Some words from the wise

“We take care of your financial affairs, so that you can take care of what matters to you most”

“The sheer magnitude of the difference we discovered between the total returns earned by funds and the results captured by the average shareholder is shocking and tragic.” [Funds = 5.7%, Investors = 1%.]

Charles Trzcinka, Professor of Finance, Indiana University.

“Properly measured, the average actively managed dollar must under-perform the average passively managed dollar, net of costs. Empirical analyses that appear to refute this principle are guilty of improper measurement.

William F Sharpe, Nobel Laureate in economics, 1990

“It’s like giving up a belief in Santa Claus. Even though you know Santa Claus doesn’t exist, you kind of cling to that belief. I’m not saying that this is a scam. They (active fund managers) generally believe they can do it. The evidence is however, that they can’t.”
Professor Burton Malkiel

Q. So investors shouldn’t delude themselves about beating the market? A. “They’re just not going to do it. It’s just not going to happen.”

Daniel Kahneman, Nobel Laureate in Economics, 2002

“This message (that attempting to beat the market is futile) can never be sold on Wall Street because it is in effect telling stock analysts to drop dead.”

Paul Samuelson, Ph.D., Nobel Prize Laureate.

“The investor’s chief problem – and even his worst enemy – is likely to be himself”

Graham Benjamin (1894-1976), Legendary American Investor, scholar, teacher and co-author of the 1934 classic ‘Security Analysis’.

“Investment managers sell for the price of a Picasso (what) routinely turns out to be paint-by-number sofa art”

Patricia C. Dunn, CEO, Barclays Global Advisors (Worlds largest money management firm, approx. $1 trillion of assets under management, approx. 80% indexed).

“The economists arrived at a devastating conclusion: it seemed just as plausible to attribute the success of top traders to sheer luck, rather than skill.”
Transcript of the PBS Nova Special, “The Trillion Dollar Bet”

“If there’s 10,000 people looking at the stocks and trying to pick winners, one in 10,000 is going to score, by chance alone, a great coup, and that’s all that’s going on. It’s a game, it’s a chance operation, and people think they are doing something purposeful…. But they’re really not.”
Merton Miller, Nobel Laureate and Professor of Economics, University of Chicago

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“It is not easy to get rich in Las Vegas, at Churchill Downs or at the local Merrill Lynch office.”

Paul A. Samuelson, Massachusetts Institute of Technology, Economist, Nobel Laureate in Economics.

If I have noticed anything over these 60 years on Wall Street, it is that people do not succeed in forecasting what's going to happen to the stock market."

Graham Benjamin, Legendary investor and author.

"by day we write about "Six funds to Buy NOW!" … By night, we invest in sensible index funds. Unfortunately, pro-index fund stories don't sell magazines."
Anonymous Fortune Magazine Writer.

"...most [stock pickers and market timers] should go out of business – take up plumbing, teach Greek…

Paul A Samuelson, Nobel Laureate

"…the best way to own common stocks is through an index fund…"

Warren Buffet

"The implication (of the Efficient Market Hypothesis) for the investor is that it is almost impossible to "beat the market".

USA 12th Grade Economics Text Book, Economics

"People exaggerate their own skills. They are overoptimistic about their prospects and overconfident about their guesses, including which [investment] managers to pick."

Professor Richard Thaler, University of Chicago

"…scepticism about past returns is crucial. The truth is, much as you may wish you could know which funds will be hot, you can't—and neither can the legions of advisors and publications that claim they can. That's why building a portfolio around index funds isn't really settling for average. It's just refusing to believe in magic."

"Santa Claus and the Easter Bunny should take a few pointers from the mutual-fund industry [and it's fund managers]. All three are trying to pull off elaborate hoaxes. But actively managed stock funds still have an ardent following among otherwise clear-thinking adults. This continued loyalty amazes me. Reams of statistics prove that most of the fund Industry's stock pickers fail to beat the market." **Jonathan Clements**

"After taking risk into account, do more managers than you'd see by chance outperform with persistence? Virtually every economist who studied this question answers with a resounding "no". Mike Jensen in the sixties and Mark Car hart in the nineties both conducted exhaustive studies of professional investors. They each conclude that in general a manager's fee, and not his skill, plays the biggest role in performance." (The higher the fee, the lower the performance." **Eugene Fama, Jr.**