NEW FOREWORD BY BILL O'REILLY

NEW YORK TIMES BESTSELLER

THE GONE FISHIN' PORTFOLIO

GET WISE, GET WEALTHY... AND GET ON WITH YOUR LIFE

REVISED AND EXPANDED

ALEXANDER GREEN

AMERICA'S LEADING PERSONAL INVESTING EXPERT

THE GONE FISHIN' PORTFOLIO

Get Wise, Get Wealthy . . . and Get On with Your Life

Second Edition

ALEXANDER GREEN

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This book is dedicated to the most inspiring and best man I've ever known, my father, H. Braxton Green.

If a man writes a book, let him set down only what he knows.
I have guesses enough of my own.

Source: Johann Wolfgang von Goethe

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FOREWORD

Money was big in my household in the 1950s and 1960s. We didn't have very much and my parents were children of the Great Depression. That meant financial doom was always near because if it happened once, it could happen again. Therefore, having money was ultra-important.

My father worked for Caltex, commuting into New York City for low wages. He worked in the oil company's treasury department. He kept track of money that flowed from the Persian Gulf.

My mother was a housewife on a budget. Tuna, boiled hotdogs, fish sticks and Mallomars were on the weekly menu. On weekends, my father grilled flank steak. The O'Reilly family had a used car, a manual lawnmower and a few chairs on the patio.

We lived in Levittown, New York. It was like communism. Everyone pretty much had the same resources. Which were not many.

I needed money for ice cream. The Good Humor truck. Bungalow Bar, Judy Ann. Occasionally, my mom would slip me a quarter for a toasted almond bar. Life was sweet when that happened.

At age 10, I recognized that my father was not going to give me the cash I needed to live in the style I wanted to become accustomed to. So I went to work. Cutting lawns in the summer, shoveling snow off driveways in the winter. My sister and I did not receive an allowance for chores. We did them *gratis* in return for Sugar Frosted Flakes.

My father was frugal. He was afraid. A big 6-foot, 3-inch former naval officer, he feared the worst. That he would lose his job and not be able to "provide." He saw plenty of Irish go under in 1930s Brooklyn. Until the day he died, he feared financial ruin.

So he saved, rarely spent. When I was 14, we took a bus from Long Island to Fort Lauderdale, Florida, during Easter vacation. About halfway down, in South Carolina, I said, "Hey, Dad, next time just shoot me, and you, Mom and Janet go."

I think he felt guilty about the bus ride, because he paid for a water skiing lesson in Fort Lauderdale. I got right up because I knew there would be no second lesson.

My teenaged years were spent playing sports and working. I slung ice cream at Carvel, was a swimming instructor and then hit the jackpot: I began my own business painting houses. Made nice money. Never asked my parents for a nickel. I'm proud of that to this day.

America is an exceptional place, and the socialists are full of it. If you work hard, get educated, and practice self-control and honesty, you will make money. There are more ways to do that here than anywhere else in the world.

But once money flows in, then a different set of problems develops. What do you do with your wages after taxes? Buy stupid stuff? Order $75 steaks? Zip around in a Ferrari?

Not me. Like my father, I saved and, fortunately, the money grew.

Then, my broadcasting and writing career exploded and capitalism paid me a serious visit. The only other neighborhood guy who had made it big was Billy Joel. I used to see him around wearing a leather jacket in July. Billy had that James Dean thing going on, and even dropped out of high school.

But he made huge money after "Piano Man." Problem was his manager stole a lot of it.

That didn't happen to me. I had honest representation. So my money accumulated. But I had no idea what to do with it. Because he feared losing money with stocks, my father bought municipal bonds. I bought a few as well. But I knew there was something more out there.

After flailing around with various financial newsletters, I stumbled upon Alexander Green and The Oxford Club in 2003. I analyzed what Alex was writing and bought some Berkshire B. Still have it, very strong return. Very strong.

So I stuck with Alex. Didn't know him personally but looked forward to his monthly newsletter. Didn't always make money but Alex's stock suggestions sure increased my net worth. I became a lifetime Oxford Club Member.

Then a couple of years ago, Oxford called me out of the blue. They wanted me to interview Alex for an infomercial.

Now, I *never* do that kind of thing. I am not a pitchman, I'm a journalist who delivers fact-based opinion. But after thinking it over, I decided to do business with Oxford and Alex. The reason is that I want people to succeed as I have in the markets. Alexander Green is a superb stock selector and a very smart guy. I want as many people as possible to know about him.

