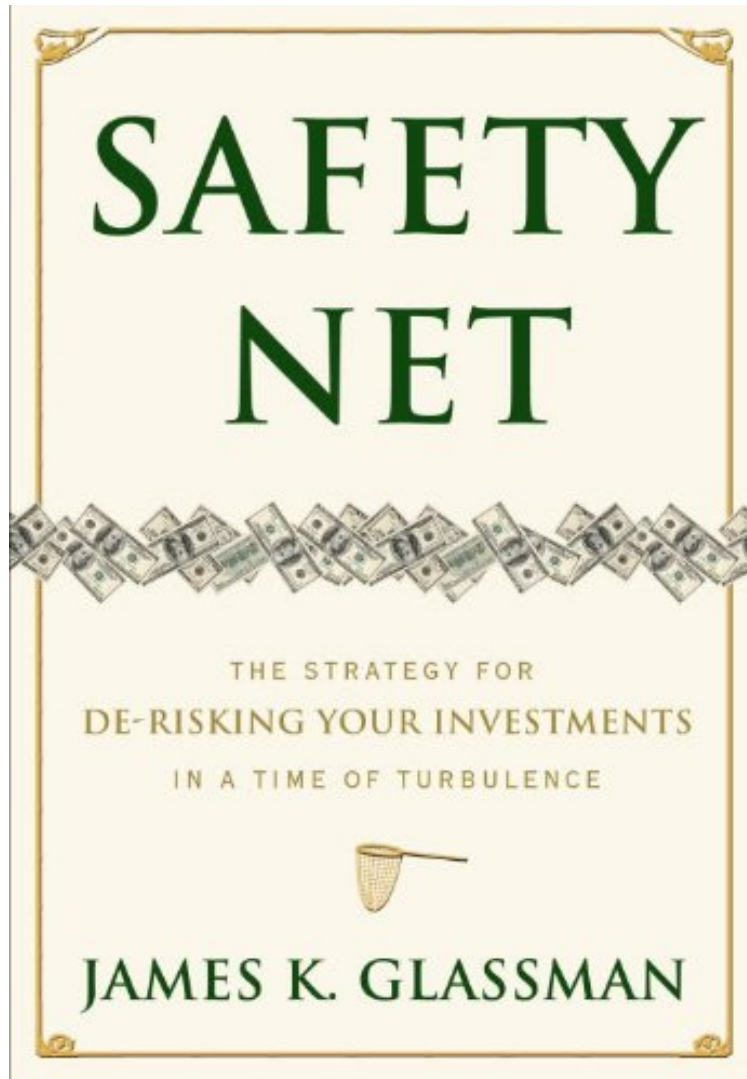


(Read and download) Safety Net: The Strategy for De-Risking Your Investments in a Time of Turbulence

Safety Net: The Strategy for De-Risking Your Investments in a Time of Turbulence

James Glassman

*DOC | *audiobook | ebooks | Download PDF | ePub*



DOWNLOAD



READ ONLINE

#1812290 in eBooks 2011-02-22 2011-02-22 File Name: B004C43F3E | File size: 28.Mb

James Glassman : Safety Net: The Strategy for De-Risking Your Investments in a Time of Turbulence before purchasing it in order to gauge whether or not it would be worth my time, and all praised Safety Net: The Strategy for De-Risking Your Investments in a Time of Turbulence:

14 of 14 people found the following review helpful. There's Better Investment Advice Out ThereBy DOGSBODYThis is definitely "investment advice lite" in the sense that, while some of his prescriptions are directionally correct, they are so general as to be outright dangerous to your wealth. "Buy Bonds" because, to paraphrase, "stocks are riskier than I thought because stuff happens" is one of the key precepts. Another is "hedge your equity exposure" through inverse

ETFs and put options. Basically, there is no further guidance. So Glassman ignores any complexities like 1) capital losses on bonds of long duration in a rising interest rate and inflation environment; 2) a bear market environment for bonds which many forecasters including Bill Gross (who has the largest vested interest in the world apart from Ben Bernanke and Geitner in a bull market for bonds) are predicting; 3) the insidious effects of daily mark to market on inverse ETFs; or 4) how you value options and manage a hedging portfolio. Similarly, there is no context provided in terms of understanding how inflation can erode the value of the bond-heavy portfolios that he is proposing. What's worse....he repeats the same intellectual fallacy of Dow 36,000: "returns on bonds [it was stocks the last time] have outperformed over the past XX years, therefore invest in bonds [stocks last time]." Well, what happens when people follow that advice? The excess returns observed in the past are eliminated by everyone piling in. Is Glassman really so dense that he still doesn't understand that over time markets converge to trend so that periods of excess performance are followed by underperformance? Trees do not grow to the sky, Mr. Dow 36,000. If I wanted to be extreme, I could say that if you literally had followed the advice of Glassman's Dow 36,000 and now this book, you could have ended up with almost nothing for your retirement. It's not that Glassman is wrong in his prescriptions: it's that he leaves out all the detail. Kinda like handing your 12 year a shotgun, bullets and some targets and telling them to go off and learn to shoot with their friends. Casualties are certain to result! I find it tough to believe that Glassman doesn't know better - he admits he's written a short book but is clearly spending the time to market it extensively. Perhaps it would have been better to do less marketing and more detailing of his concepts. There are so many other better books starting with William Bernstein's guides to investing, Meb Faber's Ivy Portfolio, Peter Swensen's books, Larry Swedroe's books, the Little Books series, Malkiel's works, Bogle's works, and numerous others (all those mentioned above are available on Kindle). Ed Easterling is also very insightful, and the graphics in his books are truly inspiring. 47 of 50 people found the following review helpful. From the Co-Author of the 1999 Book, "Dow 36,000" ...By Adam Smythe

