

FOREWORD

Ken Fisher has quietly built an empire based on a simple precept: make as much money as possible over time with the least amount of risk because that's what the customer deserves, and deep down, it's what we all want. Nobody's better than Ken. That's not some crazy hyperbole. He actually is the best. My agent's going to kill me for saying all of this. Ken and I are competitors, what am I doing praising his product? What kind of capitalist am I? First off, Ken's a good friend, but that's not what matters to you. What matters to you is simple: Ken can make you money. I believe that reading his book may be the single best thing you could do this year to make yourself a better investor. Let me be totally honest with you; right now I run a charitable trust with all kinds of restrictions, but if I were allowed to have my own money managed, I'd hand it over to Ken without a second thought. I'm only telling you this because I'm unhealthily honest and because I want to make you money—Ken can help with that.

After reading this book all the way through in one sitting because I couldn't put it down (which I really don't have the time to do), I realized something. In this book, Ken has just turned the entire world of investing upside down. He's taken every myth, every useless, silly belief that most of the professionals ruin themselves with, and he's not only refuted them, which after all is just an assertion, but actually proved them wrong. And he does better than that because in this book he teaches you how to do that yourself.

I'll admit he ruffled a few of my feathers when he pretty clearly demonstrated that a couple of the things I believe aren't strictly—how do I say this—true. But that's his point, it's his goal, it's his job. It's how he will make you a better investor.

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Before I say what I'm about to, let me just tell you that Ken and I have radically divergent views about running money. I pick stocks and I think I'm pretty good at it. Ken tells me that is a sucker's game. I'm quickly trying to pull some numbers together and use his own methods to show him otherwise, but that could take a while. I'm no relativist, especially when it comes to money, but I do know there's more than one way to skin a cat. I also know Ken's way works really, really well. Despite our different approaches, I believe that this is the single most rigorous, intelligent, comprehensive, and useful book about investing that I've had the good fortune to read in my decades-long romance with the market.

If you own stocks, or if you're just getting started, if you're a pro or an amateur, this book is for you. As Ken aptly points out: Most pros, at least on the mutual fund side of things, could do their jobs a lot better, so maybe it's not useful to talk about professionals and amateurs. The point is that everyone wants to make money. Everyone wants to generate returns that beat the market, or whatever index you feel most comfortable snuggling up to and competing with. All of you want this, and I'm willing to bet most of you don't know how.

You might think you've got it figured out. Maybe you've gotten lucky for the past few years. Let me be straight with you: You probably need some help. There are thousands of mistakes individuals make with their money each and every day. If you want to put your money to work for you, you should do yourself a favor and read this book. I've been in the game for over twenty-five years, and *The Only Three Questions That Count* taught me a thing or ten about investing. I am probably the most shamelessly self-promotional man on television, and I'm telling you, for the next few hours, stop listening to me and listen to Ken. If you're one of my detractors, you don't need me to tell you that Ken Fisher's got a strategy, or set of strategies, that look nothing like my own. And even though we disagree on some points, I still think he's the greatest—not that he's a great guy, although he is—but he's a great investor.

Now when it comes to the fundamental premise of this book—it's Ken's book, I'm not going to give anything important away—I agree with Ken completely. Good investors need to know how to innovate if they want to stay good investors. And when you take a position in a stock or a sector or an entire country, you're either right or you're wrong. If you're right, then you win and you make money. If you're wrong . . . you get the point. There will always be winners and losers in the market; for you to win somebody else almost always has to lose. Ken isn't trying to tell you how to be right, not at first. You'd better know how to walk before you run. This book gives you a system, an approach, a method that seems intuitive when you read it, but in reality it is far from

how most people approach the market. It's a way of thinking about the market that, once you master it, will make you an infinitely better investor. Ken knows that you need to be right if you want to win, and he knows how to be right—I've seen his performance, and I've read his columns. And now he's teaching you how to take his scientific approach to investing and use it to make yourself a richer person, in money if not necessarily in spirit.

