

# How to manage your own investments

## Expert reveals secrets to “naked” investing

You’re smarter than you think you are, and at least one expert wants you to put your money where his mouth is.

“Despite what most people might think, they can actually manage their portfolios as well as, if not better than, the most skilled money managers on Wall Street,” said Bob Fischer, a senior portfolio manager at a national brokerage firm, who is convinced that anyone can manage their portfolios regardless of their market experience. “Investors have been led to believe for decades that they aren’t smart enough, savvy enough or experienced enough to manage their own investments, but the truth is that people don’t need an advanced degree or years working in the market to be successful investors. All they need is to adopt a clear set of rules on choosing investments, and the character to stick to those rules.”

Fischer, author of *The Naked Portfolio Manager* by Abbalucci Press ([www.thenakedportfoliomanager.com](http://www.thenakedportfoliomanager.com)), believes that the conventional wisdom that people should always use mutual funds or money managers is neither conventional nor wise.

“Rules trump reason on Wall Street,” he said. “Investors are constantly being told about this expert’s advice or that expert’s advice. They would do much better if they simply used a set of clearly defined, empirically based, transparent rules and followed those rules in a disciplined fashion.”

These rules, called “Naked Strategies,” are relatively simple, empirically based rules for selecting securities, he added. Naked strategies are completely transparent. The investor understands exactly how the securities in his portfolio are being selected.

“Traditional methods are opaque and based on a portfolio manager’s judgment,” Fischer said. “An enormous body of evidence indicates that rule-based decision strategies (which are called statistical or

mechanical methods by researchers) consistently result in better decisions than expert judgment. When you employ these rules, emotion and gut feelings that often lead to poor choices are eliminated from the equation.”

The key is being able to change your way of thinking about investments, according to Fischer.

“My daughter Abigail taught me a lesson about how to do that when she was seven years old,” he said. “She came to me and asked, ‘Daddy, if God did not want Adam and Eve to eat from the apple tree, why didn’t he put a fence around it? Actually, Daddy, why did he put the tree there in the first place?’ Just as she was thinking critically beyond the religious dogma of the story of Adam and Eve, investors need to divest themselves of the dogma of Wall Street. This relates to how so many investors have been brainwashed to use mutual funds instead of selecting securities by themselves.”

The key is for people to forget what they think they know about the market and start from scratch, or be “naked,” according to Fischer.

“If you simply start with a blank sheet of paper, and assemble a set of rules that are based on empirical data – and stick to them – you’d be surprised at how much more successful you can be,” Fischer added.

### *About Bob Fischer*

*Bob Fischer is a senior portfolio manager and advisor for affluent individuals at a national brokerage firm. His noteworthy success in the investment field is based upon his in-depth knowledge of decision-making, which he applies in a disciplined rule-based approach: the application of Statistical Prediction Methods. Bob has written numerous articles on investment and financial planning for respected industry publications. He lives with his family in Midlothian, Virginia.*





**Bob Fischer**