



The elements of success

Summer Reading List: Investing & Finance

Regardless of how the delivery of books are evolving, the value they bring to our lives will never change. Starting in the middle of the 20th century, the world of finance and investing became more popular and consequently, so too did books on the subject. Today, there are hundreds of financial books covering everything from investment dividends to the Dutch tulip trade of the 17th century.

“An investment in knowledge pays the best interest.”

- Benjamin Franklin

So where are the best places to start looking? Though there are several books that continually top popular lists, not every book is right for every person. Some are detailed descriptions on stock picking that will appeal to technical investors. Others look at government involvement in the market and will be more appealing to the politically minded. Here are some areas of financial reading that many people find interesting and some of the most popular books that represent them.

Famous Financial Moments

These books are among the most entertaining and easiest to read. One of the most popular is **“When Genius Failed”** by Roger Lowenstein, which adds suspense to the story of the ‘90s hedge fund Long-Term Capital Management, documenting its runaway success and its cataclysmic failure. Lowenstein has also written a number of other books, mainly focusing on financial breakdowns in recent history.

“Bailout Nation” by Barry Ritholtz is another favorite of people with a casual eye for the financial world. In the book, Ritholtz outlines the historical changes that brought the United States into the 2008 financial crisis and the effects bank bailouts may have on the future of the financial industry.

Popular Economics

If you are looking for a simple book that explains the fundamentals of financial markets and demystifies the

jargon made common by the 2008 financial crisis, **“Man vs. Markets”** by Paddy Hirsch may be the perfect choice. Hirsch’s book covers the basics of stock ownership, options, trading, credit swaps and quantitative easing in a relatable way.

Though its language makes it more of a chore to read, Charles MacKay’s 1841 classic **“Extraordinary Popular Delusions and The Madness of Crowds”** is perhaps the first written examination of behavioral investing. In the book, MacKay looks at a number of investment bubbles (and other bandwagons) throughout history. Though not directly useful to investors, its historical records prove that as long as people are involved, markets can behave irrationally. (Given the book’s age, it is in the public domain; readers can either buy a copy from a publisher or simply look up the text on line for free.)



Basic Investing Principles

A great resource for investors who do not wish to purchase individual stocks is **“Common Sense on Mutual Funds”** by John Bogle. The book summarizes and argues for Bogle’s well-known belief that choosing a mutual fund is more about the fees paid than the returns recorded by the fund manager.

If you are considering adding more risk by directly purchasing stocks, **“One Up on Wall Street”** by Peter Lynch may be a good book for you. Lynch, who managed one of

the most successful mutual funds in history, uses his book to discuss the opportunities for amateur investors and the potential benefits of selecting your own stocks.

It's never too early to teach children the importance of money management. **"Make Your Kid a Money Genius (even if your're not)"** by Beth Kobliner is a great parents' guide for teaching smart money habits to children from toddler to young adult.

Classics for Serious Investors

Here is where the books start to get more technical and are meant to help investors select their investment securities. There are a number of good books in this category, but three in particular are almost universally agreed upon as the best: **"The Intelligent Investor," "Security Analysis"** and **"Common Stocks and Uncommon Profits."**

"The Intelligent Investor" was first written by "the father of value investing," Ben Graham. Since it was first published in 1949, "The Intelligent Investor" has been heralded as one of the most influential books on investing. Famed investor Warren Buffett (whom Graham mentored) has repeatedly called the book "the best book on investing ever written." In "The Intelligent Investor," Graham outlines the mindset investors should take to owning stocks and introduces basic stock analysis.

Written with David Dodd, Graham's other book, "Security Analysis," is the more detailed of his works. "Security Analysis" helped pioneer the concept of thoroughly

researching stocks to find their underlying value. Though written in 1934, it remains a valuable resource today. It should be noted, however, that "Security Analysis" is a more technical book than "The Intelligent Investor." Those unfamiliar with stock evaluation should read "The Intelligent Investor" first and then, if interested, proceed to "Security Analysis."

Whereas the first two books focused on "value investing," the last focuses on "growth investing." Philip Fisher's "Common Stocks and Uncommon Profits" is one of the best-selling investment books of all time and has had a huge impact on the market. In his book, Fisher outlines the features a company needs to grow successfully in the future. Much like "Security Analysis," the book targets investors who wish to better understand the technical aspects of a company's growth.

Take a Look

There are a number of quality books written for people in all stages of financial planning or education. Dozens of books are written on these subjects each year, so the list of reading material continually grows. Although you may not want or be able to read them all, these highly regarded books should provide an excellent place to start.



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