This is the 45th review I've written, and it represents just the first time I've awarded only two stars. I'm usually an easy grader, but everything has its limits, as I hope to make clear in a moment. First, however, I suggest that to get a feeling for author James Glassman's previous insight regarding investment timing and risk control--and for a sense of the effects Glassman has had on his earlier readers--read the customer reviews of his 1999 book, "Dow 36,000." As you'll see, it's not a very pretty sight. That book, written near the height of the tech-stock mania in the late 1990s, didn't encourage investors to be cautious. Rather, after years of far above-normal stock market returns (really, amidst a stock market bubble), it painted an extremely lofty, aggressive target of Dow 36,000--if only investors would see risks as minimized as Glassman did. Now, in 2011, after about 10 years of miserable stock market returns, Glassman has turned conservative. Whereas Glassman's 1999 book might have served you well if he had written it 10 years earlier (in 1989), his 2011 book, "Safety Net," might have helped investors if he had written it 10 years ago. But he didn't. Regarding Glassman's latest book, the jury will be out for a number of years, but investors rightfully should ask themselves whether he has again managed to close the proverbial barn door well after all the horses have left. I'm no pessimist. Over the long term stocks perform pretty well, but if you start from a point of above-average stock prices (like the late 1990s), chances are you'll earn worse than typical (historical) stock returns. That was Glassman's 1999 mistake, which he (sort of) acknowledges in his latest book. He claims that his 1999 book was "meticulously documented" and "in the mainstream." (Not everyone would agree with those characterizations.) Further, in what may be a curious mixture of apology and denial, he says he believes that his reading of the facts (in 1999) was accurate, but the facts changed. Nevertheless, if you invest after years of above-average returns, your future returns may well be below average. I think that's a fair characterization of investment history. Conversely, when you start from a point following years of below-average returns (like early 2009), the odds may be more in your favor. (There are no guarantees, your mileage may vary, etc.) But now, in 2011, Glassman has turned much more conservative. Perhaps he'll be proven right, and perhaps not. Let's consider his current recommendations. Glassman calls his new strategy a "Margin of Safety" strategy, using a term first coined by Benjamin Graham and later popularized by Graham's star student, Warren Buffett. Graham's strategy is summarized for the lay reader best in his book, "The Intelligent Investor," which is still in print and which Buffett has characterized as one of the best investment books ever written. Although the last edition of "The Intelligent Investor" is over 30 years old, I'm convinced that it remains the best description of "margin of safety" investing. Check it out for more details. Anyway, I think it's fair to say that the best proponents of Graham and Buffett's strategies are Graham and Buffett. (Buffett hasn't written any books, but you can find years' worth of his highly informative Berkshire Hathaway shareholder letters on the internet.) Glassman's margin-of-safety dictums include: (1) putting much less of your portfolio in stocks, (2) diversifying internationally, especially in "BRIC" (Brazil, Russia, India, China) countries, (3) making "substantial" investment in bonds, especially TIPS (Treasury Inflation-Protected Securities), and (4) hedging. By "hedging," Glassman means buying a "bear" fund (which should do well in down markets, but will probably do poorly in up markets) and, yes, derivatives. For what it's worth, Warren Buffett once characterized derivatives as "financial weapons of mass destruction," so I'm not sure they're for average investors--and this book won't make you a derivatives expert. Regarding bonds, one of the best times to buy them is when interest rates are (1) high, and (2) destined to go lower. Conversely, one of the worst times to buy bonds is when rates are (1) low, and (2) destined to move higher. As I write this, interest rates are historically

very low. You can be your own judge of which way they're headed--and how safe or risky that makes bonds today. In conclusion, this is not a worthless book (if it were, I'd have given it one star), and many readers could take some useful pointers from some of its pages. However, the author's track record leaves something to be desired, and it's possible that some readers will load up on bonds, for example (let alone derivatives), without appreciating their real risks. Kind of like people who bought high-tech stocks 10 years ago. By all means, read this book if you'd like, but be careful.

0 people found the following review helpful. A book worth reading!

