

J. V. Bruni and Company

**BOOK RECOMMENDATIONS
FOR INVESTORS**



1528 North Tejon Street • Colorado Springs, CO 80907

(719) 575-9880 • (800) 748-3409

www.jvbruni.com

Although no single book can provide you a thorough understanding of investing or economics fundamentals, since we're in the business of being full-time investment bargain hunters, we'd like to share some of the best bargains that we've found. This list is an abridged summary of the complete book review library offered on the J. V. Bruni and Company website, www.jvbruni.com. Please visit it for our complete reviews of each book and recent book reviews that have been added.

INVESTING

Classics: An Investor's Anthology and Classics II: Another Investor's Anthology, by Charles Ellis. ★★★★★ These two books provide a treasure trove of short articles written by the best investors and financial authors of all time. If there is a better collection of important investment writings, we haven't found it.

Common Stocks and Uncommon Profits, by Philip Fisher. ★★★★★ Fisher developed an approach of careful and detailed qualitative analysis that is vital for successful investing. It is no exaggeration to say that in the world of investment literature, this book is a true classic.

Contrarian Investment Strategies: The Next Generation, by David Dreman. ★★★★★ Dreman, who is responsible for popularizing the term 'contrarian' as an investment approach, has written extensively about the ebbs and flows of investor psychology. He is most comfortable with a strategy of purchasing low price/earnings stocks — which represents his way to buy low. Since you have to buy low before you can sell high, this is a very valuable book.

The Essays of Warren Buffett, Lessons for Corporate America, by Warren Buffett and edited by Lawrence Cunningham. ★★★★★ This is a compendium of various Warren Buffett essays, selected and arranged by Professor Lawrence Cunningham. It is a testament to Buffett's clarity of thought that he can reduce so many complex investment and financial issues to very straightforward, understandable and entertaining discussions.

Extraordinary Popular Delusions and the Madness of Crowds, by Charles Mackay. ★★★★★ Written in 1852 and still in print, this book is the classic work on the ability of crowd psychology to sweep markets to irrational extremes.

The Intelligent Investor, by Benjamin Graham. ★★★★★ According to Warren Buffett, this is the best book on investing ever written. Clear writing starts with clear thinking, and in this classic book, Benjamin Graham — the acknowledged father of modern investment analysis — is at his clearest.

The Interpretation of Financial Statements, by Benjamin Graham. ★★★★★ This book was designed to function both as a succinct, stand-alone elementary work and as a complement to Security Analysis. For those not already schooled in financial statement understanding and analysis, this book is a great place to start.

The Investor's Anthology: Original Ideas from the Industry's Greatest Minds, by Charles Ellis. ★★★★★ This is a very valuable compendium of first-rate articles by the all-time best and brightest financial authors.

The Investor's Equation, by William Bowen and Frank Ganucheau. ★★★★★ The authors present a comprehensive explanation of why low P/E investing should work and a detailed proof that it does. Nothing in life, including investing, is quite this simple, but this informative book remains a very valuable one for serious investors.

Irrational Exuberance, by Robert J. Shiller. ★★★★★ Shiller, an economics professor at Yale University, wrote this book to describe not just that the market was historically overvalued in 2000, but why. It serves as a warning to those who think markets always correctly reflect fundamentals.

John Neff on Investing, by Steven Mintz. ★★★★★ A very patient, deep value investor and card-carrying contrarian, Neff managed the Vanguard Windsor Fund for fully 31 years, and he handily outdistanced both the S&P 500 and most of his competition. In this book, he describes his bargain-hunting principles and the essential qualities necessary to nourish careful analysis.

The Money Masters and The New Money Masters, by John Train. ★★★★★ In these two books, Train provides the reader with a series of capsule descriptions of a number of very successful investors.

Origins of the Crash, by Roger Lowenstein. ★★★★★ Roger Lowenstein, one of the best financial journalists, has written an excellent book describing the elixir of corporate financial statement half-truths, Wall Street conflicts of interest, shabby corporate governance and outright fraud that intensified the late 1990s market bubble.

Psychology and the Stock Market, by David Dreman. ★★★★★ This 1977 book is one of Dreman's best works on the powerful relationships between mass psychology, securities prices and successful investing.

