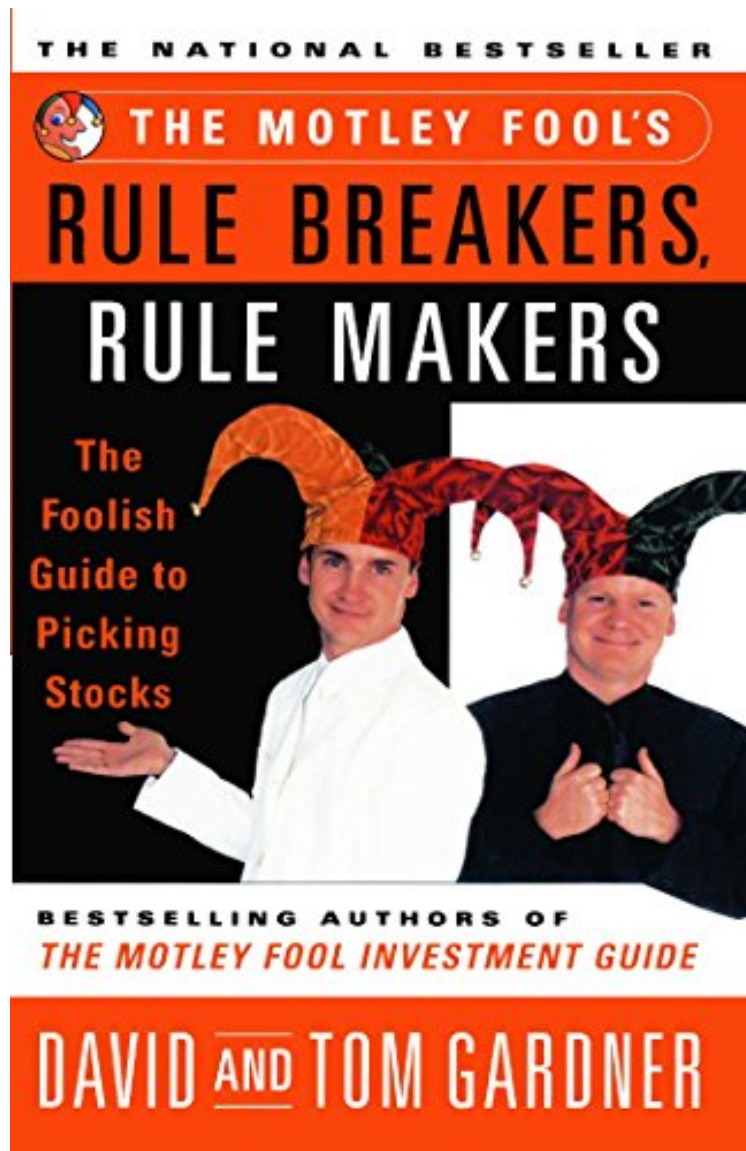


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The Motley Fool's Rule Breakers, Rule Makers: The Foolish Guide to Picking Stocks

David Gardner, Tom Gardner

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David Gardner, Tom Gardner : The Motley Fool's Rule Breakers, Rule Makers: The Foolish Guide to Picking Stocks before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Motley Fool's Rule Breakers, Rule Makers: The Foolish Guide to Picking Stocks:

4 of 4 people found the following review helpful. The Motley Fools' best book yet...By A CustomerFor years, the Gardner brothers, better known as the Motley Fools, have been providing average Americans (or at least those on the

