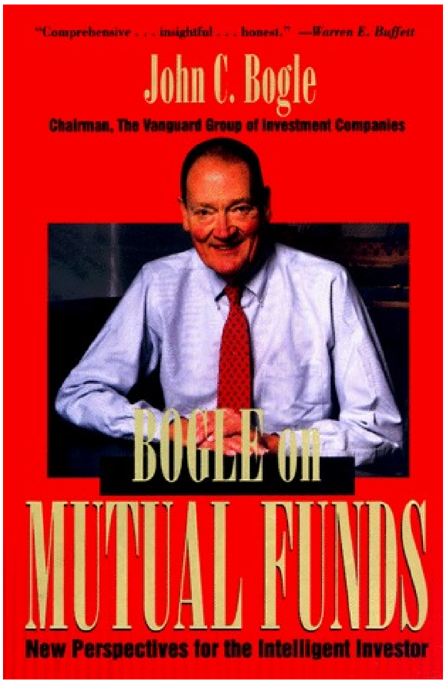

Bogle On Mutual Funds: New Perspectives for the Intelligent Investor

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Bogle on Mutual Funds is a straightforward assessment of the industry written for the investor who wants a true and unflinching portrayal. Bogle not only explains the basic principles of canny mutual fund investing, but Bogle on Mutual Funds also explores its subtle nuances and exposes the hype and fads that often lure investors into making unwise decisions. This conscientious guide offers strategies for developing a diversified portfolio that will weather the markets short-term variations. Bogle warns the reader of the major pitfalls common to mutual fund investing. Ideal for investors at every level of expertise, Bogle on Mutual Funds shows how to: Design a portfolio of funds to meet your current financial objectives; Recognize excessive fees, minimize taxes, evaluate investment risk, and spot false advertising claims; Balance risk and return through asset allocation strategy and tactics, astute fund selection, and effective use of index funds; Understand the important role of cost, the third leg (along with risk and return) of the eternal triangleof investing; Interpret the data found in such sources as syndicated newspapers, Morningstar Mutual Funds, and other mutual fund guides, and use that information to make better investment decisions.

Bogle On Mutual Funds: New Perspectives for the Intelligent Investor Details

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From Reader Review Bogle On Mutual Funds: New Perspectives for the Intelligent Investor for online ebook

Liz says

Asskicking. Provides context and sanity to the Morningstar ratings. Another book to build the average person's investing confidence.

Very helpful when you have to pick a decent fund for your 401K/retirement or need to make more than your bank's crappy savings account interest rate....and you have no idea where to start. Straight and to the point.

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danthexcman11 says

Best book on mutual funds I've read!

Highly recommend this book to anyone wanting to learn more about investing in mutual funds for long term investments. Has great chapters on the effects of costs, taxes impacts on your returns that other financial and investment books have avoided.

Julio Cesar Nino says

Be Glad

I'm glad I read this book, it gave me a more reasonable picture about not only the reports that I need to be comparing between portfolios but also how to think simple before investing.

Matt says

This book gives a very good illustration of indexing, of buying stocks and equities, of buying bonds and fixed income, how they move in relation to each other, and what all this means to mutual funds. It also talks about many mutual fund issues, such as what the fees actually are and how costs impact your portfolio. And the book helps put into perspective mutual fund performance so you can align expectations.

Some parts took a lot of mental horse power - I couldn't just read along and soak it up. I had to analyze it to *see* what "price moves inversely" meant and why it made sense that it did so. And I felt the information was fantastic.

Given the blare of modern popular financial thinking - from TV & magazine analysts to armchair retirement experts - the specter of doubt gets cast rather easily over this book. Is the book still relevant? The financial world would seem to look pretty different from 1994. I'm not a financial professional and I simply don't know.

The one thing I keep coming back to is this: Most financial companies and professionals make their money by servicing you, the investor. They make money when you buy or sell, when pay fees. They earn commissions off certain investments they pitch to you. Most of them do NOT make THEIR fat cash by the same means they claim they'll make you YOURS. Even if you don't feel paranoid about this, it does seem to make sense to cast your information net very wide. And the fact that this book does dive into the pertinent fundamentals and does offer some of a counterpoint to some modern popular thinking cements its value to conscientious investors, in my opinion.

