

Zweig, Jason – Your Money & Your Brain

Simon & Schuster Paperbacks, 2007, [Behavioral Finance] Grade ★★★★★

"The investor's chief problem – and even his worst enemy – is likely to be himself." Many of the readers are probably familiar with this profound quote from Benjamin Graham in the *Intelligent Investor*. In *Your Money & Your Brain*, Jason Zweig presents many of the reasons to why the sentence by Benjamin Graham is true. The book is aimed at helping the reader to profit for the long term both in terms of wealth and also living a more meaningful life by understanding the psychological reasons for our actions.

Zweig has been working as a financial journalist for more than 30 years. More than the last 20 years have been spent with the Wall Street Journal where he has been writing weekly columns. His columns are most often focused on subjects such as financial history, behavioral finance and neuroeconomics. Zweig is passionate about helping people to avoid bad investment decisions which includes criticizing bad practices in the financial market.

For value investors Zweig is probably most known for having updated the latest edition of the *Intelligent Investor*. The author describes how his interest for neuroeconomics started in 1998 when he picked up a newspaper at an airport which included an article about neuroscience. The subject led Zweig to insights he couldn't have dreamed of acquiring simply by reading typical investment material highlighting the importance of learning from multiple disciplines.

Your Money & Your Brain can be used as a source to gain understanding about why humans react as they do and why. The human brain is ancient and is still optimized for the hunter gatherer society where humans have spent most of their existence. Many readers may be aware of some of the concepts in the book, having already read books such as Daniel Kahneman's *Thinking Fast and Slow*.

Niklas Sävås, January 31, 2018

The book starts with an introduction to neuroeconomics and how the brain works. The reader is then presented with areas and feelings that have huge impact on investors and other decision makers. Some of these are fear, greed, confidence and regret. In every chapter, Zweig describes the neurological background to the feelings and also presents recommendations on how to live and act as an investor in order to avoid them. He presents which part of the brain is causing which feeling and introduces the reader to further studies about the brain. He backs up all the material with references to scientific studies.

Both this book and Zweig's *The little book about safe markets*, published in 2010, is directed to a broad mass of people and to personal finance readers, making some of the material a bit basic for the experienced investor. The benefit of this is that the language is really easy to grasp. Zweig is a terrific writer in how he is making a difficult topic feel simple.

Having read a lot of books about behavioral economics and neuroeconomics I have gotten the impression that the most important thing is to set up habits and routines to avoid ending up in certain situations, instead of trying to overcome them. That impression only got stronger having read this book. Zweig steer his readers in a very clever way as he is ending every chapter with suggestions of habits that could help the reader avoid getting tricked.

Myself, I have already started to introduce some of the habits in my daily life which I see as a great compliment to the author. As many other investors, I have felt the pain of having fooled myself and am working hard to avoid it. *Your Money & Your Brain* is of great aid in that regard.