



Bag Lady Musings: The End of Summer Edition

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Reading list

“We read to know we are not alone.” — C.S. Lewis

Recently, my father passed along a book he thought I'd enjoy reading—**Howard's End Is On The Landing—A Year of Reading from Home**. The premise: author, Susan Hill, in pursuit of an elusive book on her shelves, encountered dozens of others that she had never read or forgotten she owned or wanted to read for a second time. The discovery inspired her to embark on a year long voyage through her books to get to know her own collection again.

I loved this book and fell in love with the idea of getting reacquainted with my old books and catching up on those I'd never read! The only thing I thought would be a problem was committing to not buying any new books for the one year. But what the heck — I'd give it a go!

My discovery was what great books I have!! And then it hit me — I'm forever being asked by clients — especially women — “What would you suggest I read if I want to better understand investing”.

I'm assuming by now you've tired of those “summer beach/ kick the feet up and curl up with a good book” kind of books and are ready to get down to some “serious” reading — if so, allow me to provide my list of “favourites”.

I believe the best way to become a better investor is first to understand the decision-making process! Books about what goes on in our brains when we make decisions about money (other wise referred to as neuroeconomics) abound in my library.

Two of my favourites are by Dan Ariely: his first the New York Times Bestseller **Predictably Irrational — The Hidden Forces that Shape our Decisions** and his provocative follow up **The Upside of Irrationality and the Unexpected Benefits of Defying Logic at Work and Home**. They are both easily understood and provide in plain language information on the research he's doing in behavioural economics.

Be sure to get the revised edition of **Predictably Irrational**, in which Ariely explores some of the causes responsible for the 2008 economic crisis. He offers insights into the irrationalities of everyday life, the decisions that led us to the financial meltdown of 2008 and the general ways we get ourselves into trouble.

For something a bit “heavier,” try **Neuroeconomics: Decision Making and The Brain**, Paul Glimcher, Paul Camerer, Ernst Fehr, and Russell A. Poldrack (Editors). This is the first edited reference to examine the science behind neuroeconomics including how it influences human behaviour and societal decision making from a behavioural economics point of view. It includes chapters by all the major figures in the field, including two Economics nobel laureates.

Your Money and Your Brain by Jason Zweig provides, in clear and accessible terms, what goes on inside our brains when we make decisions about money. "For most purposes in daily life, your brain is a superbly functioning machine, instantly steering you away from danger while reliably guiding you toward basic rewards like food, shelter and love," Zweig observes. "But that same intuitively brilliant machine can lead you astray when you face the far more challenging choices that the financial markets throw at you every day." Our investing brains often force us to do things that make no logical sense but are perfectly reasonable from an emotional point of view. We crave what we feel is likely to be rewarding and turn our backs on actions that seem risky. Invariably, that leads us to do the exact opposite of what we intend.

One of the greatest drivers of investment mistakes is our fear of regret. It is why investors continually refuse to sell losing stocks. One analysis of 450,000 trades in 8,000 accounts at a discount brokerage found that more than a fifth of investors had never sold a single share that had dropped in price. As Daniel Kahneman, a Princeton university psychologist, puts it: "When you sell a loser, you don't just take a financial loss, you take a psychological loss from admitting you made a mistake." Over-confidence is another enemy of investment returns. Around three quarters of investors told a survey that they expected their mutual funds would "consistently beat the S&P 500 every year," despite a wealth of evidence to the contrary.

In part this is because we suffer from an illusion of control. Two thirds of us would rather risk a bet on which of two stocks will rise more tomorrow than gamble on which of two shares rose more yesterday. The odds, of course, are the same but we prefer the first bet because it feels less like the result is out of our hands. People will bet more cash and accept worse odds if they are allowed to bet before rather than after a pair of dice are thrown. Caught in the endless tussle between greed and fear, investors continue to make all the same mistakes they always have. We know we should buy low and sell high, and yet...