By R. Robillard

I recommend reading the "most helpful critical review" of this book because the author raises important issues worth considering. While I agree with the issues, I reach a different conclusion about the value of the book. I recommend buying the book because it does a good job demonstrating the importance of asset allocation and investment diversification. It is also actionable and includes a sample portfolio (page 180) populated with specific stocks, bonds and mutual funds. Good investment strategy is not dependant on an accurate prediction of future events. The future is always an unknown. Accordingly, there is no way to know if we are headed for turbulent or tranquil times. The important point is the strategy Glassman describes in this book will work in pretty much any environment because it is rooted in diversification. It will also generate cash through dividends and interest. That's important for obvious reasons. The flow of cash is comforting during down markets; it provides funds to dollar cost average future purchases and/or allows the investor to use cash for expenses without having to sell anything. The hedge Glassman recommends provides a second layer of protection because it insures some portion of the portfolio will always be performing well. In an emergency scenario the investor will always have something to sell that's trading at a high (or something close to a high) rather than being forced to sell assets when they are down. This brings us to an issue of market timing. Buying bonds when interest is at historic lows or buying emerging markets when they are hot is pretty risky business. I agree with the critical reviewer on this point, however, my agreement should not be read to mean that I think the key to success is timing the market. It is always better to buy stocks when they are low and bonds when interest peaks but as I said above.....the future is always uncertain. We simply don't know when interest will go up and emerging markets will come down. That doesn't mean we should avoid these investments in the hope of better timing. Instead, we should use the techniques Glassman describes in this book. In bonds can use ladders or skew the investment to short term bond funds. Dollar cost averaging is a good way to make stock investments. If Glassman had devoted more space or greater emphasis to these techniques this would be a better book. It's important to recognize that diversification mitigates risk at the expense of maximizing profits. Some portion of a diversified portfolio will always underperform the others and the portfolio as a whole will always underperform the then current "hot" investment. Coming off poor market performance it is very easy to express a willingness to pay the "safety premium" that a diversified portfolio extracts but that will change when the market gets hot.....and it will. How will you feel then? Glassman's says his "mission" in writing this book is to deal with a new investor psychology. He is concerned investors jolted but the past decade will not stay the course in turbulent times and he concludes that a smoother ride will help. I'm not so sure he is right about that because the frustration of underperformance in a good market is a powerful force. Investing always gets back to the famous quote by Graham, "The investor's chief problem and even his worst enemy is likely to be himself." Success is dependent on having a plan that fits the financial and psychological needs of the individual investor. In other words a plan the investor will actually follow over long periods of time. This book provides a stress tested plan that is easy to understand, easy to implement and highly likely if not certain to work as advertised. The open question is does it work for you? Can you stick with it? That is something only the reader can answer.

How can you construct a financial investment strategy to protect yourself hellip; yet still get the growth to ensure a solid financial future and comfortable retirement during these turbulent times?nbsp;By building an investing safety net that gives you the gains needed for growth ndash; though more modest than those of past years ndash; but protection against the downside.nbsp; So when turbulence strikes again ndash; and it will ndash; you wonrsquo;t re-live the financial nightmares of recent years when portfolios and 401Ks were devastated.nbsp; Jim Glassman provides the specifics you need for shrewd asset allocation, specifically:nbsp;Reduce stock ownership. For those stocks you do own, ensure they meet one of these criteria: pay dividends; are low-priced and from industries of the future; or companies based in aspiring nations such as India, Brazil and China. Make a substantial investment in bonds, especially US Treasury TIPS bonds and corporate bonds Hedge against decline by owning a bear fund that shorts the US economy. Own funds based on other currencies, thus protecting yourself against the potential declining value of the US dollar. And consider derivatives. Yes, derivatives!nbsp;Specific stock, bond and fund recommendations and ample portfolios then provide the starter ideas for properly balancing a portfolio. nbsp;And the 5 principles and 18 specific rules of ldquo;the new rule bookrdquo; help keep ldquo;animal spiritsrdquo; in check when fads and news flashes provide the temptation to make rash investing decisions that will be quickly regretted.From the Hardcover edition.

ldquo;Investors face risks never before experienced. nbsp;Safety Net by Jim Glassman is essential reading for all who wish to protect themselves from the almost totally unpredictable markets that lie ahead. This is a compelling and

comprehensible book that investors fail to read at their peril." --Arthur Levitt, longest serving chairman of the SEC
"Jim Glassman's new margin of safety strategy shows you how to achieve solid investment gains with modest risk in a volatile global economy. It's a smart and sober plan for investors of all ages and means."
--- Knight Kiplinger, Editor in Chief, Kiplinger's Personal Finance and The Kiplinger Letter
From the Hardcover edition.
About the Author
JAMES K. GLASSMAN has been writing about investing and the economy since the mid-1970s. From 1993 to 2004 he wrote a syndicated column on investing for the Washington Post. He was also the first investing columnist for Reader's Digest and now writes a monthly column for Kiplinger's Personal Finance. From 2008 to 2009 he was the U.S. Under Secretary of State for Public Diplomacy and Public Affairs and is currently executive director of the George W Bush Institute, the nonpartisan think tank affiliated with the George W Bush Presidential Center. Glassman is also the host of Ideas in Action, broadcast over more than 100 public television stations. He is the author of two previous books, Dow 36,000 and The Secret Code of Superior Investor; and his articles have appeared in many publications, including The New York Times and The Wall Street Journal