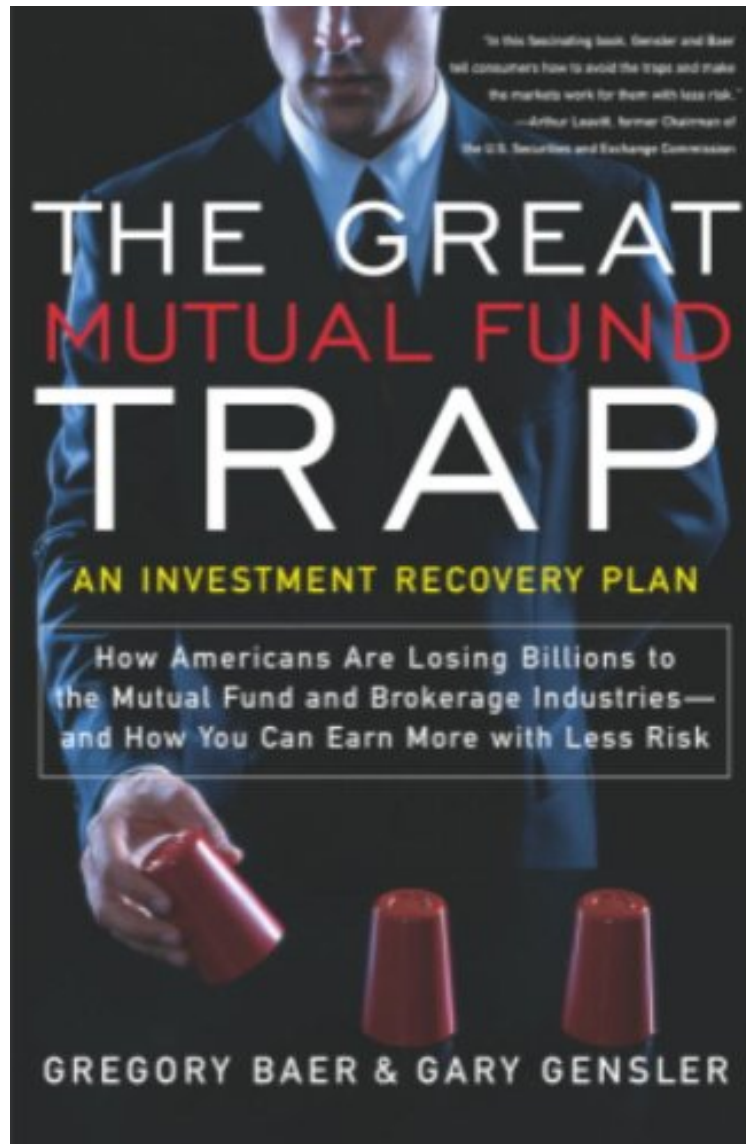


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The Great Mutual Fund Trap: How Americans Are Losing Billions to the Mutual Fund and Brokerage Industries-- and How You Can Earn More with Less Risk

Gregory Baer, Gary Gensler

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Are Losing Billions to the Mutual Fund and Brokerage Industries-- and How You Can Earn More with Less Risk:

2 of 2 people found the following review helpful. Brilliant book, still deserving of a large audience
By California reader
Although I have read several books on passive investing, I thought I'd try one more. This book covers the same ground as many others but with a fresh twist, fresh arguments, and plenty of insights I had not seen elsewhere. If you hope to identify superior funds or fund managers, read this book first to get a realistic idea of the odds of success. The authors offer numerous myth-debunking insights. Their analysis of the 'Dogs of the Dow' strategy is alone worth the price of the book, as is their explanation of how new funds are managed to achieve temporary spectacular results. All this speaks to the futility of trying to beat the market. Unfortunately, the alternative to trying to beat the market is accepting market-average returns - which for the past 10 years have been miserable. How can one be happy about saving 1% a year on fees with an index fund, if one loses 30% of one's capital in a bear market? To me this latter issue is much more important. I would have liked to see it given more attention by these excellent authors.
0 of 0 people found the following review helpful. oh my you may not want to read this!
By rbrazz
The author Gary Gensler is head of the commodity futures trading commission. He is punishing HSBC money laundering and lyborg fraud right now! He has credibility. This book was mentioned in a recent TIME magazine article. The book is about 10 years old. I have my retirement with merrill lynch. If you have retirement or an account with mutual funds and individual stocks like I do you may not want to read this book! He absolutely methodically unrelentingly will shake up your belief in money managers and mutual funds and the big investment firms .
randy
22 of 29 people found the following review helpful. Excessive Volume
By Michael J. Miller
The first two-thirds of the book is an extended, strident, rant on all the vile evils of all forms of investment other than index funds. While the information on the drawbacks and imperfections is mostly accurate (and mostly well known), the authors are unwilling to just present it clearly - they insist on beating you over the head with it.
The authors are pure disciples of the strongest version of Modern Portfolio Theory. Untroubled by the reality of frequent, serious mispricings in the market, they insist that it is impossible to make money buying individual stocks. They also ignore what I feel is the major drawback of index investing: it effectively forces you to take large positions in very large cap companies in whose future you may have serious doubts. Think about what's happened to the prices of GE, IBM, Intel, Microsoft and the money-center banks. There are many better, far less strident books that provide the same information.

Convinced that your star mutual fund manager will help you beat the market? Eager to hear the latest stock picking advice on CNBC? FORGET ABOUT IT! The Great Mutual Fund Trap shows that the average mutual fund consistently underperforms the market, and that strategies for picking above-average funds -- everything from past performance to expert rankings -- are useless. Picking individual stocks on the advice of brokers and analysts works no better. The only sure things are the fees and commissions you'll pay. Fortunately, the news is not all bad. Investors willing to ignore the constant drumbeat of "trade frequently," "trust the experts," and "beat the market" now have the opportunity to do better. Using new investing products investors can earn higher returns with lower risks. Drawing on their years of Wall Street, Treasury and Federal Reserve experience, Gary Gensler and Gregory Baer offer a fresh and realistic look at how money is managed in America. From new indexing strategies to risk-managed stock selection, The Great Mutual Fund Trap offers investors an escape from high costs and immunity from seductive marketing messages.
From the Hardcover edition.