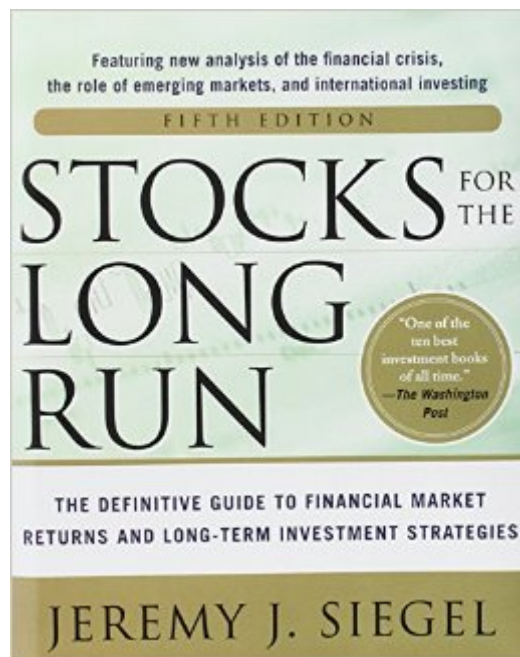


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Stocks For The Long Run 5/E: The Definitive Guide To Financial Market Returns & Long-Term Investment Strategies



Synopsis

The stock-investing classic--UPDATED TO HELP YOU WIN IN TODAY'S CHAOTIC GLOBAL ECONOMY Much has changed since the last edition of *Stocks for the Long Run*. The financial crisis, the deepest bear market since the Great Depression, and the continued growth of the emerging markets are just some of the contingencies directly affecting every portfolio in the world. To help you navigate markets and make the best investment decisions, Jeremy Siegel has updated his bestselling guide to stock market investing. This new edition of *Stocks for the Long Run* answers all the important questions of today: How did the crisis alter the financial markets and the future of stock returns? What are the sources of long-term economic growth? How does the Fed really impact investing decisions? Should you hedge against currency instability? *Stocks for the Long Run*, Fifth Edition, includes brand-new coverage of:

- THE FINANCIAL CRISIS** Siegel provides an expert's analysis of the most important factors behind the crisis; the state of current stability/instability of the financial system and where the stock market fits in; and the viability of value investing as a long-term strategy.
- CHINA AND INDIA** The economies of these nations are more than one-third larger than they were before the 2008 financial crisis; you'll get the information you need to earn long-term profits in this new environment.
- GLOBAL MARKETS** Learn all there is to know about the nature, size, and role of diversification in today's global economy; Siegel extends his projections of the global economy until the end of this century.
- MARKET VALUATION** Can stocks still provide 6 to 7 percent per year after inflation? This edition forecasts future stock returns and shows how to determine whether the market is overvalued or not. Essential reading for every investor and advisor who wants to fully understand the forces that move today's markets, *Stocks for the Long Run* provides the most complete summary available of historical trends that will help you develop a sound and profitable long-term portfolio.

PRAISE FOR STOCKS FOR THE LONG RUN:

- "Jeremy Siegel is one of the great ones." • **JIM CRAMER, CNBC's Mad Money** "[Jeremy Siegel's] contributions to finance and investing are of such significance as to change the direction of the profession."
- **THE FINANCIAL ANALYST INSTITUTE** "A simply great book."
- **FORBES** "One of the top ten business books of the year."
- **BUSINESSWEEK** "Should command a central place on the desk of any amateur investor or beginning professional."
- **BARRON'S** "Siegel's case for stocks is unbridled and compelling."
- **USA TODAY** "A clearly written, neatly organized, highly persuasive exposition that lifts the veil of mystery from investing."
- **JOHN C. BOGLE, founder and former Chairman, The Vanguard Group** "A book that all investors—nervous Nellies in particular—should read." • **Investing.com**

Book Information

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Customer Reviews

The basic theme throughout is simply that stock returns (in all developed nations, though at differing slopes, pp. 88-90) regress to a mean, as bonds, and all other investment alternatives, do not. That's one point. By taking the long historical view (from the dawn of the American republic), Siegel also demonstrates (Chapter 6, pp. 93-103) that in this country over periods of five years and longer, real stock returns (after inflation) stray from our mean return (6.5%) less and less, until at thirty years the observed deviations are half what standard statistics expect. So stocks are both much more volatile short-term "cf. Mandelbrot and Hudson, *The (mis)Behavior of Markets*" and much less volatile long-term, than Modern Portfolio Theory says they should be. That's point #2. And, his third crucial point, value strategies (Chapter 12, pp. 173-193, on low-P/E, high-dividend stocks) consistently surpass the market indices by 2% or more in annual compounded returns. I know of no other book which has made any one of these three points so clearly and demonstrated them so forcefully with historical data and mathematical analysis. Ben Graham, to be sure, made the case for value investing decades ago, and does a better job of understanding and presenting the process than anyone else before or since, but of course he couldn't come close to the range and depth of modern databases and computing power to undergird his argument. Siegel has written the one book since Graham's *Intelligent Investor* that everyone should read and re-read before presuming to buy any security other than an index fund. So, for instance, I needed to know that stocks have never failed to offer a positive real return over any period of seventeen years or more.

Psychologically, almost every human being believes that he or she is potentially able to outperform every other human being. This optimism is a useful quality for spurring people on to strive for better results. When it comes to investing, it can lead to harmful results, however. Too much risk can lead to too little reward. This book is the best summary of the historical data on investing. Some of the data go back to 1802. Rather than summarize everything the book shows, let me focus in on a few key points that might slip past you. These are contrary to the conventional wisdom in some cases, and different from what you will hear on television. I suggest you pay careful heed. (1) Diversification and historical data suggest that you should be sure to invest outside of the United States with part of your financial assets. Currently, for many people, this should be up to 25 percent of the total portfolio in international stocks. These stocks should be equally weighted between Europe, Asia, and emerging countries. (2) Written in 1997 for this edition when the Dow was 7400, nothing in the book justifies a Dow of 11,000. If you look at the long-term chart of stock-price multiples, there has been a severe downdraft after the two other times when multiples expanded so much. This suggests caution. (3) Small cap value stocks provided superior returns historically, and those returns were highly concentrated in January of each year. This suggests a potential trading strategy opportunity of owning those stocks in January and shifting into other stocks at the end of January, depending on the 200 day moving average trends. (4) Almost no professional investors keep up with the market averages over 10 years.

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