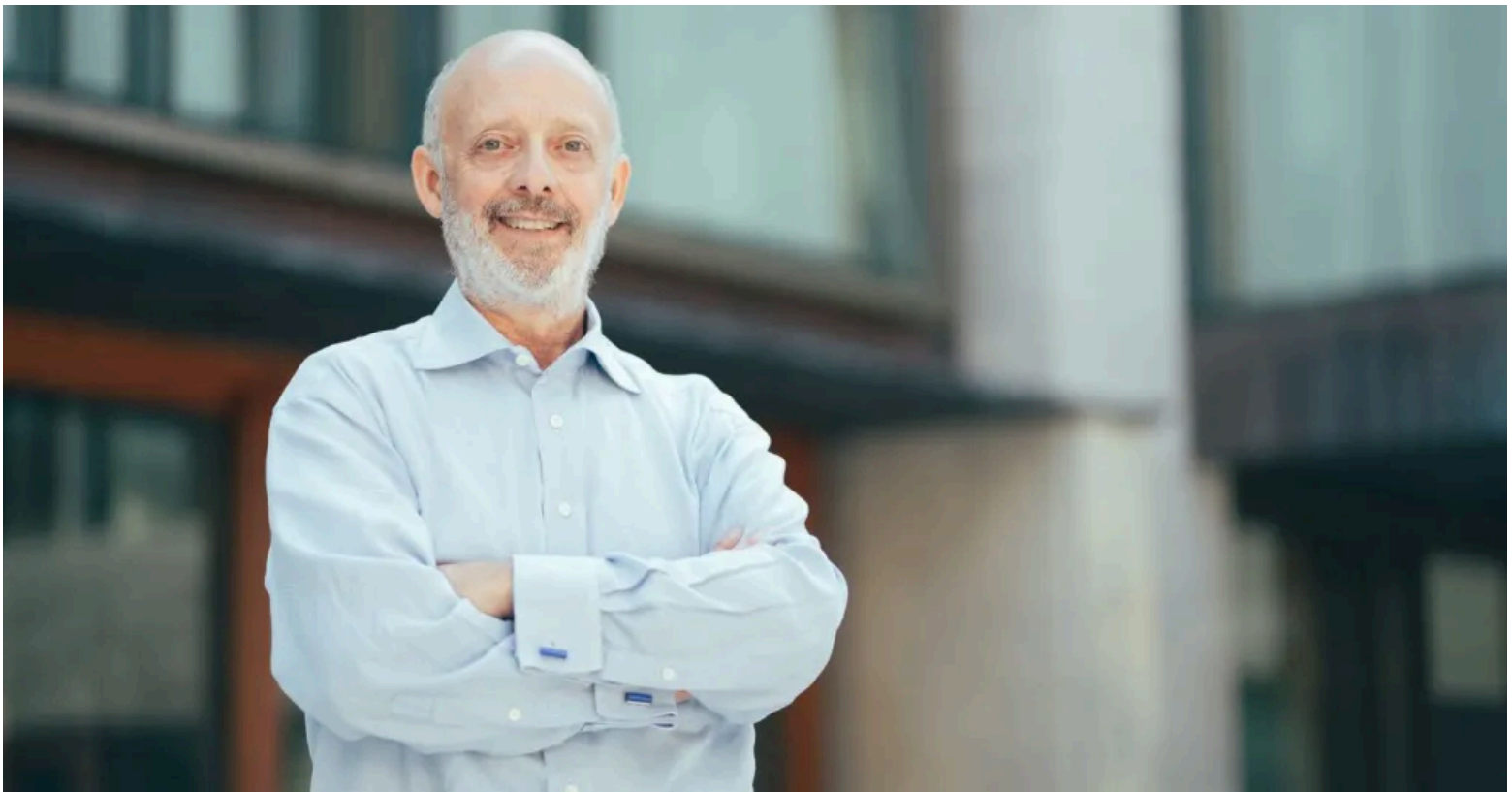


PRACTICE AND CLIENT MANAGEMENT

Professor's new book shares stories on how to be a smarter investor

By [Tobias Salinger](#) August 29, 2024, 2:41 p.m. EDT 5 Min Read



Author Stephen Foerster is a professor of finance at Ivey Business School at Western University in London, Ontario, Canada. *Smith Publicity*

Financial advisors coaching clients through [momentary convulsions and panic](#) in capital markets will get a teaching aid for them next month with the release of a finance professor's new book.

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over 2,000 years while highlighting seven trailblazers, eight heroes and six crooks.

