

>: Brokers vs. Newsletters (II)

Tuesday, September 4, 2007 | Jason Jovine

Last week in [Brokers vs. Newsletters \(Part I\)](#)

, I spoke about some of the pros and cons of using a broker. This week, I am going to highlight some of the pros and cons of using a financial newsletter.

There are so many things that one can discuss every week, and it is hard to decide what to write about. When I write, my objective is to give you practical, real world advice. I started on Wall Street when I was only 18 years old, working at a firm called Gruntal and Co. as an assistant for a man who specialized primarily in fixed income (e.g., bonds).

Since then, I have acquired many years of real world experience and education in the financial world. I tell you this not to impress you but to impress *upon* you that you ought not to dismiss the stuff that you read in my articles or in any article that you read in *The Tycoon Report*. We are here to try to

Financial Newsletters

PROS:

1. TOP TALENT You get access to top talent. How much do you think it would cost you for a real, battle-tested Wall Street veteran to manage your money if I asked him to? Do you see what I am saying? A newsletter, because of economy of scale, is able to supply you with advice from the pros for a fraction of the cost. It is simple economics, ladies and gentlemen.

2. COST The cost of a newsletter is, relatively speaking, much less than if you were to deal one on one with a professional money manager. Let's say that you paid \$2,495 for a year's subscription to a service. This is costing you \$6.83 per day (\$2,495/365)! You get the trades from the newsletter and then simply go to your online discount account and pay \$5 or \$10 to put in the order.

3. EASE OF USE/CONVENIENCE.

They are absolutely great for "do-it-yourselfers." For example, when you sign up for one of our newsletters, we e-mail you what we want you to know (e.g., which stock or option to buy), and then you take this information and put in the trade yourself.

4. REFUND POLICY.

There is usually a money-back guarantee period. Each newsletter will have its own refund policy. Here at Tycoon, we offer a 30-day money-back period. In other words, if you sign up to one of our products and don't like it, you can cancel within 30 days and get ALL of your money back! How many money managers are going to tell you that you can "Use my services for 30 days, and if you don't like what I am doing, I will give you all of your money back that you paid me." Wouldn't that be great if they did?

5. TIMELINESS OF INFORMATION.

As you know (or should know), timing is everything when it comes to trading. When a CIO (Chief Investment Officer) of a newsletter feels you should make a trade, he simply pushes a button and you get an e-mail instantaneously. If you deal with a broker, they can't do this because of the regulations involved. Brokers can do trades instantaneously for you if you have what's called a "discretionary account" set up with them. This type of account allows them to not have to contact you before making a trade. I wouldn't personally advise it, because, in my humble opinion, it is like giving the proverbial fox the key to the chicken coop, if you know what I mean.

CONS:

1. NO PERSONAL FINANCIAL ADVICE.

A newsletter is prohibited from giving its subscribers personal financial advice. In other words, when you do business with your personal financial advisor, if he is any good, he will ask you a series of questions. They may include questions about your age, net worth, annual income, risk tolerance, etc. When he is done, he will prescribe a course of action for you to take. For example, if you go see a financial advisor, and you tell him that you want to retire by the time you are 60, the financial advisor will show you what you need to do to get there. An investment newsletter gives general advice. The newsletter can offer general advice for all of its subscribers but nothing specific for your unique needs. In other words, if you e-mail a newsletter editor and ask him how, specifically, to save for your three children's college funds when they hit 18, you will not receive that type of information.

2. TECHNICAL PROBLEMS.

If you subscribe to an online newsletter like ours, you may from time to time experience a technical glitch (fortunately for Tycoon, this rarely ever happens). Your computer may crash; there may be server problems, etc. What I tell people is to make sure that they have a "Plan B" should this happen (e.g., an alternative way to access e-mail). On a different note, you should always make sure that your information is up to date as well (e.g., phone number, credit card info), so as not to disrupt your service. I have heard one too many horror stories of newsletter subscribers who

missed some profitable trades because their subscriptions were up for renewal, and their credit cards had expired, not to mention that the phone numbers were not on file (i.e., there was no way to contact them). They missed out on a lot of timely information because of this disruption. Make sure that this is not you.

AND THE WINNER TO BROKERS VS. NEWSLETTERS IS:

There is no winner; it's a draw. Sorry to disappoint you, but whether you should deal with one or the other depends on your unique needs as well as your unique personality. If you are a person who needs your hand held when the market is down, perhaps you need a broker for that.

If you are a person who wants to just get the information and handle it yourself, then maybe a newsletter is in order. Maybe you are a little bit of both and should have a broker for some of your investments and use a newsletter for your trades. Again, this depends on you.

Get serious, look in the mirror and decide how you need to invest from this day forward. Fair enough?

Until the next time, folks, spend your hard-earned money wisely.



Jason Jovine
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