time:

1 of 1 people found the following review helpful. A popular book, valuable but flawed introduction to stock screening; consider paying for the current edition. By Mark THOMPSON A couple of reviews I read before purchase claimed that there was not much new material in the fourth edition compared to the third. Those reviews are not correct. There are several new strategies tested and (somewhat) improved presentation of the data. When the first edition came out it was a pioneering attempt to quantify various well-known trading strategies through backtesting. That was pretty valuable! Now, of course, everybody backtests their strategies before losing money on them. Still, this book is a good

introduction to popular strategies (especially in the "value" realm), and an overview of what sort of things you can learn from backtesting. It is also fair to point out that O'Shaughnessy is far from consistent in his testing, and his charts and graphs tend to make up in volume what they lack in clarity. In the end, if you are learning the art of stock screening, you likely want this book. But you should plan to learn a lot more than what you get here.

1 of 1 people found the following review helpful. *A Scientific Approach to Stock Selection* By N. Johnson Investment books taut a number of filtering strategies to find profitable stock investments. This book provides valuable information on what works and what doesn't work. The method is systematic and scientific. The book contains a lot of data, but less analysis. It remains, nonetheless, a valuable work and belongs on the shelf of most serious investors. The one significant weakness in O'Shaughnessy's method is that it does not reflect the impact of a more complete trading system that includes money management and technically-based entry and exit points. The investment plan used to compare stock selection strategies is to run a stock filter annually and to rebalance the portfolio into the 10, 25 or 50 stocks in the screen on an equal weight basis. There are no stop loss orders, no position sizing based on volatility, and no trade timing based on whether the security is trending down or in a trading range. O'Shaughnessy concludes that value-oriented factors (price-to-sales, price-to-book, price-to-cash flow, price-to-earnings, and dividend yield) are much more important to stock performance long term than growth factors (earnings growth rate, return on equity, etc.), except for relative strength. While this may be true using the annual rebalance approach under which O'Shaughnessy tested the stock selection strategies, it may not be true in a more complete investment/trading system that includes technical entry and exit points to ensure that the buyer does not pay too much for a given stock or run to much downside risk, position sizing and stop orders. I would like to see these results re-run in conjunction with a basic objective trading system that includes a money management component (i.e., stop loss, risk-based position sizing, etc.). It may be that value factors are vital to O'Shaughnessy's selection strategy because they serve as a proxy for the missing money management and timing components of a complete trading system. Despite this weakness, the book is a significant contribution to our understanding of which fundamental factors are most important to selecting less risky, more profitable investments for the long term. Recommended.

2 of 3 people found the following review helpful. *Statistical Conclusions Presented with More Brevity in Other Books* By Money Manager I bought this book because it was referred to in Ken Fisher's latest book and wanted to learn more about using statistical analysis to generate better returns in the market. The author does a great job of presenting his analyses and going through his rationale for why he carried them out the way he did. But whereas Fisher stressed doing statistical analysis with emphasis on generating trading tools to use in a forward looking fashion and to see which trading trends are useful under current market conditions, the author's analyses are performed looking back over decades of previous data with mainly a long term buy and hold strategy in mind. Consequently he arrives at simple value investing conclusions (ie, buy low P/E stocks, buy low P/S stocks, buy high E/P stocks, and avoid growth stocks with high P/Es). But again, in many cases he uses fairly long time periods for the analyses and assumes the use of a buy and hold strategy in which you can buy the stocks and then just let them sit in your portfolio without any worries for years to come. Also, he seems to like including the "tech wreck" disaster as an example of why overpriced growth stocks give poor returns to support his conclusions; again assuming you would buy tech stocks and then try to hold them for a long time even if they have a P/E of 200. Overall, gives good advice for people who don't want to do homework or trade often, but not of much value if you're an active trader and the idea of investing in low P/E stocks is presented better elsewhere.

"A major contribution . . . on the behavior of common stocks in the United States."--Financial Analysts' Journal The consistently bestselling *What Works on Wall Street* explores the investment strategies that have provided the best returns over the past 50 years--and which are the top performers today. The third edition of this *BusinessWeek* and *New York Times* bestseller contains more than 50 percent new material and is designed to help you reshape your investment strategies for both the postbubble market and the dramatically changed political landscape. Packed with all-new charts, data, tables, and analyses, this updated classic allows you to directly compare popular stockpicking strategies and their results--creating a more comprehensive understanding of the intricate and often confusing investment process. Providing fresh insights into time-tested strategies, it examines: Value versus growth strategies P/E ratios versus price-to-sales Small-cap investing, seasonality, and more