So that's my story, which leads into Alex's story. The book you are reading is subtitled *Get Wise, Get Wealthy . . . and Get On with Your Life*. It is well worth the time you are investing to read it.

So let's get going. There is wisdom to be had, and money to be made. You'll see.

Bill O'Reilly
Long Island
October 2020

PREFACE

In early 2003, I created a new investment portfolio for subscribers to *The Oxford Communiqué* and gave it a lighthearted name: the Gone Fishin' Portfolio. After a few years of market-beating returns, multinational publishing house John Wiley & Sons asked if I would write a book about it. I agreed.

I knew I had an excellent strategy to share with the world. However, I also realized that most financial advice has a short shelf life. Things change quickly in the world and in markets. Even the best investment letters written by the most insightful analysts are soon lining the reader's birdcage. A book, by contrast, gives an author the opportunity to make a considered argument, flesh out his or her case, and answer potential objections or criticisms.

But then, who needed another investment book, then or now? The shelves in my home were already groaning with titles on stock selection, value investing, trading strategies, asset allocation, global diversification and many other topics. I learned a lot from those books, but it wasn't always what the authors intended.

I discovered that no matter how smart, how experienced or how insightful the advice-giver, investment predictions—with the luxury of hindsight—can appear not just wide of the mark but foolish. Indeed, many investment books from years past stand out primarily as cautionary tales about pride and hubris.

The authors who made a compelling case for their investment approach were often short on specifics. For example, if high returns could be made investing in value stocks, great—but which ones? Sure, the author could offer a screen using price-to-sales, price-to-earnings, price-to-book, dividend yield or other financial metrics. But how many readers were actually equipped to do this—and to follow through with an equally rigorous sell discipline? Not many. The author could make specific stock recommendations, of course, but, in most cases, that is better done in an e-letter since the economy and financial markets change quickly.

The advice given in most investment books is either too ambiguous or, conversely, specific but soon dated. No wonder so few investment books are considered classics.

My goal was to break this trend and offer timeless investment advice that told readers exactly how and where to invest their money and in what percentages. And that's exactly what I did with the first edition of *The Gone Fishin' Portfolio*.

I soon learned there was an eager market for this kind of book. The week of its publication it soared to No. 2 on Amazon's list of nonfiction bestsellers and hit *The New York Times*' bestseller list the following week.

Timeless investment advice is an ambitious goal, however. And much has changed since the book's publication in 2008.

We witnessed the housing bust and the biggest financial crisis in nearly a century. Oil prices plunged as new technologies—horizontal drilling and hydraulic fracturing—made formerly inaccessible deposits economically viable. Interest rates dropped all the way to zero—and into negative territory in many countries.

We enjoyed the longest U.S. economic expansion and bull market from 2009 to 2019.

Eleven years of extraordinarily high stock returns were followed by a global pandemic, the greatest spike in unemployment since the Great Depression, the largest economic contraction ever, and the fastest—and shortest—bear market in history, quickly followed by the fastest market rebound and largest quarterly economic expansion in history.

With all these booms and busts, the Gone Fishin' Portfolio was truly put to the test. And it came through like a champ, delivering solid returns with less risk than being fully invested in stocks, and without a single modification to the original strategy.

This last point is key. The idea behind this investment system is to quit worrying about the economy, inflation, interest rates or the financial markets and instead use a strategy designed to grow your assets in good times and protect them in bad, despite the fact that we cannot know in advance when these expansions and contractions will arrive.

My goal with this book is to show readers the safest, simplest way to achieve and maintain financial independence.

I'm not talking about people with great connections, incredible talents or innate genius. I'm talking about everyday, ordinary people. People like Ronald Read.

Read, a longtime resident of Brattleboro, Vermont, died in 2014 at age 92. He lived modestly, as you might expect for a man who worked 25 years at a gas station and then 17 more as a janitor at a local J.C. Penney. Yet his relatives were shocked when they discovered that he left behind an estate valued at almost $8 million.

Read's story puts the lie to the conventional wisdom that to get rich you have to be well connected, highly educated or a successful entrepreneur with his or her own business. He made his fortune in the stock market, where anyone with even a modest amount of savings can take an ownership stake in many of the world's best businesses. He had no formal training in business or economics. But, as he proved with his own example, that's not necessary for long-term investment success.

