

5 BEST BOOKS ON INVESTING

There is no shortage of books on investment, though more than a few are of dubious value. The good books, however, deliver useful information in a well written, entertaining manner. I surveyed my library and have come up with 5 books that meet my criteria of a “great” investment book.

This list is necessarily subjective and is presented as a guideline for readers. Other books could certainly argue for inclusion. The time spent reading the following books will certainly be a great investment.

The Intelligent Investor by Benjamin Graham

Ben Graham is considered the “father” of security analysis because he almost literally created the profession by publishing his first book, Security Analysis in 1934. Security Analysis is essentially a text book that provided readers with a systematic methodology of analyzing securities representing the dominant industries of 1934. Graham also articulated a philosophy of investment which is commonly known as “value” investing.

The Intelligent Investor was first published in the late forties and is a less technical, but no less valuable, discussion of investment principles that have stood the test of time. It is considered by many to be the best book on investment, and I concur.

The Money Masters by John Train

The Money Masters was first published in 1980 and devoted a chapter each to well-known investors such as Benjamin Graham, Warren Buffett, John Templeton and others. The book is valuable in describing various approaches to successful investment as well adding colour by describing their respective personalities. John Train’s subsequent books are also worthwhile.

I recall this book making a great impression on me when I was in school.

Market Wizards by Jack Schwager

Jack Schwager devotes a chapter each to interviewing highly successful traders such as Paul Tudor Jones in this 1989 book. The emphasis is on futures based trading but equities are discussed. The great value of the book is exposing investors to other asset classes while demonstrating how interconnected is the investment world. Commodities can affect bonds which affect equities etc. The various discussions of trading techniques and, in particular, psychology are very valuable. All of Schwager’s books are worth reading.

How to Make Money in Stocks by William O’Neill

This book discusses an almost completely different style of investment from The Intelligent Investor by Ben Graham. William O’Neill’s style is based on investing in very high growth companies whose stock is demonstrating positive momentum. Both Graham and O’Neill were very successful, demonstrating that

there is more than one way to invest effectively. Investors of any style will find useful concepts in this volume.

The Money Game by Adam Smith

This is the most idiosyncratic of my selections. This book was not written by Adam Smith of Wealth of Nations fame but by a New Yorker named George Goodman. The book was published in the late 1960s and is a great commentary of life on Wall Street at that time. There are stories about life as a money manager that still ring true today. A story describing an investment in cocoa futures is one of the funniest I've ever read. The Money Game was very popular in its time and still deserves to be read.

There was a follow up book called Supermoney that was published in the early 70s. Its format is similar to The Money Game. In the days before the internet books out of print like Supermoney were at times difficult to find. After searching for years, I finally found my own copy quite by accident in a bookshop in the French Quarter of New Orleans. Both books were among the first that I read on investing which fired my enthusiasm.

By Jonathan Baird CFA

NOTICE AND DISCLAIMER: This material is sourced from the Globalinvestmentletter.com website and is subject to the terms of use and privacy policy of that site. The comments are for informational purposes only and represent the opinions of the writer, which can change at any time as additional information becomes available. They do not constitute an offer to buy or sell a security at any price. The information contained is believed to be reliable at time of writing but cannot be guaranteed. No liability is accepted for any loss or damage arising from the use of the material presented.

All rights reserved. This material is strictly for viewing by specified recipients and may not be reproduced, distributed or forwarded in any manner without the permission of the publisher.
