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For Immediate Release

## **The Big Investment Lie**

### **What Your Financial Advisor Doesn't Want You to Know**

**By Michael Edesess**

The investment industry is nothing but an elaborate con job. No professional financial advisor has ever consistently beat market averages. Ever. Not even Warren Buffet. The industry works hard to conceal this with all kinds of misleading “facts” and figures and a host of manipulative practices. Michael Edesess learned this the hard way—from the inside—and in *The Big Investment Lie: What Your Financial Advisor Doesn't Want You to Know* he shows readers how to see through the snow job and maximize their investments themselves.

In 1971 with his Ph.D. in mathematics from Northwestern University in hand, Edesess went to work for A. G. Becker and Company, a Chicago based brokerage firm. As the only mathematician on staff, he quickly rose through the ranks, becoming chief theoretician.

As part of his new position, Edesess immersed himself in the research on the stock market and the financial services industry. Within months he realized something was askew. The academic findings were clear and unmistakable: professional investment advisors could not beat market averages. A 1968 study in *The Journal of Finance* concluded definitively that, "mutual funds were on average not able to predict security prices well enough to outperform a buy-the-market-and-hold policy.... there is very little evidence that any individual fund was able to do significantly better than that which we expected from mere random chance."

But the firm—and the whole industry—paid no real attention to these findings. The entire investment advisor business was based on a patent falsehood. It was as if theoretical physicists knew the laws of thermodynamics, but engineers spent their time trying to construct perpetual motion machines—and were paid very handsomely for it.

Edesess calls this "The Big Investment Lie," the pervasive myth that investors can beat the market, by hiring professional advisors and managers. Widespread acceptance of this lie has allowed an entire industry to prosper lavishly over the past few decades. Over his long career Edesess worked for and consulted with firms such as E.F. Hutton, Shearson Lehman, American Express, Smith Barney, Dean Witter, Citicorp, and finally Lockwood Financial, a firm that he helped to launch. He observed, aghast, the pitch for the Lie becoming more and more elaborate, while outlandish fees for worthless advice increased at a rate far greater than inflation.

***More...***

In *The Big Investment Lie*, Edesess not only exposes the myth behind the Lie, he also shows how to break free from it. He outlines "Ten New Commandments for Smart Investing," ten simple principles that allow investors to maximize their long-term wealth and achieve their best possible financial future.

With more people investing more money than ever before, *The Big Investment Lie* is a welcome and needed book.

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*“Michael has spent a career at the center of the money management industry, and speaks as only an insider could. The book provides simple, effective guidelines for a successful investment experience for everyone. The evidence is that all of the complex, expensive strategies sold by active money managers simply are not worth the cost. Michael explains very credibly how to formulate a winning investment approach that is deceptively simple.”*

— David Booth, Chairman, Chief Executive Officer, President and Chief Investment Officer of Dimensional Fund Advisors, a highly successful investment management firm based in Santa Monica with \$100 billion under management

*“The Big Investment Lie is a well-informed articulation of an inherent difficulty within the investment field. While there is nothing wrong with striving to beat the market, it is vital to consider the elements of caveat emptor, and to realize that beating the market brings with it the inevitable risk of losing to the market—as at least half the beat-the-market money must. Michael Edesess does a brave and truthful service by directly detailing the real-life gamble associated with such activities and proposing feasible and educated alternatives.”*

— John O’Brien, Executive Director of the Master’s in Financial Engineering (MFE) program at UC Berkeley, Haas School of Business. Haas MFE is ranked number one in North America.

*“Are you getting your money’s worth from your investment advisors? Probably not. With wit and accuracy, and based on years of personal experience, Michael Edesess provides clear and easy advice that will help you add substantial value to your portfolio.”*

— George Case, consultant and analytical investment software pioneer

**Michael Edesess, Ph.D.**, is an economist and mathematician who currently chairs International Development Enterprises USA. He has worked as an independent consultant to institutional investors, and was a founding partner and chief economist of the Lockwood Financial Group until its sale to The Bank of New York in September 2002.

***The Big Investment Lie: What Your Financial Advisor Doesn't Want You to Know***

**By Michael Edesess**

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