Happiness instead Can Stock brokers flying blind: Why should you prefer not trust your investment advisor

Saturday, 03.14.2015, 07:43 · FOCUS-Online Editor Simon Che Berberich

Gefällt mir Share 17 Twitter 13

3
Print Send
Why America is Not Normal
These 8 facts prove the situation in America is not normal right now.
www.newamerica2020.com

Investment professionals like to see themselves rational and informed. However, two economists show that the most market strategies do not work. Why this is - and what it really depends on the stock market.

Sophisticated computer models, detailed Excel spreadsheets: if investment professionals present their investment strategies, they like to give the impression of science. Every decision is based on hard facts, any investment success is precisely planned.

But it is probably only in the rarest of cases. In truth counts: pure luck.

The thesis does not arise as a master table discussion of victims of Deutsche Telekom shares. It comes from the economists Campbell Harvey and Liu Yan and was in the prestigious journal "Journal of Portfolio Management" published.

Stock market professionals must now say goodbye to all certainties?

Method: poor

The two scientists are convinced that the statistical methods, looking with those economists and investment analysts for patterns in the stock market up-and-down, are insufficient. They are not capable of distinguishing the laws of chance.

"We can no longer use the conventional statistical tools", discs Harvey and Liu. "Financial analysts - whether practitioners or academics - have to understand that you can find seemingly successful trading..."
strategies by accident."

**DEPOT RATES**
*The best seller on FOCUS ONLINE Make this quick-check*

### 484 Strategies in the test

Harvey and Liu claim that the statistical tests which investment strategies are reviewed, are not strict enough. Researchers are in their analysis 484 investment strategies for the stock market in the USA. Filter the most successful out - and then drag them to their rigorous statistical tests.

Result: After the stricter standards bring even the top strategies no increased profit.

### Strabismus after the excess return

An important aspect in Harvey and Liu's study is the so-called *Sharpe ratio*. This number refers to the excess return; so that part of the return of a completely risk-free rate of return (eg, from the installation to savings accounts) goes.

For example, if savers with a one percent interest rates achieved with the Share Fund XY but five percent, then the excess return is four percent.

According to the findings of the two economists investment professionals often rely on the strategies with the highest Sharpe ratio - a fallacy.

**Because:** "The Sharpe ratio does not represent the true profitability. Leads to a large number of tests, it turns out a high probability that the chosen investment strategy is highly profitable just by chance."

Fund Manager sway therefore false sense of security. They act only apparent on the basis of mathematical knowledge. Even if they are successful: Your luck can always tear.

### Better than the market

The experience seems to be right and Harvey Liu. Many managed funds, where professional money managers make investment decisions, cut in return underperformed the overall market.

Conclusion for investors: It is usually better, the money just in *so-called index funds* to put that track a large stock index stubborn.

**Why America is Not Normal**
*Hypothesis 8 facts prove the situation in America is not normal right now.*

*Consumer advocates* advise in any case to this procedure. Index funds are not only more profitable than many managed funds. They also have significantly lower administrative costs - and therefore the better choice for investors.

**Video: How It Works Saving with funds**
On The Subject

On the stock market make money Five steps to own shares Depot

During sleep, get rich Apple, German Bank, Telekom: This was in 20 years from 1000 €
Currency becoming softer Euro falls to 11-year low

+++ +++ Oil price Weak euro exchange rate more expensive gasoline at eight cents

Shares
Exchange

Follow this topic

FOCUS Classifieds

- Past shares
- Sale Shares

Archive Finance

Day money compared Click here for current rates

Aktien Depot
ETF Aktien
Aktien Fonds

3
Print Send

From our Network
Many Thanks! Your comment has been sent.

In the interests of our users, we reserve the right to examine every post before posting. As a registered user you will be notified automatically via email when your comment has been unlocked.

Breaking news first comment?

The most important message we send a newsletter directly to you. You will not miss more discussion.

BREAKING NEWS
☐ Yes, I would like to receive breaking news via e-mail

Order
Comment on this article Netiquette | Terms and Conditions

Please sign in before a Comment Login

Title Überschrift eingeben Comment text

Reader Comments (5)
14/03/2015
Investment Adviser me Graul a

by Axel Berger Wiele
Never trust your money to another who just want you abzocken. Ich erlebte das have the banks earn and not ich. Darauf I went to the broker, and it worked. I do not need advice, have long ago made at the checkout prices. If the next crash comes, I am the first of goes. Post Reply

more comments (4)
14/03/2015
Investment Advisor ...

by Gerd Wirz

why sitting in the office of the Investment Adviser, but if he has a clear view ?? In a "highly profitable form of investment without risk" as the investment adviser, I had a handwritten addition added by the Treaty text! Correspondingly: If, despite all the assurances by the Investment Advisor I incur a loss, shall be liable to the bank / investment adviser! He did his part not sign the contract ... HILARIOUS or ???
Post Reply

