

Investing: Sometimes the mattress looks good...



22 years in the investment world, running a money management and mutual firm taught me a thing or two. I experienced ups and downs, and learned a lot. The world is a difficult place when it comes to stock markets, and trying to decide where to place your money. In case you haven't noticed, after a decade the markets today are still lower than they were in 2000. Scary thought.

It's my experience that those in the marketplace that manage money have short streaks of what appears to be brilliance. They are labeled as a guru, right up until something changes in the market, and they go back to being the average Joe, or even worse, losing lots of money. I saw this happen firsthand when my partner and portfolio manager was labeled a guru when we had the number 1 performing growth and income fund and were on [CNBC](#) regularly. We were propelled there by placing money in what we felt was the direction of a more connected world, then supercharged by a floor of money released into the economy by the Fed in fear of [Y2K](#). All that changed in the early 2000's.

Being in that world and around all those "perceived" investment guru's helped me see that no one had the market truly figured out, and in my opinion, still don't. You will always find portfolio managers that generate above market returns for a while, then something changes and they revert

back to the mean. Most people jump on board when the good performance numbers start to show up in the 3rd and 5th year rankings, but that is usually about the time that funds begin to fall back to mediocre, or even worse, fall like a rock.

Given my observations, I've chosen to invest in index funds with the lowest expense ratios, or not invest in the market at all. I read a great book a few years back that provided the numbers to support this theory, and even directed how to invest in the index funds and diversify between cash, bonds, international, large and small stocks. It's called "[The Smartest Investment Book You'll Ever Read](#)", and if you're going to invest in stocks or mutual funds, I fully agree with the title. It will provide you with a simple and easy to follow process.

If you read this and think, "Well Greg, what about [Warren Buffett](#)? He has blown away the market for over 40 years?" My response is, [Warren Buffett](#) is not stock market investing. He buys meaningful interest in business that his company either controls or advises on finance to help steer success. This is running businesses, not stock market investing.