A Random Walk Down Wall Street, by Burton Malkiel. ★★★★★ Throughout this interesting and easy to read book, Malkiel covers a lot of useful ground, especially for readers who haven't read the academic rebuttals to the once-popular view that historical stock price patterns (charts) can predict future price movements.

The Rediscovered Benjamin Graham, by Janet Lowe. ★★★ In this 1999 book, Janet Lowe has collected a number of Graham's previously unpublished speeches and writings covering a 40-year period.

Security Analysis, by Benjamin Graham, David Dodd and Sidney Cottle. ★★★★★ First published in 1934, then updated in 1940, 1951 and 1962, this is the classic in investment theory and analysis. This groundbreaking book was meant for professionals, yet any serious investor will find it valuable.

Stocks for the Long Run, by Jeremy Siegel. ★★★★★ Siegel presents 200 years of stock market history, and he helps the reader make sense of this data. This book is as good as it gets for a historical perspective on U.S. stocks.

How to Think Like Benjamin Graham and Invest Like Warren Buffett, by Lawrence Cunningham. ★★★ This 2001 book describes Benjamin Graham and Warren Buffett's cash flow, margin-of-safety oriented approach to investing — which is essentially the opposite of the simplistic 'momentum' investing approach so popular with speculators.

Triumph of the Optimists, by Elroy Dimson, Paul Marsh and Mike Staunton. ★★★★★ There is more valuable data in this comprehensive book than in any other that we have reviewed. The authors present 101 years of data on stock, bond and treasury bill investments in 16 countries and conclude that over the long run, those risk-takers who optimistically invested in stocks triumphed in investing.

The Theory of Investment Value, by John Burr Williams. ★★★★★ This book describes how to calculate a security's investment value—useful to anyone who wants to understand the theory and math behind security valuation.

Value Investing, by Martin Whitman. ★★★ Whitman is one of the most successful and outspoken proponents of a type of value investing that's different from the traditional Benjamin Graham approach. This book doesn't require an understanding of higher math, although a good knowledge of accounting would be helpful.

Value Investing Made Easy, by Janet Lowe. ★★★ This is among the easiest investing books to read. Nonetheless, it provides an excellent summary of the basic principles of value investing as originally authored by Benjamin Graham and practiced by Warren Buffett and others.

The Warren Buffett Way, by Robert Hastrom. ★★★ The author has done a good job distilling Buffett's annual report letters and other public comments into a very enjoyable book.

Where Are the Customers' Yachts?, by Fred Schwed. ★★★★★ If Will Rogers had written a book on investing, this is what it might have looked like. Schwed leads the reader to conclude that the prime reason Wall Street "professionals" aren't crooks is that they're not smart enough to be crooks. This is a most insightful and entertaining work.

The Zurich Axioms, by Max Gunther. ★★★ Focused on the typical emotional problems investors have in pursuing investment success, this excellent book is an easy read, yet it delves into a profound aspect of the investment process.

ECONOMICS

Basic Economics, Revised Edition, by Thomas Sowell. ★★★★★ Written by one of the most prolific of economics authors, this book introduces the reader to powerful and effective economic reasoning without using a single graph or equation. It provides the lay person with one of the clearest, most useful expositions of relevant economic theory.

Capitalism and Freedom, by Milton Friedman. ★★★★★ This concise 1962 book originated in a series of lectures by Nobel laureate Friedman in which he explained the critical linkage between economic and political freedoms.

The Commanding Heights, by Daniel Yergin and Joseph Stanislaw. ★★★★★ In a very compelling manner, this fascinating and well-researched book chronicles the worldwide battle for the economic "commanding heights" that was waged before the collapse of the Soviet Union.

Economics in One Lesson, by Henry Hazlitt. ★★★★★ If you read only one book on economics, this should be that book. After reading it, you may well find yourself eager to read others and learn more about economics.

Free to Choose, by Milton and Rose Friedman. ★★★★★ The Friedmans are at their articulate, persuasive best in this book, which is easier to read than *Capitalism and Freedom*. It covers a lot of ground in an interesting manner.