14/03/2015
The interest rates are low and hardly invested

by Dieter Schmeerofen

Kind of weird. The interest rates are lower than ever, investing in energy prices in the basement, but hardly anyone. Many products are cheaper and the debts are highs. Curiously, the company will now absorb more credits. Save for the future, who does not. But on the stock exchanges, brokers sit with expectant faces in front of the screens and let the corks pop, so strong is the duration of the party. The central banks have no reference situation and navigate in blindly. All do the same. Prevent deflation with huge amounts of money. You want in inflation back to 2 per cent. Deflation, which is achieved through increased productivity is welcome. One that is caused by unused production capacity, not against it.
Post Reply

14/03/2015
Investment advisors are only puppets

by Uwe Ostertag

Most investment advisors are influenced in my opinion, subjective, because they have contracts with certain funds and they are also keen on additional commissions. If they were neutral, are objective, but also learned a sense of when and where to properly uses money, then the error rate would be much lower. Even professionals like Warren Buffett can very easily at certain times verspekulieren investments, but these again have the sense to compensate for other investments this. In spite of all investments are playing Russian roulette, which may also account for a certain charm, if one speculates on the basis of large reserves. Also analyzes by means of statistics are not infallible.
Post Reply
14/03/2015
For this purpose, I do not need economists

by Andreas Weber

I've found many years ago even when listening to the ramblings of most investment advisors. I always'll say yes, if the size only 10% as good as they can chatter, then the job would not make more because they all lie in the sun and would enjoy their millions .. Post Reply
Babbel
Our 5 most embarrassing Sprachpatzer in a foreign language

Finances
Fear of exchange
So much return let the Germans do every year

Sponsored
Escape Here
10 Things to do in Yellowstone National Park

Read also
19:40 clock

As in "Wolf of Wall Street"
27-year-old makes fortune with junk shares

The young Americans Joshua Sason afford an extravagant lifestyle: film appearances, luxury holidays and model girlfriend. The secret of his success: Investments with junk shares. The business is risky. Critics call it "death spiral financing". "

Market news

Chasing Records: Dax breaks the 12,000 point mark

The ECB buys month for 60 billion euros of government bonds. Of this German shares have benefited greatly. But how long can the Dax still down? Follow the actual development of markets, including real-time charts on ABC Online. "

Fear of exchange

So much return let the Germans do every year

The stock markets are booming, simultaneously saving throw Books and hardly any interest from money. Nevertheless despise most Germans stocks and funds. This has at least some good reasons, as a matter of grant share friends. "

Video 14/03/2015 1
Price check for the weekend

Why you should not sell the first exchanges sander again

Investors were able to win a lot of money in the stock market since the beginning. But now experts say one of the steep climb ahead. That's not a reason to sell. But it is time to secure his gains. "

"Exchange" Subscribe
RSS Keep up with the latest articles on the topic of "exchange" in your RSS reader or e-mail program

Monday, 3/16/2015

24-Hour News Ticker

- 8 minutes ago: Bundesliga: 3: 1 against Düsseldorf...
- 12 minutes ago: Main training in Russia: Putin v ...
- 23 minutes ago: "High fans are a disgrace": M ...
- 25 minutes ago: FC Thionville against Dynamo: 175 Hard ...
- 44 minutes ago: On Wednesday: Cockpit calls Lufthan ...
- Ukraine crisis: Kremlin Speak ...
- Crisis in Greece: Tsipras ...
- Did you know ?: You are the ...

- Hostesses revealed: So slippery it goes ...
- Speculated Beckenhauer: "Bayern would guar ...
8 % + mehr mit Kautschuk
Unverzichtbarer Naturstoff, begrenzte Anbaugebiete, langjährige Erfahrung, Unersetzbar.
Hier informieren

GALAXY S4 für nur 1€!
GALAXY S4 für nur 1€ einmalig + BASE all-in inkl. doppeltes Datenvolumen nur 2€ mtl.!
Jetzt sichern!

Solaranlage inkl. Montage
Jetzt Strom und Geld sparen. Angebote erhalten, vergleichen & günstigen Strom nutzen.
Hier kostenlos anfordern.

