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Just The Facts

Title: Investing with Exchange-Traded Funds Made Easy

Author: Marvin Appel

Publisher: FT Press

Length: 265 pages

Price: \$24.99

Reading time: 8 hours

Reading rating: 7 (1 = very difficult; 10 = very easy)

Overall rating: 4 (1 = average; 4 = outstanding)

Dr. Marvin Appel is the CEO of Appel Asset Management and a leading expert on valuing and selecting Exchange-Traded Funds(ETFs). Over the last several years ETFs have been the most innovative and rapidly growing investment vehicle available to the individual investor. Dr. Marvin Appel has written a step by step approach to investing in ETFs in order to reduce costs and achieve higher returns. The author's key to success rests, in part, in his writing style. He introduces the essential ideas in his discussion early on then he spends the rest of the book circling back to deal with these ideas in increasing depth. He never overpowers the reader with his relatively brief discussion of important ideas.

The opening section of the book is oriented around the topic of how ETF's work, with their major advantages and how and why they differ from other mutual funds. Additional topics discussed include diversification, investment style, transparency of purpose, and low cost attributes of ETFs. Dr. Appel skillfully employs footnotes to broaden his discussion without moving away from the major theme of the chapter.

There is one area that seems out of place in a discussion of ETFs; that is the introduction of technical analysis to support short term trading. My view is that technical analysis lacks currency in the investment literature and alters the tone of the discussion from considering a simple, smart vehicle for the long term investor to one of letting greed drive decisions for short term gain. While the discussion of market indexes is simple and understandable it lacks sufficient depth to be useful.

The second part of the book discusses two essential elements in developing an investment strategy for the individual investor. The many dimensions of risk are covered with clarity and with an interesting historical overview. The final theme, asset allocation, is given considerable attention in the last section of the book. At the end of the book I would have included a final chapter on life cycle funds (Vanguard calls these funds target retirement funds; Fidelity refers to these funds as freedom funds) for the investor that wants to take advantage of ETFs without the asset allocation issues associated with building a portfolio of ETFs that are appropriately weighted to achieve a given investment objective.

There are several web sites that provide valuable information and complement the book. Each of these web sites slices and dices the universe of ETFs in a different way. Consider the following: [www.XTF.com](http://www.XTF.com); [www.morningstar.com](http://www.morningstar.com)

Austin Spencer is Professor of Finance in the College of Business at Western Carolina University. His research interests include topics related to financial markets and financial institutions For previously reviewed books visit [www.wcu.edu/cob](http://www.wcu.edu/cob)