Free Enterprise: Our Heritage, Our Wealth, by A. Paul Ballantyne, John Brock, Dale DeBoer and Timothy Tregarthen. ★★★★★ This excellent booklet, published by the Colorado Council on Economic Education, covers a surprisingly wide range of important economics topics in powerful, succinct terms. (Full disclosure: Jerome Bruni and booklet author John Brock, both of J. V. Bruni and Company, are associated with the Colorado Council.)

The Invisible Heart, by Russell Roberts. ★★★★★ This is a highly informative and educational book on economics — with a love story. It's so enjoyable that once you start reading it, you'll find it hard to put down.

The Law, by Frederic Bastiat. ★★★★★ This short classic, written just after the French Revolution, is a timeless work on how political methods have often been used to effect 'legal plunder.' Though over 150 years old and less than 100 pages in length, it is one of the most articulate and influential works ever written.

New Ideas from Dead Economists, by Todd Buchholz. ★★★★★ In this very witty and easy to read book, Buchholz gives the reader the low-down on the lives and powerful ideas of a number of defunct economists. The ideas contained in these pages are among the most powerful and influential known.

The Road to Serfdom, by Friedrich Hayek. ★★★★★ This 1940 book, by a future Nobel Prize winner, shook up the intellectual world when it was written, and Hayek's work is as thought-provoking today as it was over 60 years ago.

Wealth and Poverty, by George Gilder. ★★★ Although Gilder was known more as a social philosopher than an economist, in 1981 he helped lay the intellectual foundation for a renaissance in 'supply-side' economic thinking. That groundwork led to some of the most useful economic analyses of governmental policies.

FINANCE

Against the Gods: The Remarkable Story of Risk, by Peter Bernstein. ★★★★★ Investing is all about risk, and this book is a masterpiece on risk. It is a profound work that will be studied by graduate students in finance for years.

Buffett: The Making of an American Capitalist, by Roger Lowenstein. ★★★★★ This is a fascinating biography written by one of the best financial writers of our time.

Capital Ideas: The Improbable Origins of Modern Wall Street, by Peter Bernstein. ★★★★★ This is a brilliant, intellectual book describing the development of financial thinking and theories. Some of the most important work of the world's financial giants is discussed in this comprehensive and highly readable book.

Competitive Strategy, by Michael Porter. ★★★★★ Harvard professor Porter provides a methodology to determine the competitive advantage of a company and the durability of that advantage. He provides an excellent analytical framework, thus giving investors an invaluable tool.

Influence: The Psychology of Persuasion, by Robert Cialdini. ★★★★★ This book is not about finance or investing, but it excels at explaining a common problem investors face — being too easily influenced by external pressures.

Liar's Poker, by Michael Lewis. ★★★ This book is about the cutthroat corporate culture in investment banking firms in the 1980s. It is a very interesting, albeit earthy, read.

The Millionaire Next Door, by Thomas Stanley and William Danko. ★★★★★ This 1996 bestseller does a commendable job of explaining the most common attributes of millionaires, and it debunks a number of popular myths. It is filled with the common sense wisdom that many parents would want their children to know.

The Money Game, by 'Adam Smith.' ★★★★★ This immensely readable and entertaining bestseller offers readers fascinating insight into the makings of a market mania. Every serious investor ought to spend some time learning from this lively account of investing in the 1960s.

A Piece of the Action, by Joseph Nocera. ★★★★★ If you think that finance is dull, you should read this hard-to-put-down, fast paced discussion of modern financial history.

Sense and Nonsense in Corporate Finance, by Louis Lowenstein. ★★★★★ The author, a professor of finance and law, has produced an excellent book covering a diverse set of important corporate finance subjects. Every serious investor, CEO and corporate board member should read this cogent and persuasive work.

When Genius Failed, by Roger Lowenstein. ★★★★★ This book mixes high finance with hard-to-put-down thriller and comes up with the fascinating story of the rise and fall of the Long Term Capital Management hedge fund. If you think economics and finance are boring, this book will quickly convince you otherwise.

Why Smart People Make Big Money Mistakes, by Gary Belsky and Thomas Gilovich. ★★★ Economics is rational, but people aren't always so. The topic of this book — behavioral finance — is essentially the study of how otherwise intelligent investors can become their own worst enemies.