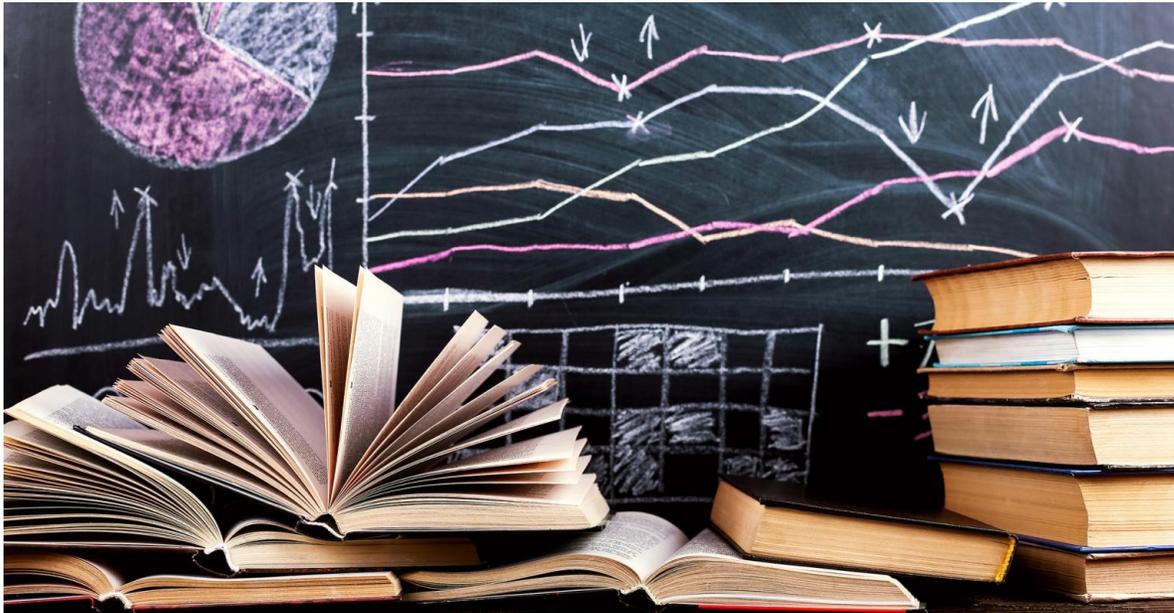


# Poll: 15 Classic Books on Investing and the Markets

[John Kador](#) | Apr 03, 2020

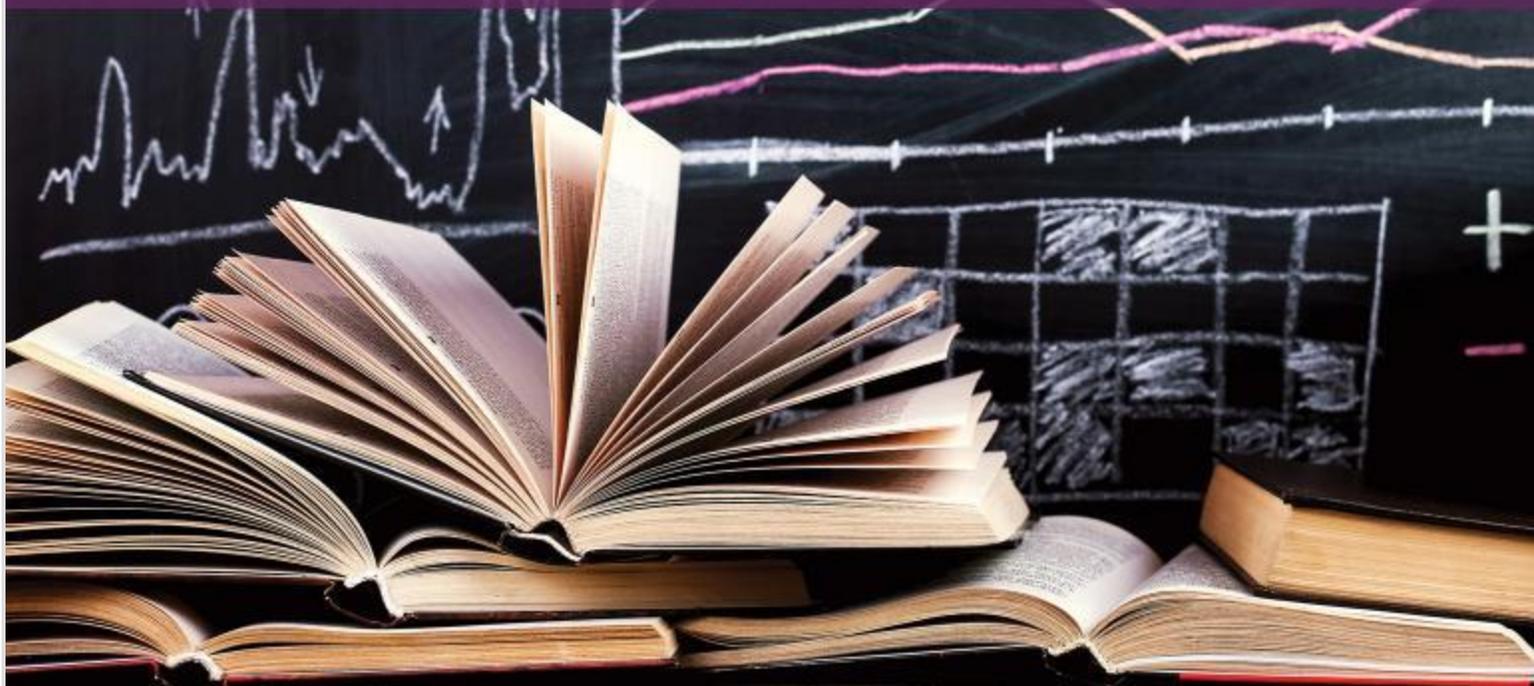


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WealthManagement.com readers recently chose the top books that helped them the most in their investment careers. Give these classics a read during your self-quarantine, if you haven't already.

*WealthManagement.com* recently asked readers to nominate the investment book that most helped them in their investing careers. We suggested two criteria: 1) pick the one book that helped crystallize their own investment strategy and 2) the lessons of which are still relevant today. Over 250 nominations came in from many countries and every corner of the finance world. The titles included many of the most celebrated investment books, as well as titles that were new to us. The books on this list are here because each received multiple votes. The list starts with the book that received the most nominations. The readers have spoken. *WealthManagement.com* presents the 15 Best Investing Books of All Time. Don't agree? Add your suggestion in the comments below, or on Twitter [@wealth\\_mgmt](#)

# The 15 Best Investment Books of All Time



## 1. The Intelligent Investor

Warren Buffett says this is the best book on investing ever written. Wealth Management readers agree. The book has been updated four times; the last in 2003, with footnotes by *Wall Street Journal* financial columnist Jason Zweig.

*"The Intelligent Investor* is just as relevant today as it was when it came out in 1949. The basic investing principles of asset allocation, the irrationality of markets and the margin of safety are timeless and must be understood by money managers of all levels of sophistication. This book taught me to ignore the irrational behavior of markets and to profit from the folly of the market rather than to participate in it." *Liam Hunt*

"Regarded by many as the greatest investment advisor of the 20th century, Graham's book has fundamentally changed the way I am wired. It changed the way I think across the board: investing,

running a business, life. Graham's philosophy of value investing teaches investors how to develop long-term strategies in simple, pragmatic ways: staying focused on the intrinsic value while avoiding the hype." *Alex Sharpe*

## **2. A Random Walk Down Wall Street**

A title celebrated by a generation of investors as the first book to purchase when starting a portfolio. This new edition features fresh material on exchange traded funds and investment opportunities in emerging markets, a brand-new chapter on "smart beta" funds and a new supplement that simplifies the complexity of derivatives.

