

# Preface

As someone who's been in the financial services industry for 30 years and worked in a variety of areas—in large and small firms, and with financial planners, investment consultants, and stockbrokers—I've observed that little has changed during that time. Most Wall Street firms are doing the same thing they've always done: trying to sell you products. They've used a number of different approaches over the years, but the result is the same—they sell, you buy, and they make money. As for you, well, who knows what the markets will do? After all, as the fine print says, past success is no guarantee of future performance.

In recent years, frustration with Wall Street firms and the development of new technologies like day trading and online investing have led many investors to try managing their portfolios on their own. They soon discovered, however, that they didn't want to spend their time watching the markets, studying charts, and trying to anticipate trends. Besides, they rarely achieved any long-term success.

If you find yourself nodding your head and thinking, “That's what happened to me,” then this book is for you. *Investor Revolution* is for and about people who consider managing their own investments to be a burden rather than a hobby. It's about a new way of investing: a revolutionary way, which dispels the short-term performance myth and focuses on lifelong successful investing processes to achieve your long-term goals. If you're tired of the way Wall Street does business and you want a new model, you just may be ready to join the investor revolution.

Ultimately, this book is about finding peace of mind regarding your money. That may seem like a daunting task, but what is money, after all? I'm sure you've heard that it's the root of all evil, that it can't buy happiness, and various other clichés and definitions, but money is really about having the freedom and flexibility to do what you want to do. And we all know that few things cause more stress and concern than *not* having enough money.

The investor revolution is about trading financial stress for fiscal peace of mind—the secure feeling that comes from knowing you can

put your kids through college, pay for emergencies, live comfortably, and enjoy your life. Not to mention enjoying the extras that money can bring, like travel, vacations, gifts, endowments, charitable contributions, and whatever else is important to you.

## What This Book Is About

This book explores the anatomy of revolutions and shows why we're on the verge of yet another one—the investor revolution—as well as what it will mean for your future, and why you should join up! We'll take a closer look at what's happening in today's economy, including the impact of the aging baby boomers as they start reaching age 65. Most important, you'll discover a revolutionary investment process that will help you not only adapt to changing market conditions, but also be poised to thrive in whatever situations arise.

One crucial key to financial peace of mind is understanding risk and learning how to manage it. I'll tell you right up front—there's no such thing as a risk-free investment. Even if you were to bury your money in your backyard, where you could be pretty sure it would retain its value over time, you'd be subject to certain types of risk that you'll learn about in this book. No matter what markets, interest rates, and public opinion do, the real risk in investing has a lot more to do with psychological risk—switching products all the time, trying to chase hot stocks, and not having a flexible investment process that can keep up with the ever-changing environment.

Many people are afraid that one catastrophic event will wipe out their savings and ruin their future plans. They want certainty that their investments will be safe and their money will be there when they need it. The process outlined in this book was created to have the highest probability of not failing in changing market environments. You'll see how you *can* have your cake and eat it too—you can make more money and have less risk.

Traditional Wall Street firms don't have a process that is sufficiently dynamic to deal with our changing environment. Instead, they have a myriad of products that work in some environments and don't work in others, and they can't match them up. Their default position is to emphasize whatever worked best in the past environment.

We know that markets will fluctuate up and down, so we need a process that can benefit from the fact that markets do fluctuate. By trying to beat benchmarks and market indexes, Wall Street tends to promote what would have worked in the very recent past, causing you to be a victim of the short-term performance trap. This book offers a rules-based process that teaches you how to benefit from market fluctuation instead of becoming its victim.

Fine, you might say, but what are the rules? If you've read other books on investment management or financial planning, chances are you're confused by the many answers to that question. Book A recommends this approach, book B recommends a quite different approach, and book C seems to contradict them both. In fact, there seem to be more investment philosophies than there are investment managers.

There's no way to address all the theories advocated by others in the context of this book. However, the fact remains that most investors don't do as well as they should over the long term. Almost all well-thought-out philosophies and investment products have some validity. Each of them does well in certain market environments and then falls out of favor in other environments. The problems occur when the philosophy or investment product is out of favor. That's when you can experience large drops in principal and lose money.

This book advocates a radically different approach: a process that is dynamic enough to manage the many investment and risk-management tools to fit the ever-changing market. At the same time, the process needs to incorporate the individual investor's specific risk tolerance and long-term goals. Rather than following one style that falls out of favor, you'll learn how the revolutionary investment process focuses on lifelong performance and getting results. You'll learn how to evaluate potential advisors and crucial factors in choosing one, such as how the advisor manages your risk, and whether the advisor has a process for measuring and managing market fluctuation.

I urge you to read this book, consider what you find, and then draw your own conclusions. If it makes more sense than what you're doing now, you may be ready to join the investor revolution and arm yourself with the tools you'll need to thrive in the changing times that are coming our way.