Dan says

Not a bad book, but not for the faint at heart, either. Mr. Bogle is a very intelligent individual and his advice is sound, but it's also very math-y and has a lot of vocabulary that could benefit from a glossary.

If you've been reading a lot of finance literature and are ready for something with a lot of content, give this a try. If you're just getting started, though, you might want to start with something more welcoming to the uninitiated.

Ralph Orr says

The evangelist for indexing. One should remember, however, that had one put all their money in the Vanguard S&P 500 fund in July 1999, he or she would have lost over one percent per year annualized over the next ten years, including the reinvestment of dividends and not counting expenses and taxes. Remember, not all investment opportunities can be tracked by an appropriate index. Consider also that as soon as one reallocates (rebalances), which most financial advisors recommend to be done every year or so, then you have at that moment rejected pure passive indexing for at least semi-active management. Also, it is unfair to merely compare the average of all mutual funds with indexing, when in reality advisors do not divide their clients money among all funds equally. They tend to favor certain funds and certain fund groups. A better comparison would be an asset-waited comparison of active managed funds to indexing, and how those active managers handle downside risk compared to pure indexing. After all, it is the downside that concerns clients the most. This would indicate whether advisors add value. Hence, though Bogle's points are well taken, indexing is not the final word. A better strategy may be combining indexing, with active management, and stock and bond selection, and perhaps the prudent use of stops and other risk management strategies. In other words, hedging your bets.

Chris Kemp says

Good investment advice for the intelligent investor.

Nathan Albright says

As someone who is pretty familiar with the author's books [1], this book was a pretty obvious choice to read. As someone who enjoys Bogle's perspective, why wouldn't I want to hear what he has to say about mutual funds? Even when he brags about his positive book reviews and even his not-so-positive book reviews, the author is endearing and surprisingly humble and deeply interested in encouraging smarter behavior among investors. There is, as one might expect, a combination of familiar things as well as mild surprises with this book, and that is precisely the way I prefer it. Those who appreciate Bogle's taste for literary allusions will find much to enjoy here and those who appreciate mathematical and statistical approaches to investing will find much to enjoy and appreciate here too. Of course, not everyone is going to be happy about this book, namely those who favor a more aggressive approach to investing that benefits brokers and not investors, but for those of us who are looking to have a fair and conservative return will find a lot of wisdom here and that is something to appreciate, making it no mystery why this book is considered an investment classic.

This book of a bit more than 300 pages begins with a somewhat lengthy preface where the author shares his thoughts and reflections on the book and its continued value and where the book sits among other related books on investing. After that the book is divided into four parts. The first part looks at the building blocks of investing (I) with chapters on the rewards (1) and risks (2) of investing along with the principles, practicality, and performance of mutual funds (3). After this comes some chapters on mutual fund selection (II) including how to select mutual funds of common stocks (4), bonds (5), money markets (6), and balanced investments (7), as well as where to get mutual fund information (8). The third part of the book looks at some perspectives on three key issues (III) including index funds (9), mutual fund costs (10), and the issue of taxes (11). The fourth and final part of the book looks at the practical application of investment principles (IV) with chapters on the allocation of assets (12), some model mutual fund portfolios (13), and a mandate for fund shareholders not to be automatic votes for fee increases (14), with a closing epilogue on some principles of wisdom.

There are a few elements to this book that help make it even better. The author gives some very practical and very granular advice concerning the mix of stocks and bonds people should have at different areas in their investment life. Every chapter includes a few sidebars that the author labels as caveat emptor to help the reader understand different aspects of investing that are worth paying attention to but that are not part of the main theme of the chapter. The author includes a lot of charts and some attempts to change the way people think about risk and the connection between a given mutual fund and an index that would help an investor know certain key aspects about the funds they might invest in. Above all, the author has some very clear goals, in that he wants investors to be more aware and more active in terms of their interaction with others while maintaining a cautious approach that understands the risks being dealt with and does not panic nor seek to greedily earn more than the market as a whole. And these are reasonable goals told well in a way that is both informative and deeply interesting.