"This book was first published in 1973, two years before John Bogle started Vanguard. Yet, what did *Random Walk* presciently tout? Practices like passive investing, index funds and the best methods for laypeople to make money in the market—the same practices that Bogle would use to revolutionize the financial services industry. *Random Walk* is a book that aimed to teach the most good to the most people. And over its 47-year life and multiple reprintings, *Random Walk* keeps on proving Burton Malkiel and, later, John Bogle right." *Jesse Cramer*

## **3. Extraordinary Popular Delusions and the Madness of Crowds**

A book on economic bubbles in history, the author shows how history repeats itself. Key takeaway: If history doesn't exactly repeat itself, it rhymes. The book is on the reading lists of Goldman Sachs and other investment banks and colleges as a cautionary reminder that there is no reason to believe contemporary investors are any savvier in recognizing bubbles than previous generations.

"I remember the day I first met Sir John Templeton. With one hand he shook my hand and with the other he handed me a book. *Extraordinary Popular Delusions* is a history of financial bubbles. I read it and the abbreviated version numerous times. Present-day writers on economics, such as Michael Lewis and Andrew Tobias, laud the three chapters on economic bubbles." *Mark Zinder*

## 4. One Up on Wall Street

Peter Lynch wrote several popular investing books describing his legendary results he amassed at Magellan Fund from 1977 to 1990, beating the S&P Index in 11 of his 13 years at the helm. In this book, he describes his investing philosophy and methods to help the individual investor succeed. The one-sentence takeaway—invest in products/companies you know and love—still stands.

"I nominate *One Up on Wall Street* not just because it gave me valuable insight into one of the most successful investors of all time, but in his core thesis about “invest in what you know.” The book really helped solidify the value of passive investing for me. If you’re going to buy a stock at the price it’s selling for, you should do so because you have good reason to believe you understand something that the rest of the market doesn’t. No individual investor is ever going to be able to compete with the armies of analysts and mountains of research they compile. Unless you have something you really think they don’t, you’re just kidding yourself. Some people might see that and start looking for that edge—and more power to them—but as for me, it was about reinforcing what a huge bargain index funds and ETFs are. If you can’t beat ’em, join ’em. And I’m fine with joining them. More power to the Peter Lynchs of the world, but the fact that I can pay almost nothing to get the average result of all those well-informed institutional investors seems like a hell of a deal to me." *Joel Anderson*

## 5. The Richest Man in Babylon

The Babylonians were the first people to discover the universal laws of prosperity. In his classic bestseller, George Clason uses ancient parables to reveal their secrets for creating, growing and preserving wealth. Through entertaining tales of merchants, tradesmen and herdsmen, readers learn how to keep more out of what they earn, avoid debt, put your money to work, attract good luck, choose wise investments and safeguard a lasting fortune. The book, now in the public domain, is available in a variety of digital and print formats.

"The discipline of controlling spending, living within my means and saving money each month is hard. When I was in high school, I was very fortunate that my father gave me a classic book from 1926 called *The Richest Man in Babylon*. The book introduces the concept of paying yourself first. When you are forced to pay yourself first each month, it acts as a forcing function to live within your means.

I'm so glad that I absorbed this book at a young age because I practiced its teachings over the course of 15 years and have now over time acquired 12 paid-for rental homes. Now I'm in my mid-30s. I'm financially independent and that has allowed me to pursue my dreams of building a successful tech company." *Bryan Clayton*

## **6. Principles: Life and Work**

Hedge fund manager Ray Dalio based this book on the unconventional principles he developed while running Bridgewater Associates, which he founded in 1975. These principles inspired Bridgewater's successful culture, which Dalio describes as "an idea meritocracy that strives to achieve meaningful work and meaningful relationships through radical transparency."

