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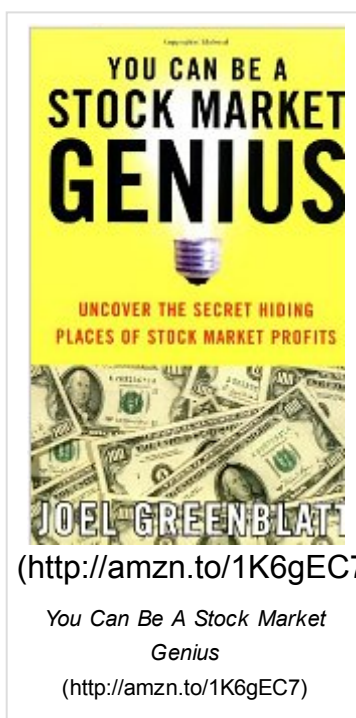
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You Can Be A Stock Market Genius!

September 25, 2008

You can be a stock market genius! No this isn't a review of one of those Dummy series books on getting rich. The book is in fact written by Joel Greenblatt, the author of everybody's favourite, The Little Book That Beats The Market. With the markets in turmoil, I'm sure there are so many good opportunities out there and many investors are probably busy going through all the financial statements of potential buy candidates for their portfolio. But what about special situations?

You Can Be A Stock Market Genius – A Book Review



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With the markets in turmoil, I'm sure there are so many good opportunities out there and many investors are probably busy going through all the financial statements of potential buy candidates for their portfolio. But what about special situations?

Buying great companies selling for less than their intrinsic value is a great idea and one which value investing is based upon. However, do remember there are many different ways of profiting in the market via the low risk, high return method that is also a cornerstone of value investing. This is where Greenblatt's book comes in.

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Note: The book is more suited for DIY folks who have a good handle on investing and able to navigate through financial statements and reports.

You Can Be A Stock Market Genius – Investing in Unknown Areas

You've heard it many times. "You have to know something others don't in order to make a profit". This book opens your eyes to the other tremendous opportunities of the market.

How many people are worried about the financial markets, the bankruptcy of Lehman Brothers, the intention to spin off divisions or sell divisions to raise capital by AIG and other major financial companies? By all means, it's perfectly fine to be scared but did you know that you can profit from all this with diligence and low risk.

Just 1 month ago, reading today's headlines would have shaken me up but after reading the book, I am now eager and excited to see how things shape up so that I can profit from situations when people are running scared. The many detailed past examples and analyses by Greenblatt helps to provide a clearer understanding and picture of how to go about doing it yourself.

By understanding different scenarios and being able to keep up to date with a situation, an

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The book takes us through each different situation, or what we call special situation, and consist of the following:

- Spin-offs
 - Mergers/Risk Arbitrage (book advises against risk arbitrage)
 - Merger Securities
 - Bankruptcies (not investing IN bankrupt companies but rather in what results from it)
 - Restructurings
 - Rights Offerings
 - Recapitalizations
-

Investing Independent of the Market

I have found a pull towards special situation investing for a few reasons

1. Investing a portion of your portfolio in special situations will definitely stop or slow the slide from a falling market.
 2. Special situations occur independent of the market. Opportunities arise in down markets (spin offs, bankruptcies, restructurings) as well as good markets (mergers, recaps).
 3. Not all that different from ordinary stock analysis but in some cases, such as mergers, you only need to focus on the process of the merger rather than deal with the growth, discount rates and other hard variables.
 4. Money isn't always tied up for long periods at a time.
-

Risks

I've emphasized many times that if you don't understand how to calculate and handle risk (the probability of losing everything), it would be much safer to go long on good companies. The book also mentions several times that if the investor is prepared to do the **additional work, pick their own spots and battles**, rather than invest mechanically or blindly based on the recommendations of others, the individual should do very well.

General Comments

Like all books, *You Can Be A Stock Market Genius* (<http://www.oldschoolvalue.com/blog/book-reviews/you-can-be-a-stock-market-genius/>) provides a skeleton with some bits and pieces included to help you on the way, but it's up to the individual to fill up that skeleton and thrive in the satisfaction of seeing it come alive.

I now view headlines and "bad" news differently. I am beginning to see pieces of information ~~between the headlines~~

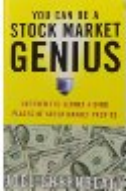
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reading and was up to page 50 before I knew it.


