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The Top 5 Modern Investing Books

Dan Eggertsen: Hello I'd like to welcome everyone to the call today. This is Dan Eggertsen. I'm here with my dad, Karl Eggertsen. How you doing today Dad?

Karl Eggertsen: I'm doing good Dan. How are you doing?

Dan Eggertsen: Hey I'm doing great. I really appreciate your time and I appreciate everyone being on the call today. We've been getting a lot of questions, specifically about books. What type of investing books would you recommend to beginners that are trying to get some information under their belt so they can start making some good decisions with their money?

So I've taken all of the questions we've gotten related to investing books and I've summarized them into the top three questions we keep seeing over and over. The first one Dad is, "What investing books can you recommend so I can understand the basics of what to do with my money?"

Karl Eggertsen: There're a number of books out there that are really exceptional. But there are two that I see more often on lists of I've considered excellent books in the investment community, these two names pop up on just about every one. One is "The Random Walk Guide to Investing: The 10 Rules for Financial Success."

Dan Eggertsen: Have you had a chance to skim through it or anything?

Karl Eggertsen: I've read it entirely.

Dan Eggertsen: Oh okay.

Karl Eggertsen: It's by Burton Malkiel, M-A-L-K-I-E-L.

Dan Eggertsen: Okay.

Karl Eggertsen: He has been associated with Vanguard, which is considered one of the most reputable top notch companies for individual investors internationally really. Okay

the second book is “Winning the Losers Game: Timeless Strategies for Successful Investing.” It’s by Charles Ellis. That is also an exceptional book.

They are both easy to read. “The Random Walk down Wall Street” is really a compilation into just the nuggets in very easy to understand way and a much briefer book than the original one that was written. And this one was read for people who want to grab very quickly the key nuggets of what they need to understand about sound investing.

Charles Ellis’ book “The Losers Game” is very easy to read from start to finish. It really doesn’t need to be compiled. The average person can really read either of these books and understand the key basic principles, tried and proven over a long period of time. And research continues to support the principles that are found in either of these two books.

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Dan Eggertsen: Oh great.

Karl Eggertsen: Both are superb and they are readily implemented. The strategies and the points made in the book are easily understood and also can be easily implemented by the average individual investor.

Dan Eggertsen: Okay. So it doesn’t get too complicated with the complex math and complex terms. Everything’s explained easily right?

Karl Eggertsen: Yeah. And that’s the problem with these hundreds of books out there. Most of them are really thick. They’re written by people who were really steeped in investing; been all their lives many of them. And they’ve lost track on how the average person’s knowledge level and experience and, as a result the books can be very difficult and cumbersome and most people are not going to be able to get through them and really understand a lot of what they say.

In fact, I had a lady the other day that comes to investment events that I host periodically in the region here. She has asked me to meet her sometime over coffee at a coffee shop sometime to tell her, to describe to her a book that she’s reading. She’s having a hard time understanding the lingo and the jargon. It’s hard for her and she just wants me to sit down with her and help her understand the language and then help her with some of the basic principles. Most books out there are just not that good for the average person.

Dan Eggertsen: Well I’ll tell you Dad, if I go down to Barnes & Noble right now which is about two blocks down from my house and I go to the investing section and I’m a beginner and I say, “Well I want to get a book that can kind of teach me the basics so I kind of know what to do.” I start going through these books, looking at the table of contents, looking at the summary on the back and I get blown away.

I don’t understand any of it, I don’t know which ones are good which ones are bad and there’s so many to choose from. So that’s why I’m glad people are asking questions

about this because you've been through about every investing book known to mankind and you've boiled it down to two winners that are easy to understand and that teach really good stuff.

Karl Eggertsen: Yeah and what I can say is the principles are so cut and dried and so really basic and simple for average person that I believe a book could be written that somebody could read in an evening and fully understand it and know exactly what they need to do to invest for the rest of their lives and not have to worry and spend very much time at all.

It's really, you put it in place, the principles in place, you invest appropriately, cheaply, and simply and you let it go and you're going to beat 95% of pros and the other people out there that are trying to beat the market with stocks and hot sector funds and so on.

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It just doesn't work and that's why very few investors beat the market including the professionals. They just spent too much time and money and effort in buying the wrong products trying to beat the market. And the market is, ultimately in the long run, going to be the winner unless you do it right.

Dan Eggertsen: Yeah. It's important that people not get fooled by these financial planners and other investment service brokers that say, "Oh you need us to do well." Anybody can go out there and pick up a book for 20 bucks off of Amazon, one of the two that my dad just mentioned and get a good start on this stuff.

Now for people that need additional hand holding and things, you and I Dad are going to come up with a bunch of resources, a bunch of additional resources to kind of guide people through step by step what they need to do but for now you can go ahead and get one of those two books and you could be well on your way.

Karl Eggertsen: Yeah it's a great start and they're excellent.

Dan Eggertsen: Okay. Let's move to the second question Dad. Okay this is a good one and I know you actually subscribe to a couple on your own. "Are there any monthly or weekly investing newsletters you'd recommend for updates, tips, and other information?"