"*Principles* is the most influential investing book I know. Personally, I have benefited from the book's perspective on value investing and how to choose companies to invest in that will stand the test of time. The author, who ran one of the most successful investing funds of all time, not only talks about investing principles, but also describes how he structures his life and his rules for business so you can model your own after his if you would like to emulate his success. The book talks about how to make decisions effectively and even how to hire a team, so there are nuggets in it even for those who do not wish to invest but want to make better life decisions or own a company." *Stacy Caprio*

## **7. How to Trade in Stocks**

Jesse Livermore is said to be the most successful stock trader who ever lived. Published shortly before his death in 1940, *How to Trade in Stocks* offered traders their first account of that famously tight-lipped operator's trading system. It was one of the first books that offered guidance on reading market and stock behaviors, analyzing leading sectors, timing the markets, money management and emotional control.

"I have Jesse Livermore's book *How to Trade in Stocks* to thank for my own personal wealth.

Jesse Livermore is a legend; he invented day trading and was a tremendous technical analyst. Jesse was active 100 years ago and became the richest man in the world for a short period of time. His rules

and theories, even 100 years later, work very well in today's market. And especially now when we see very high uncertainty because of the coronavirus pandemic and we have had over 10 years of a bull market, Jesse Livermore's basic rules will be very important moving forward. I keep Jesse Livermore's rules with me, and they make me feel more secure when the markets start to shake." *Victor Carlström*

## **8. Margin of Safety: Risk-Averse Value Investing Strategies for the Thoughtful Investor**

Baupost Group hedge fund manager and value investor Seth Klarman published this book 30 years ago. Klarman scorned the investing trends of the day in favor of value investing. He took the title from Benjamin Graham's admonition to invest always with a margin of safety. Klarman's book explained the philosophy of value investing, and perhaps more importantly, the logic behind it, demonstrating why it succeeds while other approaches fail.

"As the title of the book indicates, Klarman is a firm believer in the Benjamin Graham concept of margin of safety. He believes that avoiding loss should be the primary goal of every investor. To Klarman, margin of safety means buying securities at such a significant discount from their current underlying values that the odds are very much in favor of realizing value over an extended holding period. Klarman looks for bargains and is very willing to hold cash until those bargains appear. Perhaps the greatest compliment paid to Seth Klarman was in response to a question posed by Warren Buffett in my portfolio practicum course at Creighton University in fall of 1992. When asked which young investment professionals he was impressed with, Mr. Buffett replied without hesitation, "Seth Klarman." Some of my former students said that buying and holding that book for 25 years was one of their best investments." *Robert R. Johnson*

## **9. The Wisdom of Crowds: Why the Many Are Smarter than the Few**

The thesis of *New Yorker* writer James Surowiecki is deceptively simple: Large groups of people are smarter than an elite few, no matter how brilliant. Groups are better at solving problems, fostering innovation, coming to wise decisions, even predicting the future. This seemingly counterintuitive notion has endless and major ramifications for how we invest, how businesses operate, how knowledge is advanced, how economies are (or should be) organized and how we live our daily lives.

"In a nutshell, large groups of people are smarter than an elite few. The book is really about the aggregation of information in groups, resulting in decisions that are usually superior to the decisions that could have been made by any single member of the group. The book presents numerous case studies and anecdotes to illustrate its argument, and touches on several fields, primarily economics and psychology. Its central thesis, that a diverse collection of independently deciding individuals is likely to make certain types of decisions and predictions better than individuals or even experts, has profound implications for investors relying on experts." *Mark Pacitti*

## **10. Nudge: Improving Decisions about Health, Wealth, and Happiness**

Nobel Prize–winner Richard Thaler and Harvard Law School professor Cass Sunstein show that no choice is ever presented to us in a neutral way. *Nudge* is about how we make these choices and how we can make better ones. The authors draw on decades of behavioral science research to demonstrate how people are susceptible to biases that can lead them to make bad decisions. It is possible to help people make better decisions by deploying sensible “choice architecture.”

