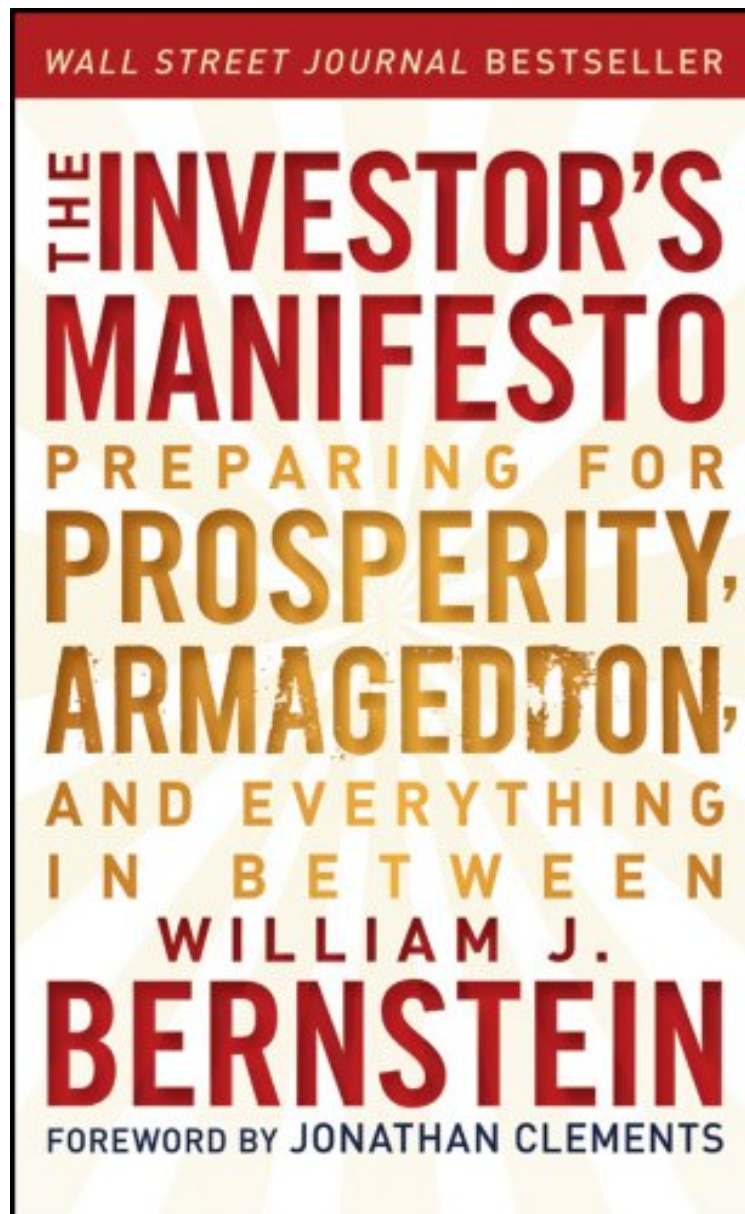


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The Investor's Manifesto: Preparing for Prosperity, Armageddon, and Everything in Between

William J. Bernstein

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William J. Bernstein : The Investor's Manifesto: Preparing for Prosperity, Armageddon, and Everything in Between before purchasing it in order to gage whether or not it would be worth my time, and all praised The Investor's Manifesto: Preparing for Prosperity, Armageddon, and Everything in Between:

243 of 247 people found the following review helpful. Brief, But Powerful

By Philip Stein

William Bernstein presents the readers of his latest book with the distilled essence of investment wisdom. He laments that his previous works may not have connected with the broad audience he had hoped to reach, but the events of the past year encouraged him to give it one more try. There is little in the way of mathematics or complex graphs to confuse the unwary. Sounding like a caring uncle dispensing advice with tough love, Dr. Bernstein drives his points home with laser-like precision. You will not find his narrative peppered with wishy-washy words like maybe, possibly, perhaps, or "kinda like." Note how he expresses himself in the following examples:

On the importance of saving: "Save as much as you can, and do not stop saving until you die."

On risk versus return: "[I]n the course of earning those higher returns, your portfolio is going to lose a truckload of money from time to time. If you desire perfect safety, then resign yourself to low returns. It really cannot be any other way."

On glib explanations of market behavior: "The reason that 'guru' is such a popular word is because 'charlatan' is so hard to spell."

On buying low: "[M]ost grizzled veterans will tell you that the best purchases are often made when they feel they are about to throw up."

On bad behavior: "Our emotions define our humanity...but in the world of finance, they are death itself."

On performance chasing: "Alas, small investors incessantly chase returns the same way that dogs chase seagulls up and down the beach."

On overconfidence: "In the investment world, you are not above average. You are likely not even close."