Some will be familiar to advisors and investors, such as Jack Bogle, Warren Buffett, Bernie Madoff and Sam Bankman-Fried. Others like Roman general Quintus Fabius, 12th century Venice Doge Vitale II Michiel, retired baseball legend Bobby Bonilla and former Chicago Board of Trade Chairman Karsten "Cash" Mahlmann won't come to the top of the mind for many when thinking about important figures in investing.

The highly accessible book that often displays how intertwined sports have become with investments will join other recent wealth management-themed book releases on [American financial history](#) and a longtime Merrill executive's [experiences in the industry](#). Planners who have grown used to [the behavioral side](#) of their profession will find instructive lessons for clients [about investor bias](#), navigating [macroeconomic turmoil](#) and [building wealth](#) for the long term. In other words, the book's readers won't sell their Coca-Cola stock just because superstar soccer player Cristiano Ronaldo [moved some soda bottles](#) at a press conference.

"The book tries to capture for the reader the emotional impact for investors when there are major market movements and your portfolio value drops by a significant amount (most investors were either not born or were very young and don't had any vivid recollections of the October 19, 1987 stock market crash); or when you regret selling a stock when its price continues to rise (like Sir Isaac Newton and fear of missing out)," Foerster said in an email. "Sharing these moments in the book can allow a financial advisor to have a candid discussion with their client — for example, asking 'How would you have felt in those situations?' This will help prepare the client for such similar eventual outcomes, to allow for rational decision-making under those difficult situations."

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Advisors and their clients lived through one episode that could qualify for a later edition of Foerster's book [earlier this month](#), when investor fears over interest rate increases in Japan led to a [global sell-off](#) that has faded away to the tune of this week's record highs [in the Dow](#). The S&P 500 is up 19% for the year to date, while the Nasdaq has risen 20% so far.

The disparity between a rational, longer-term outlook and the momentary craziness of tumbling values that, to be sure, can sometimes translate into sustained downturns and recessions often prompts advisors such as Kashif Ahmed of [American Private Wealth](#) to post [social media](#) reminders to stay the course as, in his words, "the carnival barkers and fearmongers salivate over stock investors lighting their hair on fire. Again."

Ahmed asked one disparaging commenter to "pump the brakes" and explain the so-called [yen carry trade](#) that was causing so much consternation during the latest sell-off, with the follow-up question of, "Why are you basing investment decisions based on something you have no clue about?" he said in an interview. Clients who are "asking and hiring us to manage this for them" should know that "before they even open up their laptop and shoot an email to us we would have already taken action to protect them on the downside," Ahmed said.

"Professional investors don't pull money out and just sit on the sidelines and watch," he said. "I don't remember the last time any client truly panicked and questioned things. What we do is we instill this in them before they become a client."

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HEROES &

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STEPHEN R. FOERSTER

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Publisher Wiley will release "Trailblazers, Heroes and Crooks" by Stephen Foerster next month. *Smith Publicity*

Stories in Foerster's book such as [Bonilla's contract](#) with the New York Mets, Hannibal's [eventual defeat by Rome](#) and the origin story [of government bonds](#) could help drive home those concepts. He found the examples through research for his prior book, "[In Pursuit of the Perfect Portfolio](#)," podcasts telling real-life tales "that didn't have anything to do with investing but were interesting stories that could be connected to investing," and other research, Foerster said.

"The key was that each story be interesting in its own way, even for casual investors," he added.

In the preface, Foerster explains the reasoning and historical scale of his motivation for writing the book.

"Whether you are a novice investor or a professional, you can become a smarter investor," he writes. "You can learn the lessons that history teaches us to develop a sound investment philosophy. These stories about investing trailblazers, heroes, and crooks will help you to do that. And you'll also enjoy simply reading the fascinating stories."

"The stories cover over two thousand years, and originate in various locations around the world," Foerster continues. "They're set in the Roman Empire in the second century BCE; in Venice in 1172; in the UK in 1720; in Switzerland and France in 1759; in Massachusetts in 1780; in New York City in 1907, 1987, and again in 1999; in New Jersey in 1963; in Africa in 1974; on an Aeroflot flight from Moscow to Hong Kong in 1994; in the jungles of Indonesia in 1996; and at a European soccer tournament press conference in Budapest in 2021. Buckle-up because we'll be hopping back and forth through time and space."

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And many of those moments in the concise 257-page text revolve around sports such as baseball, soccer, boxing and tennis. Since many advisors came to the profession after [successful sports careers](#), investing carries a lot of resonance with the fields and courts that have become such an integral part of popular culture.

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fun to consider [a baseball star's contract](#) rather than to hear a lecture on the time value of money. And once you know what a key lesson to winning tennis is, you can immediately see the application to similar investing principles."

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