How did a janitor and gas station attendant build a net worth that put him in the top 1% of the nation? Read was patient. He thought long term and wasn't buffeted by daily events or the regular caterwauls of market pundits. He didn't mistime the market because he never tried to time it. And he diversified broadly.

(Some investment pros will tell you the key to making a fortune in the stock market is owning a concentrated stock portfolio with just a small number of names. The assumption, of course, is this limited selection will do exceptionally well. But what if it doesn't? What if it does exceptionally poorly instead? A smart investor spreads his bets not only to reduce risk but to increase his chances of holding a lot of big winners. In the pages ahead, I'm going to show you how to own not just a few of the market's biggest gainers in the years to come but *every one of them*—and not just possibly but definitely. So stay tuned.)

Read kept his investment costs minimal. He didn't use a full-service broker or other high-paid advisor. He used a discounter only to execute his trades. And he lived frugally. Although his stock portfolio hit the multimillion-dollar mark many years before he died, he didn't flaunt his wealth. He was generally seen in the same flannel jacket and baseball cap. His most expensive possession was a 2007 Toyota Yaris valued at $5,000. He foraged for his own firewood and would often park several blocks away to avoid paying parking fees. As a result, he went from being a janitor to a philanthropist.

What did Read do wrong? From an investment standpoint, almost nothing. But from a commonsense standpoint, I question whether it was wise to live a life of such extreme frugality.

(As we'll discuss, that isn't necessary with the Gone Fishin' strategy. Living like a miser so you can spend your money in retirement is a bit like saving up all your sex for old age. It doesn't make a lot of sense.)

Read could have enjoyed some of the fruits of his success while he was alive, treating himself or someone he loved to something special every once in a while. Then again, that must not have been important to him. (And, after all, it was *his money*.) Clearly, he enjoyed the challenge of living modestly, something beyond the imagination of most Americans today.

On the other hand, his local library and hospital in Brattleboro are grateful. Read bequeathed them more than $6 million.

Why would I lead off with a story about a janitor and gas station attendant who accumulated a multimillion-dollar fortune? After all, someone like Read must clearly be the exception, not the rule.

Not so. I've met many men and women from humble circumstances who have developed sizable fortunes . . . and heard about many more. One of my regular golf partners recently told me he had just settled his father's estate.

"The man was a barber. He never made more than $10,000 a year. So I was surprised to find he left a seven-figure estate." How? By saving regularly and investing in stocks.

Read and my friend's father are typical of the thousands of men and women surveyed by Thomas Stanley and William Danko in *The Millionaire Next Door: The Surprising Secrets of America's Wealthy*. Stanley, and later his daughter, Sarah Stanley Fallaw (also a researcher), spent decades learning how middle-class workers and other men and women of modest means become rich.

The best part? It has nothing to do with founding a computer company in your garage, recording a platinum-selling album or playing third base for the Yankees. Rather, most people who achieve financial freedom in this country follow a remarkably similar path. They adopt work, spending, saving and investment habits that lead—almost inevitably—to a seven- or eight-figure net worth.

All you need are knowledge, discipline and patience. This book provides the knowledge. And in Chapter 15, I'll also address the factors that will challenge your discipline and patience in the months and years ahead.

The principles of wealth creation are well understood. But that doesn't mean that most people understand them. A few years ago, the Securities and Exchange Commission (SEC) released a wide-ranging report on financial literacy in the United States, and the conclusion was clear: We're not there. We're not even close. Yet the consequences of financial illiteracy have never been greater.

Corporate pension plans have gone the way of the passenger pigeon. And without serious reform, Social Security—according to the agency's own website—will eventually be bankrupted by time and arithmetic.

One health and retirement survey concluded that most Americans "lack even a rudimentary understanding of stock and bond prices, risk diversification, portfolio choice and investment fees." The most common response to most questions in the survey was "Do not know."

As a nation, our financial illiteracy is appalling. Even good students graduate from high school without understanding compound interest, IRAs and 401(k)s, or why we even have a stock market. And when it comes to money basics, ignorance gets expensive fast.

Here are just a few highlights from that SEC report.

When asked the primary benefit of portfolio diversification, respondents were given three choices: (a) risk reduction, (b) increased returns or (c) reduced tax liabilities. Only 56% knew the answer was (a). (Even if they had no clue, respondents still had a 33% chance of getting it right.) The reality is that most respondents didn't even know this most basic piece of financial knowledge.

