

Mutual Fund Small Caps: The Better Choice

James Gale

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The author's own trial-and-error experience guides his advice to intermediate-level investors.

In the face of uncertain market conditions for investors, James Gale has chosen an apt time to publish *Mutual Fund Small Caps: The Better Choice*. His focus on mutual funds situates the book within the subgenre of financial advice, setting it apart from those with a general focus on economics. He offers sound, friendly financial advice.

Gale's unbiased advice—he's not advocating for specific funds, firms, or financial agendas—is an asset to readers. As an investor, he used 401(k), 403(b), IRAs, and other means to fund his retirement. Based on his own trial-and-error experience, his wisdom on “how to navigate through recessions and mitigate losses in such times” is timely and welcome.

The book is divided into seven short chapters. The first provides a description of the broad events of the stock market over the last twenty years, helping the less financially minded reader acclimate to the financial landscape. The book then goes through sections on recession—a key topic for readers—and different investment options.

Gale's advice is sensible and helps readers know when to act and how to avoid being reactionary. For example, “I usually give funds in my portfolio a couple of months to compare with their category peers. If they rise or fall in tandem, it is usually the market. If a fund or funds compare less well, and by that I mean are say 3% lower than their peers, maybe it is time to go back to the Morningstar [sic] screen and take a look at other funds.”

While investors less astute or business-minded than Gale will be able to understand and use the information in his book, the author's approach favors readers who, like him, are not intimidated by finance and enjoy the challenge of managing investments, including problem solving. The book has tables dense with numbers, and Gale doesn't dedicate much space to helping readers understand key terms and abbreviations. The result is an approach better suited to intermediate investors than beginners.

More advanced investors may be put off by the fact that most of Gale's investment wisdom is drawn from his own personal experience. While he shares research about the investment industry, he's not shy about using phrases such as “I usually” and “I have tended to,” or providing other information drawn from his experience planning his own retirement. This approach, along with Gale's clear but often wordy writing style, gives readers the sense they're talking with a trusted, experienced friend or family member, rather than a savvy financial advisor.

The book's title suggests the focus is solely on small-cap mutual funds, but Gale takes a broader approach, discussing other investment methods such as 401(k) and 403(b). As a result, the book shows how the mutual funds of the title fit into the overall market. The book's trim size makes it feel slimmer than its fifty-eight pages, hiding the fact that it's full of weighty wisdom.

Gale's openness about his own retirement-planning experiences creates a nice addition to the financial advice subgenre.

MELISSA WUSKE (September 18, 2013)

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