The Female Brain and **The Male Brain** by Dr. Louann Brizendine —both books are distinguished by her direct experience as a neuropsychiatrist and founder of The Women's and Teen Girls' Mood and Hormone Clinic at the University of California San Francisco. I've kept no secret from those who read my Musings of my love for Dr. Brizendine's books and continue to recommend them, to anyone and everyone who will listen, as must reads. For me personally, her research and findings in **The Female Brain** is some of the most compelling and insightful work done on hormones and the profound role they play in wiring our brains and literally directing our lives.

Of course how could I not mention **The Wealthy Barber** by David Chilton, a must read for its simple advice — written like a novel. It teaches the basics of financial planning.

The perfect book for any child heading off to their first year of University **Smart Cookies — A Guide to Making More Dough**, another practical advice book that's easy to follow and written by Canadians for Canadians. Its five young female authors address goal setting, negotiations for raises, debt management—the perfect gift for recent grads!

I also recommend **Smart Women Don't Retire — They Break Free** by Gail Rentsch. All women 50+ should read this book regardless of where they are on the retirement journey. In the next decade a huge number of women will be making a work related transition from a lifetime career to whatever comes next. This book provides a valuable orientation to this process; it's rich in practical advice and

inspiration.

And how could I not include my favourite book on yoga?!? **Bringing Yoga to Life** by Donna Farhi — is an intelligent, down to earth discussion of how yoga can meaningfully shape your day, by one of today's most respected western teachers. An internationally acclaimed teacher, she offers tools to help beginners and seasoned practitioners alike to navigate the ups and downs of a spiritual practice.

Toronto International Film Festival

TIFF is just weeks away. And I can't wait. As many of you know I take the 10 days off and attempt to view 40 films. Why do I do it? It's not just for the popcorn! I believe we can learn from film. I read somewhere that film provides an avenue for experience that is outside our normal point of view and it has stayed with me ever since. Film can remove blinders, show us an aspect of life previously unconsidered or ill considered.

Stanley Cavell, philosopher and Professor Emeritus of Philosophy at Harvard University and one of the most influential and renowned American philosophers of today (as well as the author of numerous books and several on film), says, "Movies give us a capacity to see"

TIFF allows me to "see" into other cultures, other countries and at times peek into the trends of the future — so my week at the Film Festival will be more than just playing hooky! AND I promise in my next Musings to share my "discoveries."

Diversions — The Bag Lady loves luggage!

Globe-Trotter cases have been used over the last 100 years by an enviable client list. Captain Robert Falcon Scott traveled with Globe-Trotter on the infamous Antarctic expedition in 1912. Sir Winston Churchill used a Globe-Trotter Dispatch Case during his position as Chancellor of the Exchequer in 1924. H.R.H. Queen Elizabeth II chose Globe-Trotter for her honeymoon luggage in 1947 (and continues to use her cases to this day). Sir Edmund Hilary ascended to first base camp with Globe-Trotter during his conquest of Everest in 1953.

Globe Trotters hand made in Broxbourne, Hertfordshire using original manufacturing methods. Each case is uniquely constructed from vulcanized fibreboard; a special material invented in Britain during the 1850's consisting of multiple layers of bonded paper. Handles are produced by the leather team who also form the iconic Globe-Trotter corners over a period of five days on antique Victorian presses.

The Centenary series is one of the most iconic and instantly recognizable designs of any suitcase in the world. Featuring a vulcanized fibreboard body with LEATHER corners and STRAPS. The leather trimmings are hand crafted from fine British hide on original antique sewing machines.

Soon to be available at one of my favourite stores — Betty Hemmings Leathergoods, 162 Cumberland Street, Renaissance Court.

www.bettyhemmings.com

Back packs

I have never been a fan of backpacks! However with my pending hip replacement and inability of late to carry anything heavy — I've been forced to look into a more "practical" bag!! Hence the search for a "fashionable" backpack. (an oxymoron for sure!!!)

BUT THANK GOODNESS FOR TUMI!!!

I recently bought the "roomy yet slim" Voyageur Bali Backpack — and I must say I now see the appeal of a "practical" bag.

Also available at Betty Hemmings www.bettyhemmings.com

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