Karl Eggertsen: Yes and again as I said with books, most of the newsletters out there are out there to sell products, they're out there to sell services and they're providing information that is actually very costly and can be very dangerous. They're making claims, some of these hard to believe claims about what's going to happen in the future and that you need to buy this service from me and they are all out to hype people, get them to buy, get them to believe, and they're not, as far as educational and for the average investor, they're dangerous and should be avoided.

There's two out there, two publications, two organizations that are all out for the investor, the individual investor, educational organizations, not trying to hype expensive products that are dangerous and not safe, and not usually appropriate for most people to even think about. The two publications, they're monthly. One is the American Association of Individual Investors, it's the AAI is the acronym. It has a monthly journal and it contains purely educational material.

Dan Eggertsen: Really?

Karl Eggertsen: That provides excellent articles by experts nationwide on a variety of investment topics that are easy to understand, are very practical, and useful how-to information. AAI or the American Association of Individual Investors is a national organization based in Chicago. Has chapters nationwide in major communities nationwide and its whole goal is education.

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They're a non-profit, independent, educational association that's been in practice now for, has been in business now for 30 years.

Dan Eggertsen: Right.

Karl Eggertsen: They have hundreds of thousands of investors around the country that have been members a good part of their lives that have learned the value. Now Forbes Magazine, Business Week, New York Times, it goes on and on have all touted that AAI is the best cost value of any educational association of its kind, anywhere.

And they are excellent and that AAI journal contains information that is going to be very helpful in a vast variety of money managing, investing, personal finance, taxes, it covers everything that the investor needs to understand. It's very timely. Every month you get timely updated information on what's going on.

Okay the other service is Morningstar. Now Morningstar is very well-known, you know the star rankings one to five, five being the best. Besides being very highly regarded, it may be the most highly regarded rating service of any organization nationally. They also provide educational information in the monthly publication. They contain superb articles that involve mutual funds, exchange-traded funds or ETFs and individual stocks.

Among personal finance, financial planning, their publications every month contain updates on all of the rankings and updated articles about what's going on with any new types of investment vehicles, strategies, and any other types of articles that would help the individual investor better understand what they need to do for themselves to meet their own goals and to be able to take care of their portfolios.

It gives you from the individual investment vehicle like a mutual fund or ETF or stock and then it gathers that individual investment vehicle level and shows you how to

integrate it to meet your goals into a portfolio. So it is the other publication that I would recommend.

It's not that there's not other publications out there that are valuable but these two from my personal experience, these are the two that I've had for all my investing life and I find them as compared to the other alternatives out there, the best value for the buck. They are very well respected and they continue to do the exceptional job thinking about the individual investor.

Dan Eggertsen: Great. Excellent Dad. Okay. That answers that one. That was great. As you know things are always changing. I mean you want to start with a basic plan and as you move forward - and that plan is based on your age and how many assets you have and all that stuff. And as time moves on things always change so you need a way to get updates on what's new, how do I, should I adjust my strategy, what new tool should I add to my toolbox.

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Karl Eggertsen: The key thing is the investment environment. Investment vehicles, the tax laws, things are continually evolving and changing as are the markets as we know, they go up and down also. But the things that never change are the basic sound principles of investing. I like the books and the monthly publication services, that their whole basis for what they do is couched on these basic sound principles that are always there no matter what's going on.

But it's nice to keep up on the latest of what's going on, on the latest investment vehicles. Exchange-traded funds are a relatively young type of mutual fund. They've only been around five, six years and they've been promulgating like crazy because they're good, because they're cheap...

Dan Eggertsen: And they trade like a stock.

Karl Eggertsen: Yeah. You can trade it like a stock and yet you're diversified in a number of different stocks to whatever extent you want to be. And you can mix and match them into a portfolio very effectively. They're relatively new and you want to keep up on these things.

There's now exchange-traded notes ETNs and now there's going to be actively managed exchange-traded funds. The tools continue to evolve and in my experience, most of them are getting better and better and providing the individual investor more and more power to do what they need to do to effectively, and cost effectively manage their money.

Dan Eggertsen: Excellent. Now the last question I think you've pretty well covered it. "Where can I go to learn the basics of investing so at least I know where to start?" You've already mentioned a couple books and a couple newsletters. Do you think that covers it? Anything else need to be said on this? You can buy the books on Amazon or you can subscribe to the pub...

Karl Eggertsen: I think the two books, one of these two books or both can provide the basic core knowledge. I call that the first step. When you go to these monthly publications, they're not going, in every monthly publication go through all the basic principles. You want to get the basic principles first. The monthly publications will then add to that and give you updated information and continue to reinforce what you learned in these books. I think that basically answers that third question.

Dan Eggertsen: Excellent. Well great job Dad, once again. I think everyone will benefit from this conversation. You've really laid it all out there for us and we'll talk to you next time. You have a good one.

Karl Eggertsen: Okay thanks Dan.

Dan Eggertsen: All right bye-bye. Okay Dad, I'm going to stop this one. [16:40.9]