internet) with the best advice available on financial and investment matters--in marked contrast to the Wise of Wall St., who encourage short-term thinking and trading (to their profit, of course, but to investors' detriment). I suspect my story is typical: a couple of years ago, I was investing rashly in all kinds of low-quality companies of which I knew little and, not surprisingly, was trailing the market badly. Then I discovered the Fools and their advice finally sunk in 19 months ago. I sold all the junk in my portfolio and purchased a solid mix of world-beating companies. Since then, my portfolio is up 142% versus 49% for the SP 500, including 108% in 1998 versus 29% for the Index--with no leverage, trading, options, capital gains, etc. For the novice investor, I would recommend the Fools' earlier books (and probably an Index fund rather than buying stocks), but for people who understand the basics of investing, Rule Breakers, Rule Makers is by far the Fools' best book yet. In it, they cover two types of stocks: Rule Breakers such as .com and AOL (for which they have become famous, or in some quarters, infamous as "internet hypesters" or some such rubbish) and Rule Makers like Microsoft and Coke. They lay out a sound approach for thinking about each style of investing and picking winners within each style. To their credit, they strongly recommend that investors build a foundation of Rule Makers before venturing into much higher risk Rule Breakers with a smaller bit of money. Having read many of the classics on investing (Buffett, Lynch, Graham Dodd, Fisher, etc.), I believe this book deserves a spot among them--and in many ways, is superior to them as a practical, how-to guide for investors. 32 of 33 people found the following review helpful. Stock Picking Quantified By Donald Mitchell Having been disappointed in the earlier investing books by the Gardner's (You Have More Than You Think and The Motley Fool Investment Guide), I found Rule Breakers, Rule Makers to be a solid and satisfying investment book. That was a pleasant surprise. The first half of the book focuses on Rule Breakers, newer companies that have successfully established a new business model that will emerge as the new standard. The examples are pertinent and interesting to consider. The cases are turned into specific guidelines for you to consider in selecting stocks. In a time when new business models are created much more frequently than ever before, this is a superb focus for an investment book. I strongly suggest you read and focus on what is said here to select the companies. The Rule Maker section looks at more mature companies that have such market power that they can create a successful future for themselves. The main benefit is that it may be easier to sleep with a portfolio full of these stocks because they are typically not as volatile and as high priced. I particularly liked the appendix where 12 companies (AOL, Cisco, Coca-Cola, Dell, Disney, Gap, Intel, Kmart, Microsoft, Nike, Pfizer, and Schering-Plough) are evaluated using the Gardner's methods. This makes it much easier to understand their concept. People who love the flippant style of the Gardners may not love this book as much as I did. The book is more conservatively written and framed than the usual Motley Fool style. But where money is concerned, clarity should be selected over humor. I think the Gardner's made the right decision. If you are interested in stocks that may well grow faster than the market, I suggest this book as a solid way to evaluate the potential candidates. The book compares well to other books that look at this same question, being more specific and helpful. Well done! 14 of 5 people found the following review helpful. The Best of the Gardners' Thinking on Stock Picking By Donald Mitchell Having been disappointed in the earlier investing books by the Gardners (You Have More Than You Think and The Motley Fool Investment Guide), I found Rule Breakers, Rule Makers to be a solid and satisfying investment book. That was a pleasant surprise. If you decide to read any of the books by the Gardners, I suggest this one. The book is a combination of a conceptual search for outstanding growth companies to buy stock in, along with a quantitative discipline to test your thinking. This is also unusual in investment books, 99 percent of which are qualitative only. The first half of the book focuses on Rule Breakers, newer companies that have successfully established a new business model that will emerge as the new standard in their space. The examples are pertinent and interesting to consider. The cases are turned into specific guidelines for you to consider in selecting stocks. In a time when new business models are created much more frequently than ever before, this is a superb focus for an investment book. I strongly suggest you read and focus on what is said here to select the companies. Generally, you will not be able to pick stocks that will outperform the market. See John Bogle's excellent book, Common Sense About Mutual Funds, to learn more about why. The only approach that I think has a chance is to locate business model innovators. My research into top performing stocks has shown this factor to be determinative for many of the best companies. The Rule Maker section looks at more mature companies that have such market power that they can create a successful future for themselves. The main benefit is that it may be easier to sleep with a portfolio full of these stocks because they are typically not as volatile and as high priced as Rule Breakers. I particularly liked the appendix where 12 companies (AOL, Cisco, Coca-Cola, Dell, Disney, Gap, Intel, Kmart, Microsoft, Nike, Pfizer, and Schering-Plough) are evaluated using the Gardners' methods. This makes it much easier to understand their concepts. People who love the usually flippant style of the Gardners may not love this book as much as I did. The book is more conservatively written and framed than the usual Motley Fool style. But where money is concerned, clarity should be selected over humor. I think the Gardners made the right decision. If you are interested in stocks that may well grow faster than the market, I suggest this book as a solid way to evaluate the potential candidates. The book compares well to other books that look at this same question, being more specific and helpful. I also suggest that you consider the thinking in ChangeWave Investing as a test on your ideas drawn from this book. Well done! Good luck in applying these concepts to an appropriately-sized part of your portfolio when you can buy outstanding companies cheaply!! We may be nearing such a moment later in 2001.

