

Book Review: The Gone Fishin' Portfolio, by Alexander Green

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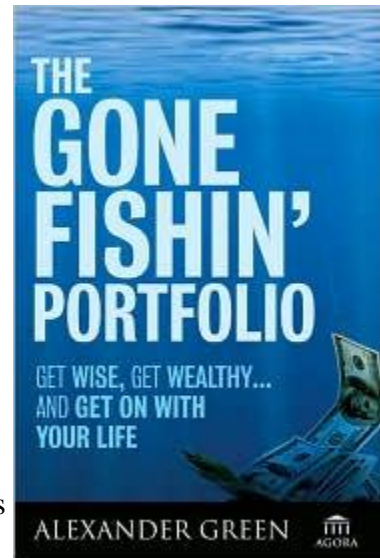
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*A visitor to NYC is taken to the harbor and shown a multitude of opulent yachts that belong to brokers and bankers. The visitor, in his innocence, asks, "But where are the customers' yachts?"**

The punch line: None of the yachts belong to the customers.

Alexander Green explains why brokers and bankers are making money and not customers in his 2008 book, *Gone Fishin' Portfolio* (John Wiley and Sons, 2008). The book, fortuitously published during the current disastrous financial crises, should draw attention because the economic climate is ripe for Green's message: invest your money yourself. Don't rely on the 'kindness of strangers,' who benefit more from you than you do from them.

To complete his message, Green tells the reader how to invest himself in a logical and straightforward manner. Further, there is a summary at the end of each chapter that serves as a review for the beginning investor and helps someone more advanced skip chapters she may not want to read front to finish.



Green advocates controlling what you can (expenses) by managing your portfolio in a smart way. He recommends low cost index or exchange traded funds (ETFs) and explains the differences. Green even outlines a model portfolio. He also goes over the four biggest investment pitfalls and how to overcome them:

1. Being too conservative. This means not keeping up with inflation and losing out on buying power. The 'Gone Fishin' Portfolio' contains 10 different asset classes meant to overcome this problem.
2. Being too aggressive. Green suggests this may indicate overconfidence when investing or trying to 'catch up' due to previous poor choices. He advocates instead spending less, saving more and using a realistic approach to growing assets such as the one that he espouses.
3. Trying and failing to time the market. Statistics show it doesn't work and high turnover, which leads to high costs, capital gains tax and poor performance, take their toll on any return. Green's approach: time, not timing.

4. Unwise delegation. To Green, this is the equivalent of not taking care your own investments because of fear. Then, the assets are shepherded by others. The whole premise of Green's book is that this is a mistake.

The Gone Fishin' Portfolio is an easy read with important information. It heralds back to earlier 'no nonsense' books about investing such as *The Bogleheads' Guide to Investing* by T. Larimore, M. Lindauer and M. LeBoeuf (John Wiley and Son, 2007), *The Smartest Investment Book You'll Ever Read* by Daniel Solin (Perigee Book, 2006) and *Investing with Exchange-Traded Funds Made EASY* by Marvin Appel: (Financial Times Press, 2007). Nevertheless, it adds in some way to each. The Boglehead book is 291 pages, a daunting read. Green's is 232 with slightly larger typeface. Solin's book really is uncomplicated and a more vigorous approach may be of benefit. Green supplies this. And, finally, Appel concentrates on ETFs, so Green is more inclusive by embracing low cost index funds as well.

This is a book I feel I could have written because I am in total sync with Mr. Green's position. Nevertheless, the past history which the writer uses is not necessarily an indication of the performance of the future. Therefore, I do have one caution. Going forward, investment returns may depend more on the ability of managers to discriminate among stocks rather than "a rising tide floats all boats" as it has been in the past. If so, the manager with outstanding stock picking skills in association with excellent risk management may be able to beat a relevant index. Nevertheless, again we run into the same problem as before. Where is he/she? Who is he/she? It's like looking for a needle in a haystack and that just isn't productive. So, we seem to have traveled full circle, and Alexander Green's new book appears to offer hope and a plan for action.

* Fred Schwed Jr. (1940): *Where Are the Customers' Yachts?* cited in Green's book.