Exchange
rss

Shares Currency
Fund Gold
Social Trading Certificates

Exchange 20:24 clock 2
++ ++ Oil price

US oil price drops to lowest level in six years

Most Viewed

1
++ ++ Oil Price
US oil price drops to lowest level in six years

2
Exchange currently
on record hunt: Dax breaks the 12,000 point mark

3
+++ +++ Gold Price
Gold Price starts up slightly in the week
No fear of Apple and Google! Therefore, auto stocks are a buy now

This week, the car industry in Geneva showed their ideas for the future. Commerzbank chief investor Chris Oliver Schickentanz keeps auto stocks also therefore still a good investment and keeps the hype around Apple's car is premature. "

Video 03/06/2015 4
Stock market update on Friday
In addition to professional job board: How to Earn With Social Trading

When Social Trading Investors can copy the strategies of successful investors by simply follow these - and invest a predetermined portion of their assets in the same values. But even for the top traders, it is profitable to have many followers. By FOCUS-MONEY-author Mario Lochner »

Virt: Follow your own portfolio Login Register
Financial investment
No more financial-Chinese

The investment The Giant Dictionary

Withholding tax, Baby Bond, Certificate: The financial world has its own language - and lets investors often clueless. ABC Online provides perspective and explains the key concepts around the topic of money. From FOCUS online editor Simon Che Berberich »

Banks 17
Custodian costs

The terms of 20 securities accounts in comparison

Many banks advertise with a free securities account. But investors should look carefully, because you can save several hundred euros a year. From FOCUS Online Editor Harald Kuck »
Mobile Apps: market news

News, Videos and Wallpapers on iPhone & iPad

- New app for Android smartphones ABC Online

User Review Manager

<table>
<thead>
<tr>
<th>TOP 3</th>
<th>FLOP 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Randolf Rodenstock (Rodenstock)</td>
<td>Georg Funke (formerly Hypo)</td>
</tr>
<tr>
<td>Heiner Kamps (Kamps Bakery)</td>
<td>Wolfgang Mayrhuber (</td>
</tr>
<tr>
<td>Hans Rudolf Wöhr (WÖHRL)</td>
<td>Georg Kofler (Kofler Energies)</td>
</tr>
</tbody>
</table>

more results

Finance News in a new form - try Sies out! : Free Download

FOCUS Online screensavers Finance

Partner Offer

More Business News

21:29 clock
Roundup / shares of New York Deadline: US interest hopes to give Wall Street boost

21:01 clock
Financial investor Permira rises at Hugo Boss from completely

19:31 clock
Total Roundup: Tsipras comes to Berlin - Schäuble expects from Athens

in front of
back
HOW TO TICK THE MARKET?

- Contents
- Archives
- Bulletin subscription
- Digital SUBSCRIPTION
You are here: Finance > Stock Exchange > luck rather than skill: Stockbrokers flying blind: Why you should and should not trust your investment advisor
Top Rated Videos

- Politicians podcast check: Künast and Trittin: Scenes from a Marriage

- Simple to the point: That is how the coalition negotiations

- Really disgusting: US Rep makes it really live on TV?
Did you know that?: You are a creative genius when ...

Speculated Beckenbauer: "Bayern would Guardiola to hold the end of life"

First appearance in days: Putin is back - why he was gone, remains a mystery

Latest Photo Galleries

Mazda CX-3 G 150 AWD: Freischwimmer

Tourism: cooking club and art collection: The "Britannia" sets sail

Art Berlin Bauhaus with a new permanent exhibition

Most Viewed Photos Galleries

If models to mutants: These are the most embarrassing Photoshop disasters in the network

Sporty, fast, sexy: So you did not know about the world's best ski girls
Beauty's in the pit lane: The Beautiful Women of the fast Formula 1 Driver

All messages

- 2 minutes ago. . 2 Bundesliga: 3: 1 against Dusseldorf ...
- before 6 min. combat training in Russia: Putin ver ...
- before 14 min. Rates: Cockpit calls for Wednesday's ...

Theme

- Hearing Aids
- Canine
- Cats
- Trend Sports
- Holiday Germany
- Check-up & Test
- Scene of the crime
- Bundesliga clubs

Specials

- Lotto
- Loan
- Heating oil prices
- CHIP PHOTO VIDEO exclusively
- Diseases

Focus Issue SUBSCRIPTION RSS Widgets Archive Sitemap Contact Privacy Terms Advertise Contacts About Our Ads

Personal Newsletter E-Mail-Adresse

Suchbegriff

Photo Credit:

ABC Online, Commerzbank, Bloomberg / Composing FOCUS Online, AP / David Plane, dpa / Fredrik von Erichsen, Panther Media, AP / Larry W. Smith, AP / Boris Roessler, dpa (5) dpa / Maurizio Gambarini, Colourbox .com (3), https://instagram.com/nikitaklaestrup/, FOCUS-MONEY, ddpimages, focus online (2), Bloomberg, AP / Franziska Koark, REUTERS, TOMORROW FOCUS AG

All content, including text and images from Agencies are copyrighted and may only be reproduced in the ordinary use of the service, distributed or otherwise exploited.

FOCUS-MONEY Online

© 1996-2015 ABC Online