Clearly, Dr. Bernstein does not consider it his mission to massage your ego. His goal is to make you a better investor, and I find his direct, no nonsense approach very effective. Even experienced investors who feel they have already learned the basics can benefit from this book. In the cacophony of news and opinion we face every day, it is necessary to take a step back every once in a while and convince yourself that you are not getting caught up in the moment and doing foolish things. In a chapter devoted to building a portfolio, we are reminded that our investments must be tailored to our personal circumstances. To illustrate this, Bernstein introduces us to four hypothetical investors named Young Yvonne, Sheltered Sam, Taxable Ted, and in-Between Ida. As he constructs an appropriate portfolio for each of these individuals with distinctly different ages and backgrounds, we can see how fundamental principles are put to work in the real world. I found this chapter to be the most insightful in the book.

Be forewarned. The author advocates a long-term perspective and the use of low cost index funds. This book does not discuss stock picking tips or options strategies. If you are looking to beat the market, you will be disappointed. Indeed, the author will try to ween you away from what he considers harmful behavior. He will remind you that the goal of investing is not to get rich - it is to not die poor. The danger here is that you may give up your dream of making the big stock market score and spending the rest of your days sipping Mai Tai's on a beach somewhere. This is not so bad since the odds are that you would have ended up serving Mai Tai's on a beach somewhere.

Readers of Bernstein's previous books as well as the works of other investment luminaries like John Bogle, Jason Zweig, and Jonathan Clements, will not find anything here that they haven't read before. But the presentation is so concise, direct, and effective that it can't help but reinforce your understanding of those basic investing truths which we too often forget when immersed in bear market events. Of all the investments I have made over the years, I consider the purchase of this book one of my better ones.

106 of 110 people found the following review helpful. Fun read, interesting... but his previous book was better

By Alvaro Alonso

Two or three years ago, I decided to read William Bernstein's 'Four Pillars of Investing', after a favorable review in the Wall Street Journal. I wasn't disappointed. The book covered the basics of the history and psychology of investing, presented a balanced description of the market, the marketing, and the marketeers, providing convincing evidence to make me think that, for the average Joe, the easy but boring path of the low-cost index investing and keeping the cool while the market is going crazy is the safest one. I thought that, after the market meltdown of 2008-early 2009, 'The Investor's Manifesto' would provide interesting insights and a summary of new evidence coming from the serious finance literature. Instead, I found a book that was basically a brief summary of 'Four Pillars...', without most of the 'hard' data that helped Bernstein to make his case. If I had to give a recommendation, I would say forget about this one and read his 'Four Pillars of Investing'. Still, 'the Investors Manifesto' makes a fun and interesting read and could be an excellent primer for a person who has not read anything on the topic.

2 of 2 people found the following review helpful. Great revelations for the long haul investor!

By Engineer at Heart

My goal in purchasing this book was to better understand the common mistakes most people (including myself!) make in investing for the long haul and invoke some discipline in my investing. I think of Long haul investing as different from trading and speculation, as the goal is capital preservation (not to lose money that you have worked hard for!) and get reasonable gains in the long term as well.

What makes does book very unique IMO is an amazing big picture coverage of 4 key knowledge areas that must be adhered to for very long term investing. Coverage of these areas protects from many pitfalls that most investors eventually fall prey to and a practical solution in the end for anyone to follow. This book provides a multi-century perspective i.e a long term view of investing that most of us badly lack or forget in our day to day investing. The book does a great job of explaining asset classes from first principles, reason for getting returns in the first place, risk premium etc. And the chapter on investor psychology was simply amazing - I learned a lot of stuff from that short chapter. For example, the ratio of good to bad market days is very close to 50/50, but ratio of good to bad years is very high! Being short sighted and reactive to the day to day movements can influence investors in making very irrational decisions. Personally I found this chapter very enlightening towards my own investing decisions.

I won't say this book

is complete but I would say knowledge in this book is essential to master if you are to ever hope for a long term portfolio that you can be happy about trusting for bulk of your savings. I took one star off because of a big weakness in one of the most important topic this book covers: asset allocation. Mr. Bernstein does an amazing job explaining the benefits of diversification vs. active picking and stock concentration. The book also starts great by introducing the concept of risk premium and even talks about inflation adjusted returns. It also sharply focuses on how one must be ready to risk or lose some of the capital in the short term to get gains in the long term. But it never ties them together into a coherent concept by altogether skipping the crucial concept of "risk-adjusted returns". I feel the book skips an extremely important cornerstone of portfolio construction. This can make a difference of night and day over the long run of how much sleep you lose over your diversified portfolio and your overall gains, crash scenario + average losses in the long run. The actual allocation ground rules for your money into stocks and bonds is very hand wavy, sticking the customary way of 60% equity / 40% bonds or other functions of one's age. This in some ways can be a dis-service because portfolio construction has come a long way than this "simple to teach" yet very risky allocation. Even a 60/40 portfolio is not really balanced since in terms of risk (or volatility) it is very heavily weighed towards stocks i.e. probability of losing money (80-90% of your losses in such a portfolio may come from stocks). Another way of saying this is that it still has low risk-adjusted returns (ratio of return/risk). One can greatly improve the risk of the portfolio by even simple weighing techniques that take into account some measure of "risk" and/or correlation of different assets. This is the essence of diversification and enhancing the long term risk-adjusted returns. Perhaps the classic approach is simple to teach and follow for a wide range of audience, but if one is talking about one's life's savings, I feel an extra or half a chapter was warranted to make this book really complete in its recommendations. Maybe the author does not feel there is any other allocation technique fundamentally superior to the "classic" age based allocations, but it would be nice to know a sound justification. Overall, despite this, very highly recommended for every beginner or intermediate investor!