When asked whether a young investor willing to take moderate risk for above-average growth should invest in (a) Treasury bills, (b) money market funds or (c) balanced stock funds, 63% of respondents chose the wrong answer—and even 49% of fund owners didn't know the correct answer was (c).

When asked whether a traditional IRA, a 401(k) or a Roth IRA offers withdrawals that are tax-exempt, only 44% knew the correct answer was a Roth.

This is really a shame, especially in a country like ours where citizens are given unprecedented freedom and opportunity to better their financial lives. Instead, too many learn the hard way, falling for the siren song of an expensive insurance agent or transaction-based broker . . . or committing hara-kari in a discount brokerage account.

What is the solution? Teaching basic financial literacy in every public high school in the country would be a good first step. But education reform is slow and difficult, not least of all because less than 20% of teachers polled said they felt competent to teach saving and investing.

This book intends to fill this gap. I'll cover the investment basics and unite them in a simple, straightforward investment strategy that will allow you to earn higher returns with moderate risk, ultra-low costs, and a minimal investment of time and energy.

Let me get started by telling you a little bit about my background and how I developed this investment system.

My circumstances were not as modest as Ronald Read's or my golf partner's father's. But I wouldn't call them privileged, either.

I grew up the second of four sons, in a middle-class family in the South. I lived in a house with no air conditioning and went to public schools without it. My family had little money to travel. A vacation was the six of us piling into an old station wagon and driving to Daytona Beach to see relatives. (It wasn't until two years after I graduated from college that I took my first commercial flight.)

As a young man, I worked a series of lousy jobs: maintenance on a truck terminal, night shift in an auto-parts warehouse and so on. I had no connections. I had no inheritance. But I worked and saved and invested. And things worked out, as they did for millions of other Americans who followed a similar path. I now spend my days trying to light that path for others.

My financial fortunes did get a tremendous boost when I got into the money management industry in 1985. The work suited me. Sixteen years later, I had gone from a net worth of approximately zero to financial independence. And I retired from the industry.

I was now free to do whatever I wanted, wherever I wanted, with whomever I wanted. It's called total financial freedom. And I can tell you from experience, it's a great feeling.

Unfortunately, many of my clients had not become financially independent. This was not because I advised them poorly. As an investment advisor, I dealt with my clients honestly and gave them the best advice and service I could.

Yet, in many ways, they operated at a disadvantage. Some clients had a poor understanding of investment fundamentals. Others found it impossible to commit to a long-term investment plan. Many were simply too emotional about the markets, running to cash at the first hint of danger.

Contrarian instincts are rare, too, I learned. Few people are emotionally stirred by low stock prices. But I am one of them. Every time there was a correction, a crash or a financial panic, I'd get an adrenaline surge, my pulse would rise, and I'd start buying.

My clients often did just the opposite. They were more inclined to curse loudly, sleep little and hurl epithets, some unrepeatable. Unfortunately, strong emotions like these are often a prelude to bad investment decisions.

Then there was the other small matter of my firm's fee schedule. Investment professionals don't get into the industry because the work is meaningful but low paying. You become a broker, a financial planner, an insurance agent or a money manager to get rich. And most of us do, eventually. In truth, what you're paying your financial advisor is probably too much. Many investors aren't doing that well because their advisors are doing *too well.*

This story is as old as Wall Street itself. In his book *Where Are the Customers' Yachts?*, originally published in 1940, Fred Schwed Jr. tells the story of a visitor to New York who is taken to the harbor and shown the impressive yachts that belong to the bankers and brokers. A tad naïve, the visitor asks, "But where are the customers' yachts?"

Where indeed.

I'm not suggesting that this is all Wall Street's fault. Clients are rarely abducted and forced at gunpoint to sign account-opening forms. Nor can advisors make important investment decisions without their clients' consent (not without landing in the hoosegow, anyway). We all need to take responsibility for the decisions we've made, including the decision to delegate important responsibilities.

Since retiring from life as a registered investment advisor 20 years ago, I've been busy living what I call "the second half of my life" as a financial writer.

For more than two decades I have been the Chief Investment Strategist of The Oxford Club, the world's largest financial fellowship with over 170,000 members. I am also an editor of *Liberty Through Wealth*, a free daily investment research service with over 600,000 subscribers.

