



BOOK REVIEWS

The YTE book review section is proudly sponsored by **Investor IQ**. With the country's biggest range of investment books and products, we invite you to visit us at www.investorIQ.com.au or 20 Queen St, Perth. email: info@investorIQ.com.au for your free catalogue today!



How to Beat the Managed Funds by 20%

Dale Gillham
169 pages
Wrightbooks

The title might lead you to think that this is a book about using managed funds to do better than fund managers do, but it is much more than that. It is a guide both to designing portfolios and to selecting the strategies and tactics to use within those portfolios.

People with knowledge of the markets may, like me, feel that this task is impossible to fully explore in 169 pages. But as a broad map showing the paths that need to be taken, the book is excellent. It is easy to read, not overly technical, and is full of well-explained diagrams. Its clear layout leads the reader's thinking through key areas that need to be explored if consistent success is to be achieved.

If you are new to trading, think of this book as a good foundation on which you can build your personal wealth-creation strategies. If you are more experienced, think of this book as a keystone the stone at the top of an arch that holds all the other stones in place.

However, readers must also realise that the book is only laying a foundation of process and procedure based on the psychology, values and beliefs of the author. While these are quite sound, they will seem too conservative to some and to others too risky. But after this journey through the author's logical presentation, readers will be much wiser and much more aware as a result of the time they have invested in the book provided they do the necessary home work.

Dale Gillham does a good job of looking at the myths that have caused many people to come unstuck. After clarifying concepts he builds a solid case, based on sound reasoning supported by evidence, for the reader to consider using his approach.

Reviewed by Garnett Znidaric.



Trend Following

Michael Covel

309 pages

Prentice Hall

A most interesting book definitely a 'must have' on your shelf. Pull out the plastic and get it!

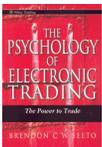
Trend Following is presented as a replacement for the Market Wizard series of books. However, it is not. The author's own mindset comes across so strongly that it is difficult for the reader to see into the minds of those whom the author interviewed. Nevertheless, the book would make a good addition to the Market Wizards series.

Trend Following is well constructed, well written and an excellent distillation of the research undertaken by the author. Backed up by trading 'legends' like Ed Seykota, it convincingly argues that the most successful trading systems are based on trend following.

While you may read the book in bed, especially the first time, it is best read at a desk with a notepad handy. While seeming to come from the perspective of technical analysis it is still a very good book on trading psychology. Covel gives the reader solid evidence for his ideas by drawing on the experiences of people and of specific history-making events.

All the people interviewed are survivors in the world of trading. They are open in sharing their thoughts, freely giving insights into the markets and into the emotions and feelings that come between people and their ability to follow their systems. The book is both a great read and an insightful textbook for all traders and investors.

Reviewed by Garnett Znidaric.



The Psychology of Electronic Trading

Brendon C W Seeto

217 pages

Wiley Trading

This book is not, as some have thought, about electronic day trading. It is about the paradigm shift towards electronic trading that has been taking place around the world over the past decade. In many ways this is a complementary book to Patrick Young's Capital Market Revolution, which explored the industry's transition to electronic trading.

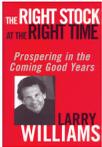
While a most interesting read, the book's style is that of a textbook on the psychology driving the changes and on the primary and secondary effects this has on the trader. For example, while the electronic medium may allow, on the one hand, for Young's transparency, liquidity and accessibility within the markets, it also provides opportunities for gamblers to lose large sums of money. Seeto devotes a considerable amount of time to examining gambling attitudes to trading as well as the ease and subsequent danger and impact of over-trading.

The purpose of the book is to discuss, in an informative and enlightening way, the challenges and bonuses in trading the markets electronically. The author, an experienced institutional trader and private client adviser, then walks the reader

through processes and procedures to take advantage of this ever-improving trading environment. At the same time he cautions about the challenges of over-trading and the increased challenges provided by the availability of information.

The depth to which this book explores its subject and its textbook style will not appeal to everyone. However, time taken to explore the ideas will be a worthwhile investment. For some, it may prove to be a most profitable investment.

Reviewed by Garnett Znidaric.



The Right Stock at the Right Time

Larry Williams

223 pages

Wiley

Anything written by Larry Williams is worth at least a bit of a read. He is the one who wrote a book about how, in a trading competition, he made \$1 million from \$10,000. On the way to the million dollars he went through 2.2 million, meaning that at one stage he lost half his trading account.

Larry is an experienced professional trader who has made millions in the markets. He is a fund manager and, some think, a bit of a cowboy. I find it interesting that while many authors, in this bear market world, are writing about bear market strategies, Williams has lifted his gaze to a broader approach by drawing on his four decades of experience. The book is a course in his ideas and approaches to trading a variety of international markets. Where possible he likes to trade over longer time periods, considering various cycles, including seasonal changes.

If you are looking only at the Australian stock market you may feel that many of his ideas are not relevant to your situation. I would suggest that they probably are relevant, once you have done some work to make them so. The real challenge is for readers to take the ideas and turn them into practices and procedures in the markets they trade.

Over the years Larry Williams has been responsible for the development of a number of indicators that are in common use and available on most software packages. Some of them are explored in the book.

The book is easy to read and the concepts easy to follow.

Reviewed by Garnett Znidaric.