The content of the book is something you can't and will not learn in business or finance school.

"There are three types of people in the world—those who can count, and those who can't."

amazon

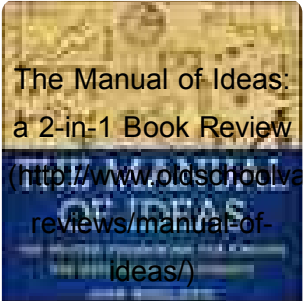


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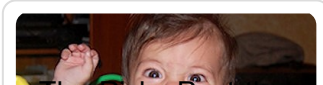
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Max Frampton · 7 years ago

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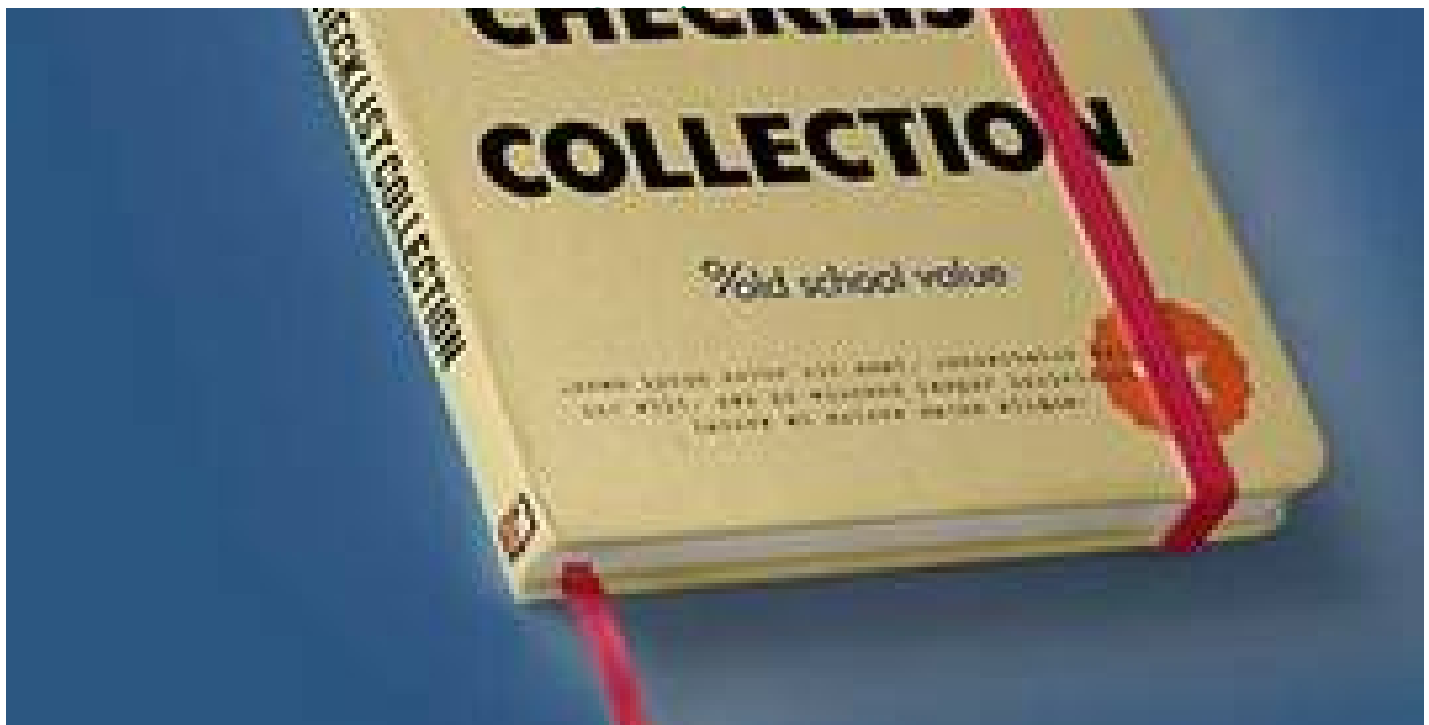
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Our Mission



(<http://www.oldschoolvalue.com/about.php>)
My wife and I are Christians and our focus is to love God and love people. We are proud supporters of Compassion and are grateful to be sponsoring 8 children.

We are just two ordinary people and understand that we cannot change the world. However, that doesn't mean we can't try. Call me crazy, but our dream is to one day sponsor 1,000

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