Frankly, writing about investments rather than dealing with individual clients suits me better. I can give advice freely, and no one who heeds it has to wonder whether my real motive is to earn fees or commissions or capture their assets. I can offer opinions about the market without a compliance officer scrutinizing my words. And my readers don't have to worry about the objectivity of my analysis. I have no business relationships with the companies I cover, no investment banking colleagues seeking customers for new bond issues or secondary offerings, no reason to tell anything but the plain truth as I see it.

I don't mind telling you that many of these truths I learned the hard way. You can save yourself a lot of trouble—not to mention a boatload of money—by learning from my experience. As I've told my regular readers, "I've made the dumb mistakes so you don't have to."

In the pages that follow, I'm going to share with you the best long-term investment strategy I know.

The Gone Fishin' Portfolio will allow you to successfully manage your money yourself using a simple yet highly sophisticated strategy to increase your returns, reduce your investment risk, eliminate Wall Street's high fees and keep the taxman at bay, too. The idea is simple: Get Wise, Get Wealthy . . . and Get On with Your Life.

In Part I, **Get Wise**, we'll examine the challenges you face as an investor. I'll review the fundamental relationship between risk and reward in the financial markets. You'll also get an insider's view of how the investment industry *really* works.

Get Wealthy, discussed in Part II, means understanding and, I hope, adopting the Gone Fishin' strategy. You'll learn why this is arguably the safest and simplest way to reach your long-term financial goals. I will also address the financial and psychological challenges you're likely to face in the years ahead.

Get On with Your Life, which we will discuss in Part III, means taking your financial destiny into your hands and, at the same time, reclaiming your most precious resource—your time.

Setting up the Gone Fishin' Portfolio is a snap. Maintaining it takes less than 20 minutes a year.

You may not believe you're qualified to manage your money yourself. If so, I beg to differ. Investing can be made endlessly complicated, or paint-by-numbers simple. If you keep things simple, you're perfectly qualified to manage your money yourself—and in a highly sophisticated way.

As an investor, your overriding goal is to achieve and maintain financial independence. Your savings are the fuel. The Gone Fishin' Portfolio is the vehicle to get you there.

Let's get started.

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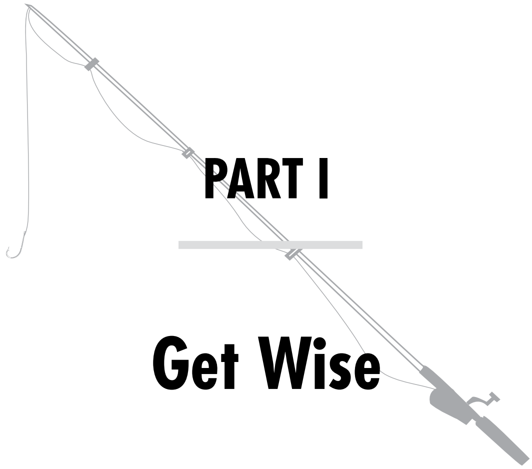
I would like to also express my gratitude to longtime subscriber Bill O'Reilly for his generous endorsement of my work and for writing the Foreword.

And thanks, as well, to our many Oxford Club Members and *Liberty Through Wealth* readers.

Carpe Diem,
Alex Green



PART I

Get Wise

Introduction

As an investment analyst, I speak frequently at investment conferences across the United States and around the world.

The attendees come for a number of reasons. Some want to gain insights on interest rates, the dollar or the stock market. Others are seeking new investment strategies. Still others are looking for good investment ideas or, as one gentleman insisted, "just one great stock."

But before you can put your money to work effectively, you need something even more fundamental to your success: a philosophy of investing.

In her book *Philosophy: Who Needs It*, Ayn Rand argues that all of us have a philosophy of life, whether we know it or not. "Your only choice," she writes, "is whether you define your philosophy by a conscious, rational, disciplined process of thought . . . or let your subconscious accumulate a junk heap of unwarranted conclusions."

What's true of life is also true of investing.

Over the past two decades, I've dealt with thousands of individual investors, some highly astute, some rank novices. Many had only the foggiest notion of what they were trying to achieve—or how. In some ways this is understandable. World markets are complex and the investment process can be daunting.

Beginners often don't understand the fundamentals of saving and investing. And even more experienced investors are often stymied by the complexities and technical jargon surrounding the investment process. Many try (and inevitably fail) to outguess the markets—or simply wave the white flag and turn their portfolio over to "that nice young man down at Merrill Lynch."

Big mistake.