You don't need to be a genius to use Ken's advice—you don't even need to be that clever. You don't have to know much about anything, and I mean that, other than how to read to make good use of this book. Ken teaches you everything you need to know to make use of what he calls "the only three questions that matter." He's right about them, and it's good that he's writing about them. In a way, this book is the great equalizer: It takes professionals to task and raises up amateurs to where the pros are supposed to be because nothing the pros know or think they know really matters. Trust me, I've been one. There's an old saying, "God created men, but Sam Colt made them equal." I don't know who's responsible for creating most modern investors, but I know it is Ken Fisher who'll make them equal. Or maybe not so equal—some investors are more equal than others, and that's the camp Ken will put you in, if you listen to his years of accumulated wisdom. And don't take my word for it; let's go for some objectivity. You don't get to be number 297, where Ken is currently stationed, on the *Forbes 400*, unless you know what you're doing, unless you know something other people don't know.

When you write a book about investing, you're always staring straight into the abyss. No matter how tempting money is, it's hard to read through most of the books on the subject. They're boring, they're beyond boring, and they're better than a couple of Valium if you're looking to get some sleep. Forget about the fact that most books on the subject are just plain wrong. Even the stuff that's right doesn't get processed because it's dull. Ken knows all this. He's been writing books a heck of a lot longer than I have and it shows. Before you can teach anyone anything, you need to grab his or her attention. Sometimes I've been accused of going a little bit too far in this area, but I'm an extremist.

Even if you don't care at all about investing, even if you don't have a penny to your name, or if you've got trillions of pennies, and either way don't care about money, you still might want to pick up this book. It's engaging, it's entertaining, and yeah, it's even funny. It is compulsively readable. Sure, it's erudite, sure it's got charts and graphs and—gasp—references to academic literature, but that's the point. Investing hasn't become a science yet, but Ken's trying to get us there. Don't be scared by the graphics, or the academics for that matter, because Ken knows how to filter all this information. It's all

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about making things that seem daunting and impossible turn into things that seem pretty simple and easy to do. Ken's a master of that transformation.

The Only Three Questions That Count is a great book. It could be the kind of book that entirely changes the face of investing from here on out, although most fund managers are too set in their ways for that to happen, but it's not a book about picking stocks. It's not about finding what's hot. It's not about day trading. It's not about anything that usually gets lumped into the "sexy" category of investing. And you know what, if I've learned anything from being a money manager, or from dispensing advice through various media for years, it's that sexy rarely works. You want to know what works? Do like Ken and run the numbers, do some basic statistics, and then you'll know what works.

You could go through Ken's columns, you could look at his record, you could look at the sheer amount of money he's managing—\$30 billion—a figure I find astonishing, but Ken would tell me that's just my stone-age brain playing tricks. He clearly has a method that's been able to consistently beat the market. What more could you possibly ask for? If you're reading this book, you're trying to make money. You might think you want to be a really cool, successful day-trader. You might think that, but you'd be wrong. What you want is more money, more money than you could make by owning an index fund, or sitting in cash and bonds.

There's a particular kind of investor out there who hurts only himself, but he doesn't care. I like to think of this type of guy as the stock hobbyist. If you're a hobbyist, you don't really mind if you lose a lot of money in the market. You don't mind if the indices clobber you over the head. You're really caught up in practicing whatever it is you think you're doing when you buy and sell stocks. And hey, if you lose money, well, it's a hobby. You lose money on model airplanes, too, or Eagles tickets.

If you're a hobbyist, if you want to invest for the fun of it, you can still get something out of this book. But I hope it will convert you from being a hobbyist to being a successful capitalist in one fell swoop. It's not really about enjoying yourself: It's about making money. Trust me, over the long term; it's more fun to be rich than to play games with your dough. It might not feel that way short term, but that's why we've got people like Ken Fisher, who can humorously tell us why we're wrong and what we need to do better if we want to actually make some money.

By now I've taken up too much of your time. If you're not afraid to let your long-held beliefs about investing come under attack, if you're courageous enough to be adaptable, and if you genuinely want to make a lot of money, without taking on a lot of risk—the best way to make money, as far as I'm concerned—you'll want to keep reading. Ken Fisher has something in here for

everyone, and if you only believe half, or even a third of what he says, you will be a better investor. If you follow all of his advice, I know you can beat the market, but even if you just listen to some of it, you'll be a lot better off.

And this is coming from a guy who's just had his whole strategy refuted and demythologized by Ken Fisher in a few short hours. Take it from me, *The Only Three Questions That Count* really are the only three questions that count.

JAMES J. CRAMER
Columnist for TheStreet.com
Columnist for *New York* magazine
Host of CNBC's *Mad Money*
Host of CBS' Real Money Radio