A timeless approach to investing wisely over an investment lifetime With the current market maelstrom as a background, this timely guide describes just how to plan a lifetime of investing, in good times and bad, discussing stocks and bonds as well as the relationship between risk and return. Filled with in-depth insights and practical advice, The Investor's Manifesto will help you understand the nuts and bolts of executing a lifetime investment plan, including: how to survive dealing with the investment industry, the practical meaning of market efficiency, how much to save, how to maintain discipline in the face of panics and manias, and what vehicles to use to achieve financial security and freedom. Written by bestselling author William J. Bernstein, well known for his insights on how individual investors can manage their personal wealth and retirement funds wisely Examines how the financial landscape has radically altered in the past two years, and what investors should do about it Contains practical insights that the everyday investor can understand Focuses on the concept of Pascal's Wager-identifying and avoiding worst-case scenarios, and planning investment decisions on that basis With The Investor's Manifesto as your guide, you'll quickly discover the timeless investment approaches that can put you in a better position to prosper over time.

"So how do we take care of ourselves? Easy. I believe The Investor's Manifesto: Preparing for Prosperity, Armageddon and Everything in Between is the shortest and most lucid explanation of index investing and simple asset allocation yet written. . . . This is a must-read book."—Scott Burns, Syndicated Columnist and Principal of Assetbuilder.com From the Inside Flap As recently as a generation or two ago, the lack of financial ability wasn't a handicap for the average person. But in today's world—where most of us have been forced to manage our own investment and retirement portfolios—it has become essential to understand the finer points of our financial life. While the meltdown of 2008—2009 has compounded the complexity of the investment landscape, timeless investment principles can help you navigate even the toughest investment terrain. That's why bestselling author William Bernstein—a grassroots hero to independent investors—has written The Investor's Manifesto. Approaching the problems of investing and saving from the perspective of someone who has had to figure it out for himself, Bernstein knows firsthand how difficult these endeavors can be—especially for those with little professional experience in this arena. Now, with the current market maelstrom as a backdrop, he skillfully describes what it takes to plan for a lifetime of investing, discussing stocks and bonds as well as the relationship between risk and return. Written in a straightforward and accessible style, The Investor's Manifesto: Explores the theoretical basis of investing and designing portfolios, drawn in large part from financial history Offers insights on dealing with the emotions and attitudes that routinely cripple investors Discusses how to deal with the investment industry when executing strategies designed for anything from saving for retirement to putting a child through college Addresses ways in which individual investors can construct diversified portfolios that can blunt potentially damaging market forces Covers the concept of Pascal's Wager—which will enable you to identify and avoid worst-case investing scenarios If there were ever a time to take control of your financial future, it is now. Potentially generous returns are available to the brave, the disciplined, and the liquid. If you follow the advice found here and keep your head while others lose theirs, then you will have a fighting chance of avoiding the financial pitfalls in front of you and profiting

over the long-term. From the Back Cover Praise for *The Investor's Manifesto* "Bill Bernstein's impassioned new book is indeed a manifesto—a call to action for Main Street investors to free themselves from exploitation by Wall Street money moguls; to understand the brute principles that ultimately determine stock market returns; and to establish the sound and simple strategies necessary for investment success. *The Investor's Manifesto* is a grand-slam home run." —John C. Bogle, founder of the Vanguard Group, Inc. "This is the investment book that my kids, step-kids, and sisters will read, remember, and thank me for. Bernstein's way with ideas and words means that for all of them, practical investment is no longer too hard or too dull to master. The aha! moment for me was finding out what Bernstein is recommending to his readers now." —Ed Tower, Professor of Economics, Duke University "The *Investor's Manifesto* is packed with wisdom and charmingly written. It belongs on every investor's bookshelf." —Burton G. Malkiel, author of *A Random Walk Down Wall Street* "There is no better writer on investing than William Bernstein. If he has written it, it is a must-read. Whether you are just beginning your journey or already in retirement, this book is an invaluable guide filled with pearls of wisdom." —Larry Swedroe, Principal and Director of Research, The Buckingham Family of Financial Services, author of *Wise Investing Made Simple* and *The Only Guide You'll Ever Need* series "In *The Investor's Manifesto*, author William Bernstein, PhD, MD, has condensed his long experience and intellectual wisdom into an easy-to-read and easy-to-understand book that deserves to be on the bookshelf of every serious investor." —Taylor Larimore, coauthor of *The Bogleheads' Guide to Investing* and *The Bogleheads' Guide to Retirement Planning* "The *Investor's Manifesto* brilliantly lays out timeless investment strategies in a clear, easy-to-understand manner. Whether an investing novice or an experienced investor, Bill Bernstein helps you recover from the market decline and build a solid financial future. Longtime Bernstein fans will find the answer to the question 'What would Bill do?'" —Laura F. Dogu, coauthor of *The Bogleheads' Guide to Retirement Planning*