[1] See, for example:

https://edgeinducedcohesion.blog/2018...

https://edgeinducedcohesion.blog/2018...

https://edgeinducedcohesion.blog/2018...

Sarah says

As a total beginner to this study, some of it was over my head, but I was able to understand more of it than I anticipated. The unfortunate thing is the age of the book, the data stops at the period ending December 31,

1992. One of the things I was able to notice is that the maximum contributions for the tax deferred accounts have significantly increased since the writing of this book, but I don't know enough to know what other information might be outdated and I can't help but wonder about comments the author would have had about the most recent decade.

Chad Warner says

Bogle presents his case for what's wrong with the mutual fund industry (it's always trying to outperform the market, and charging shareholders high fees to do so) and how to be an intelligent investor (choose low-cost index funds). Bogle doesn't ask you to take his word for it; he provides evidence to support his claims.

Bogle talks about the "eternal triangle of investing": risk, reward, and costs. He spends many pages explaining in detail the visible and invisible costs of mutual funds.

Bogle's advice about asset allocation and selecting funds is more conservative than most investors prefer, but it's hard to argue with the stats that show that the returns of index funds beat actively managed funds in the long term.

I really liked Bogle's The Little Book of Common Sense Investing, which provides good advice for the beginning investor. This book, however, is more like the textbook for an advanced mutual fund investing course; packed with charts, statistics, mathematical explanations, and financial theory. You should only read it if you're already comfortable with stocks, bonds, money markets, and mutual funds.

This book is now 7 years old, so the historical data seems a little stale, but the concepts remain generally true. I concentrated on the stock sections of the book, and skimmed through the bond and money market sections, because stocks are what I'm focused on at this point in my life.

Notes

Growth and value funds perform equally in the long term.
Small caps outperform large caps in the long term, but there have been periods of many years where large outperforms small.

The total returns of the different equity fund types (income, value, growth, small cap, aggressive growth) are comparable over time. However, the percentage of total returns that result from dividend income are very different. Income and value attribute much more of their return to dividend income than the other types. Young people can focus on growth and small caps.

The returns of international funds are no better or worse than US funds.
Because of currency risk and sovereign risk, hold no more than 20% of assets in international funds.
No fund can consistently sustain exceptionally high returns; it will inevitably suffer a regression to the mean. Avoid top and bottom performing funds.
The Morningstar star ratings are based on past performance, and are not predictive of future value. However, the other info Morningstar provides makes it the best source for fund info.

The Wilshire 5000 is more representative of the total US stock market than the S&P 500, which is heavily weighted toward large caps and represents about 70% of the total US stock market. Both indexes perform similarly in the long term.

Subsets of the market may outperform the total for certain periods, but not in the long run.
Transaction costs are about 0.6% per transaction (sale or purchase). So, to calculate the drag of turnover, multiply 1.2 by the turnover percentage.
Never buy into a fund just before it distributes capital gains.
Buy low-turnover; it means lower transaction costs and probably lower capital gains.
The percentage of your assets to allocate to bonds should be about equal to your age, with a max variance of 15%.
Rebalance periodically to maintain your stock/bond ratio.

Dale Callahan says

Similar to other investment books - but what I was looking for at the moment.

Achint Kumar says

An excellent book for mutual fund investor.I didn't go through one chapter on tax ,which was irrelevant for India.Although principle given in the book is true for every part of world with few exception and example,data is taken from USA.Each chapter deal with separate topic within the mutual fund.In book analysis was excellent and easy to understand.

Alton Motobu says

Bogle is the founder of the Vanguard family of mutual funds. This book is for those who want to invest intelligently in mutual funds in the same way that Benjamin Graham advised individual investors of stocks and bonds in THE INTELLIGENT INVESTOR. However, where Graham's book was written for finance majors, Bogle targets lay people. I could not quite make it through Graham's book with 100% comprehension, but I got through Bogle's book because it was not technical. The chapters were specific to each topic and there were easy-to-follow lists and highlighted boxes labeled "caveat emptor" with advice to "let the buyer beware." This book was published in 1994, but the information is still relevant today in 2018.

Hom Sack says

Clear and convincing argument for the index class of mutual funds.