No one cares more about your money than you do. With a basic understanding of the investment process and a bit of discipline, you're perfectly capable of managing your own money, even your "serious money." *Especially* your serious money. By managing your own money, you'll be able to earn higher returns and save many thousands of dollars in investment costs over your lifetime.

The Gone Fishin' Portfolio rests on a powerful philosophy of investing. It's battle-tested. It's built on the most advanced—and realistic—theories of money management. And it works.

Moreover, this book does something that virtually no other investment guide does. I'm going to show you—very specifically—where to put your money. And then I'm going to show you how to manage it year after year.

Once you've set up your portfolio, the whole process will take less than 20 minutes a year to implement. This may sound like an audacious claim. But, as you'll soon see, the strategy itself is steeped in humility.

It is based on the only realistic premise for an investment philosophy—that, to a great extent, the future is unknowable. So don't expect me to draw on my gift of prophecy and tell you what's going to happen to the economy, interest rates, the dollar or world stock markets. (No one is more surprised than me how the market action unfolds each year.) Nor will we ignore uncertainty or pretend we have a system that has eliminated it. Instead, we're going to use uncertainty and make it our friend. In short, we're going to capitalize on it.

Investing is serious business. Getting it right is the difference between a retirement spent in comfort (or luxury) and spending your golden years counting nickels, worrying whether you'll have enough. The difference could hardly be starker.

Up until now, you may have been tempted to turn your investment portfolio over to someone else to manage. After all, your financial security is paramount. You may not think you can take the risk—or handle the responsibility—of running your money yourself. I fully intend to disabuse you of that notion. I also want to point out that there are serious risks to turning your money over to someone else. That person may manage it poorly. Or be terribly expensive. Or both.

If you're skeptical on this point, it may be that you've bought the story that Wall Street is selling: Investing is so complicated—or your personal circumstances so exceptional—that you should not be trusted to run your own money.

I'll concede that if you don't know what the heck you're doing, this is true. But one solution is learning what to do, rather than turning your financial welfare over to someone else.

When it comes to managing your money, there are plenty of potential pitfalls out there. However, those investors who wind up in retirement with less money than they need have generally fallen prey to one of four basic mistakes:

1. They were too conservative, so their portfolio didn't grow enough to begin generating the income required to meet their spending requirements.
2. They were too aggressive, so a significant percentage of their portfolio went up in flames along the way.
3. They tried—and failed—to time the market. Confident that they would be in for market rallies and out for market corrections, they ended up doing just the opposite much of the time.
4. They delegated unwisely. They turned their financial affairs over to a broker, insurance agent or financial planner who—over time—converted a substantial amount of their assets into the firm's assets. In addition, the advisor may have been too conservative, been too aggressive, or tried and failed to time the market.

If your nest egg is lying in pieces late in life, you don't have the opportunity—or the time—to build another one. The consequences, both personal and financial, can be devastating.

Planning your financial future is a momentous responsibility. The Gone Fishin' Portfolio will enable you to handle your serious money—the money you need to live on in retirement—in a serious way.

There are few guarantees in the world of investing. In fact, once you get beyond the risk-free world of Treasurys and certificates of deposit, there are virtually none. However, the Gone Fishin' Portfolio eliminates six major investment risks:

1. It keeps you from being so conservative that your long-term purchasing power fails to keep up with inflation.
2. It prevents you from handling your money recklessly.
3. It does not require you to own any individual stocks or bonds. So a single security—think Enron or Shearson Lehman—cannot cause your portfolio to crater.
4. It does not require a broker, financial consultant or anyone else to attach himself to your portfolio like a barnacle, siphoning off fees every year.
5. It doesn't require you—or any investment "expert"—to forecast the economy, predict the market or analyze competing economic theories about the future.
6. Perhaps most importantly, it guarantees that your time will be your own. Rather than spending countless hours evaluating stocks, market trends or fund managers, you'll spend your time as you please. While others struggle to manage their money effectively, you'll have "gone fishin'."

This last point means that instead of spending countless hours fretting over your investment portfolio, you'll be able to relax . . . play golf . . . travel the world . . . spend more time with your kids or grandkids . . . or just swing on a hammock in the shade with a glass of ice-cold lemonade. Because your investments will be on autopilot.

This is not just a strategy for today's markets, incidentally. The Gone Fishin' Portfolio is designed to prosper—and generate peace of mind—through all market environments. And I invite you to be skeptical. In fact, let me begin by asking you a question.

If I could show you a way to manage your money yourself, using a strategy that is as powerful and effective as any used by the