"*Nudge* not only changed the way I think about my own investment decision-making behavior, but it was one of my major inspirations in founding Essentia Analytics. The underlying premise of *Nudge* is that we are all susceptible to biased decision-making, especially around money, but that if we can identify those behaviors, we can redesign processes to lead people toward optimal decisions without disempowering them. At Essentia that has become a fundamental part of how we help portfolio managers continuously improve their performance." *Clare Flynn Levy*

## **11. The Millionaire Next Door: The Surprising Secrets of America's Wealthy**

One of the most popular books of its time, *The Millionaire Next Door* asks the question, “Why aren’t I as wealthy as I should be?” According to the authors, most people have it all wrong about how to become wealthy. The authors identify seven common traits that show up again and again among those who have accumulated wealth.

"One of the most influential money books I've read is Thomas Stanley's *The Millionaire Next Door*. Stanley challenged every belief I held regarding the affluent, how they amassed their fortunes and how I could aim to do the same. By simply saving systematically, keeping track of my financial progress and avoiding dumb mistakes, I learned that I could become 'The Millionaire Next Door.'"

*Jose Cuevas*

## **12. The Black Swan: The Impact of the Highly Improbable**

Former options trader Nassim Nicholas Taleb created a sensation when he published *The Black Swan* in 2007. The book focuses on the extreme impact of rare and unpredictable outlier events. The tendency of investors to retrospectively assign simplistic explanations for these events Taleb calls the "black swan theory." The central thesis of the book is not to attempt to predict black swan events, but to build robustness and resiliency into systems to weather negative events.

"*The Black Swan* is one of the best investment books I've read. The book discusses the black swan phenomenon in investing, which simply means an unpredictable event. Taleb explains the black swan in three parts: 1) An event that is beyond normal expectations, it is so rare that even the possibility that it might occur is unknown. 2) The event has a catastrophic impact when it occurs. 3) The event is explained after it happens, and in a certain way as if the event itself was known by the masses that it was going to take place. For example, the COVID-19 virus that is taking its toll on the global economy is the perfect example of a black swan event." *Sabine Saadeh*

## **14. The Bogleheads' Guide to the Three-Fund Portfolio: How a Simple Portfolio of Three Total Market Index Funds Outperforms Most Investors with Less Risk**

Taylor Larimore is often referred to as "King of the Bogleheads," a name given to him by Vanguard founder Jack Bogle. Now 96 years old, Larimore has lived through more than his share of investing trends. In 1986, he became a firm believer in the low-cost index-fund-investing strategy promoted by Jack Bogle. In this book, Larimore explains how a portfolio of three total market index funds outperforms most experts with less risk.

"This oddly named book builds on the strategies of John Bogle (creator of the index fund and founder of Vanguard) into the modern age. It focuses on the absolute investing basics—low-fee, diversified,

tax-efficient index fund investing. For the most part it has aged extremely well. The only areas that stand out as potentially dated are the views on which bonds to use and how to allocate Treasury-inflated securities versus timed bonds. It's the same set of topics I write about on my blog. *The Boglehead's Guide* serves as a pillar of basic investing strategy amongst a host of strategies that only work for some people." *Adam Fortuna*

## 15. Thinking, Fast and Slow

"Daniel Kahneman is one of the most original and interesting thinkers of our time. There may be no other person on the planet who better understands how and why we make the choices we make. In this absolutely amazing book, he shares a lifetime's worth of wisdom presented in a manner that is simple and engaging, but nonetheless stunningly profound. This book is a must read for anyone with a curious mind."

—Steven D. Levitt,  
co-author of *Freakonomics*  
10/25/2011

"This is a landmark book in social thought, in the same league as *The Wealth of Nations* by Adam Smith and *The Interpretation of Dreams* by Sigmund Freud."

—Nassim Taleb, author of  
*The Black Swan*  
10/25/2011