



INVESTOR CLINIC

The best investing books for novices – as chosen by our readers

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Well, you certainly are a well-read bunch.

Last week, in response to a reader's question, I asked people to send in their picks for the best investing books and other resources for novice investors. I received dozens of suggestions – a few of which came up more than once – and today I'll share them.

There are a lot of titles here, so I suggest you read some reviews online before you buy to make sure the book is right for you. Better yet, see if you can get it at your local library – after all, saving money is the first step in a successful investing plan.

I'm a dividend investor, so I'll start with one of my favourite books about dividend investing: *The Single Best Investment: Creating Wealth with Dividend Growth*, by Lowell Miller.

"It's an excellent read although possibly a little heavy for a first-time investor. It outlines the superiority over the long term of investing in blue-chip stocks with growing dividends," wrote reader J.R. (I'm using initials because some readers didn't want their names published). The book focuses on U.S. stocks, but the lessons are equally applicable to Canada, he said.

Having read *The Single Best Investment* myself, I can tell you that it was instrumental in changing my investing mindset. Instead of teaching people to "play the market" or trade their way to wealth, Mr. Miller demonstrates the benefits of ignoring the day-to-day noise and instead focus on long-term wealth creation by buying and holding great businesses.

Still on the dividend theme, another reader recommended dividendgrowth.ca, a website operated by Tom Connolly, editor of The Connolly Report investment newsletter. "I have followed Tom's dividend investing strategy since the mid-90s and have doubled my investment portfolio four times," R.W. wrote.

Not everyone wants to manage a portfolio of individual stocks and one could argue that newbie investors would be better off – at least at first – owning passive index funds. To that end, reader E.B. recommended *The Little Book Of Common Sense Investing*, by indexing pioneer John Bogle, founder of Vanguard Group.

"After 25 years of managing our own investments we have only been impressed by three books," E.B. said. The other two are *The Wealthy Barber Returns*, by David Chilton and *The Intelligent Investor*, by Benjamin Graham (the former is the more accessible of the two and has the advantage of being written for a Canadian audience).

Another reader, R.W., also recommended a book that advocates indexing: Andrew Hallam's *Millionaire Teacher: The Nine Rules of Wealth You Should Have Learned in School*. Readers will recognize Mr. Hallam as the index investor in The Globe and Mail's Strategy Lab series (you can read more about Strategy Lab at tgam.ca/EQRG and view my Strategy Lab model dividend portfolio at tgam.ca/divportfolio.)

While we're on the topic of Globe and Mail columnists, I would be remiss if I didn't mention our own Rob Carrick's contributions to Canadian investment literature, which include *How Not to Move Back in with Your Parents: The Young Person's Guide to Financial Empowerment* and *Rob Carrick's Guide to What's Good, Bad and Downright Awful in Canadian Investments Today*. (There's hope, by the way: I moved back in with my parents after university and I turned out okay).

Another book written specifically for Canadians is *No Hype: The Straight Goods on Investing Your Money*, by Gail Bebee. It's an accessible read that is appropriate both for beginners and those who already have some investing knowledge.

Several readers also mentioned investing-related websites that they've found helpful. They included taxtips.ca (which has everything you could possibly want to know about Canadian taxation) and canadiancouchpotato.com (which is a comprehensive resource for index investors). Finally, I heard from a reader, B.M., who said he searched high and low for an investing book that was appropriate for his son and daughter in their early 30s. When he couldn't find one, he decided to write his own.

"It's not really a book but a document titled Investing 101 that's about seven pages long," B.M. said. "What really amazed me when talking to my grown children about investing was their complete lack of knowledge on basic things like capital gains, dividends, etc., so my document really tries to give them some information to allow them to invest wisely."

The advice in his "book" includes: "Diversify, diversify, diversify!"; "Buy, don't sell, when the market is low"; focus on "companies that regularly increase their dividend"; and, paraphrasing Warren Buffett, "If you do not intend to hold a company for 10 years, you should not consider holding it for 10 minutes."

Hard to argue with such sensible advice. If B.M. ever becomes a famous author, remember you read about him here first.