

News from CFALA

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Retired Securities Industry Insider Who Criticizes Wall Street “Wisdom” To Speak in L.A. on Oct. 7

LOS ANGELES – “Never look to Wall Street for advice on the stock market outlook; it’s not credible,” says Stephen T. McClellan. “Wall Street has a difficult time being negative because it’s trying to sell you something. The two most important clients of brokerage firms are institutions such as mutual funds that own huge stock positions and corporate executives who dole out investment banking business. They don’t react well to ‘Sell’ recommendations.”

That’s a sample of the candid advice offered by McClellan, a CFA (Chartered Financial Analyst) charterholder who spent 32 years on Wall Street as a senior securities analyst and is enshrined in The Wall Street Journal's Analysts Hall of Fame.

McClellan, whose new book, “Full of Bull: Do What Wall Street Does, Not What It Says, To Make Money in the Market,” will discuss how Wall Street really works at 12:30 p.m. Tuesday, Oct. 7 at the Omni Hotel in downtown Los Angeles. His presentation is sponsored by the CFA Society of Los Angeles, a network of investment professionals working to disseminate useful financial information and increase awareness of the CFA® designation, which sets the highest standards of ethics, education, and professional excellence.

Individual investors, says McClellan, should steer clear of brokerage-promoted trading strategies and concentrate instead on making sound, sensible, long-term investments. Wall Street research can be extremely valuable to those who know how to interpret it, he notes, and research reports are highly informative on company fundamentals and industry trends. But there are fatal flaws in the system, for example, the Street is notoriously bad at picking stocks!

McClellan advises individual investors to hold no more than a half-dozen stocks, focusing on profitable companies with good cash flow, value stocks with ample dividend yield. Holdings should represent several different sectors and might include an exchange traded fund (ETF). He stresses capital preservation and risk management, but says too much diversification is actually “de-worsification” and leads to mediocre performance.

McClellan’s presentation is open to the public. For those who register prior to Oct. 3, the fee is \$60; \$70 after that. To register, please contact Adrienne Regrutto at (213) 341-1164 ext. 705. For additional information, please contact Steve Fox at (805) 647-8225 or steve@silverfoxco.com.

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