THE NEW YORK TIMES BESTSELLER From the bestselling authors of *The Motley Fool Investment Guide* and its successful, savvy prequel, *The Motley Fool's You Have More Than You Think*, here's an engaging, humorous, and practical stock-picking guide, packed with Foolish insights, that caps off this invaluable personal finance trilogy from David and Tom Gardner. *The Motley Fool's Rule Breakers, Rule Makers* presents the sophisticated, yet easy-to-understand stock-picking methods that have kept the Motley Fool portfolio beating the Standard Poor's averages by more than 30 percent. The key is investing in small start-up companies that have historically offered the greatest investment returns (the "rule breakers") as well as huge companies that maintain legal monopolies in their fields (the "rule makers"). The Gardner brothers explain* How to identify the best investments in today's public markets: the rule breakers and the rule makers* The definition of a "tweener" -- a maturing rule breaker -- and how to detect the Tweener Death Rattle* When to buy and when to sell, and how to manage your portfolio on a regular basis In their first two books, the Fools got you started in investing and freed you from the fees and worries that Wall Street's Wise Men have been imposing on investors for decades. Now, by sharing their methods for picking rule breakers and rule makers, they guide you through a stock market that has seen company valuations soar to unprecedented heights and that promises to continue providing roller-coaster thrills. The Motley Fools are the ultimate companions to bring along for a safe, fun, and profitable ride.

.com For the past eight years, the U.S. stock market has been on a bull run the likes of which few have ever seen, making and breaking records almost every quarter. And for the last four of those years, David and Tom Gardner's self-described market-crushing stock portfolios have made the market's own incredible performance pale by comparison. In their third book, *The Motley Fool's Rule Breakers, Rule Makers*, the brothers reveal the methodology behind their stock-picking success, which is impressive. The Rule Breaker Portfolio (formerly known as the Fool Portfolio on their Web site) has risen some 650 percent since its inception in 1994, thanks to stocks such as America Online, McAfee, and Wal-Mart, while the Rule Maker Portfolio (formerly known as the Cash King Portfolio) has risen 440 percent on the backs of investments in Microsoft, Cisco Systems, and Intel. Fans of the Motley Fool, who with luck have prospered from the Gardners' timely advice, will no doubt love *Rule Breakers, Rule Makers*. The book is written in their usual humorous and self-congratulatory style--not only educational, but often aimed at making the pros on Wall Street wince, as they should. However, if you're new to the Motley Fool or to stock picking in general, you may do well by first considering one of their earlier books, *You Have More Than You Think* and *The Motley Fool Investment Guide*. --Harry C. Edwards From *Publishers Weekly* The sassy creators of the popular personal finance Web site and authors of the bestselling *The Motley Fool Investment Guide* (1997) now offer advice on how to evaluate the investment potential of specific companies. Here, the Gardners proffer five key principles by which to judge innovative "Rule Breaking" companies. Among them: "top dog-and-first-mover in an important emerging industry" (e.g., .com and Whole Foods Market); "sustainable advantage due to business momentum, patent protection, visionary leadership, or inept competitors" (Wal-Mart, Amgen); and "smart management and good backing" (Intuit). Yet, while the Gardners tell readers not to pay attention to analysts' expectations and earnings statements, they proceed to break their own rules, explaining that, as companies get more profitable and grow into "Rule Makers," investors should look to more traditional measurements such as sales-to-debt ratios, growth, etc. The book is certainly more fun than most stock-picking manuals, and the insights into company management are amusing. In discussing the poor performance of Boston Chicken, the authors write, "Rather than being inept, Boston Market wound up playing chicken with companies whose managers were smarter and more experienced hands at this game." However, novice investors may find the advice more difficult to follow than previous Motley Fool books. Author tour. Copyright 1999 Reed Business Information, Inc. From *Library Journal* The title does not exactly inspire confidence, but this tape by these popular and irreverent guides do offer prudent advice about picking stocks. "Rule Breakers" are rising innovative companies moving to a top ranking. Buying those types of stocks early in their rise could be beneficial if those companies come to dominate their field, often with strong marketing and brand recognition. The trick, not adequately addressed here, is for the investor to identify companies that will be strong over the long term and to do so before other investors. The advice is cleverly presented with a bit of humor. This is a worthwhile purchase for libraries that want to expand their stock investment tapes. A Mark Guyer, Stark Cty. Dist. Lib., Canton, OH Copyright 1999 Reed Business Information, Inc.