

Contents

Foreword	xvii
Preface	xxiii
Acknowledgments	xxv
Introduction	1
PART ONE	
Risk	3
CHAPTER 1	
Using Portfolio Composition to Estimate Risk	5
CHAPTER 2	
Business versus Statistical Price Risk	17
CHAPTER 3	
Specific Risk	18
CHAPTER 4	
On the Quality of Municipal Bonds	20
CHAPTER 5	
Time Diversification	28
PART TWO	
CAPM	47
CHAPTER 6	
Toward a Theory of Market Value of Risky Assets	49
CHAPTER 7	
Portfolio Theory Is Inconsistent with the Efficient Market Hypothesis	60
CHAPTER 8	
In Defense of the CAPM	61

PART THREE

Performance Measurement	65
--------------------------------	-----------

CHAPTER 9

The Coming Revolution	67
------------------------------	-----------

CHAPTER 10

How to Rate Management of Investment Funds	69
---	-----------

CHAPTER 11

Can Mutual Funds Outguess the Market?	88
--	-----------

CHAPTER 12

The Future of Performance Measurement	96
--	-----------

PART FOUR

Economics	99
------------------	-----------

CHAPTER 13

Unemployment and Inflation	101
-----------------------------------	------------

CHAPTER 14

What Professor Galbraith Neglected to Tell His Television Audience	109
---	------------

CHAPTER 15

The Financial Objective in the Widely Held Corporation	113
---	------------

CHAPTER 16

The Real Cost of Inflation	119
-----------------------------------	------------

CHAPTER 17

The Fiscal Burden	120
--------------------------	------------

CHAPTER 18

A Modest Proposal	136
--------------------------	------------

CHAPTER 19

A More Modest Proposal	142
-------------------------------	------------

CHAPTER 20

Real Growth, Government Spending, and Private Investment	145
---	------------

CHAPTER 21

Securities Law and Public Policy	157
---	------------

CHAPTER 22

Shirtsleeves to Shirtsleeves in Three Generations	159
--	------------

CHAPTER 23	
Is Training a Good Investment?	168
CHAPTER 24	
The Fifth Horseman	174
CHAPTER 25	
A Theory of Inflation	177
CHAPTER 26	
How to Regulate a Monopoly	209
CHAPTER 27	
Man's Most Important Invention	212
CHAPTER 28	
Will the Phillips Curve Cause World War III?	213
PART FIVE	
Trading	221
CHAPTER 29	
What Kind of Security Analysis Contributes to Performance?	223
CHAPTER 30	
The Only Game in Town	224
CHAPTER 31	
What the Courts Ought to Know about Prudence	228
CHAPTER 32	
<i>De Facto</i> Market Makers	230
CHAPTER 33	
The Power of a Few Knowledgeable Investors	231
CHAPTER 34	
Four Rules for Successful Trading	232
CHAPTER 35	
Index Funds and Active Portfolio Management	234
CHAPTER 36	
Opportunities and Hazards in Investigative Research	238
CHAPTER 37	
What Does It Take to Win the Trading Game?	238

CHAPTER 38 In Defense of Technical Analysis with Robert Ferguson (Leland O'Brien Rubenstein Associates)	248
CHAPTER 39 The Economics of the Dealer Function	264
CHAPTER 40 Market Manipulation	275
CHAPTER 41 Types and Motivations of Market Participants	277
CHAPTER 42 The Invisible Costs of Trading	288
CHAPTER 43 Zero Sum	299
CHAPTER 44 Insider Trading: Two Comments	306
PART SIX Accounting	309
CHAPTER 45 Financial Reporting—for Whom?	311
CHAPTER 46 The Revenue-Expense View of Accrual Accounting	313
CHAPTER 47 The Trouble with Earnings	314
CHAPTER 48 The Trueblood Report	319
CHAPTER 49 A Hard Look at Traditional Disclosure	321
CHAPTER 50 The Trouble with Corporate Disclosure	325

PART SEVEN	
Investment Value	329
CHAPTER 51	
Top-Down Economic Forecasts and Securities Selection	331
CHAPTER 52	
The Value of Control	332
CHAPTER 53	
Economic Life versus Physical Life	339
CHAPTER 54	
The Investment Value of Plant	340
CHAPTER 55	
Growth Companies	353
CHAPTER 56	
Bulls, Bears, and Market Bubbles	361
CHAPTER 57	
The Canonical Market Bubble	372
CHAPTER 58	
The Investment Value of Brand Franchise	380
CHAPTER 59	
The Investment Value of an Idea	383
PART EIGHT	
Active Management	401
CHAPTER 60	
How to Use Security Analysis to Improve Portfolio Selection	403
CHAPTER 61	
Why Clients Fail	422
CHAPTER 62	
Long-Term Investing	424
CHAPTER 63	
The Institutional Shortfall	431

CHAPTER 64	
Persuasion and Long-Term Investing	432
CHAPTER 65	
Is "Reasonable Knowledge" Enough?	433
CHAPTER 66	
How Technical Should Investment Management Be?	434
CHAPTER 67	
If You Can Forecast the Market, You Don't Need Anything Else	435
CHAPTER 68	
Market Efficiency and the Bean Jar Experiment	436
CHAPTER 69	
Information-Based Investing	443
CHAPTER 70	
The 10 Most Important Questions to Ask in Selecting a Money Manager	447
PART NINE	
Pensions	451
CHAPTER 71	
Risk and Reward in Corporate Pension Funds	453
CHAPTER 72	
An Investor's Guide to the Index Fund Controversy	460
CHAPTER 73	
The Principles of Corporate Pension Finance	476
CHAPTER 74	
Pension Claims and Corporate Assets	488
PART TEN	
Cases	495
CHAPTER 75	
Feathered Feast	497
CHAPTER 76	
An Extraordinarily Cheap Trade	503

CHAPTER 77	
The Gauntlet	505
CHAPTER 78	
A Prudent Man	508
CHAPTER 79	
Default—Shawnee Manufacturing	509
CHAPTER 80	
Public Voting	512
CHAPTER 81	
Fiduciary Funds	514
CHAPTER 82	
Poosha-Carda Food Stores	517
CHAPTER 83	
The Fed Watchers	519
CHAPTER 84	
Betting on Management	521
CHAPTER 85	
Financial Literacy	524
CHAPTER 86	
Cereal Mergers	526
CHAPTER 87	
Quiz for Fed Candidates	528
CHAPTER 88	
When Plant Wears Out	530
CHAPTER 89	
Answers to Quiz for Fed Candidates	532
CHAPTER 90	
Gas Caps and the Sherman Act	536
CHAPTER 91	
The Worldwide Financier	538
CHAPTER 92	
Reifen AG	540