Add More Fama to Your Portfolio

October 26, 2017

This entry is a book recommendation. The book is The Fama Portfolio and it should be on the shelf (after being read!\(^1\)) of any serious student of finance.

I’m about as far from unbiased as one can be without having a blood relation. I was Gene’s teaching assistant for two years starting in the antediluvian late 1980s. He was co-chair of my dissertation committee. Finally, along with my partner and co-author John Liew, I have an entry in the recommended book. Consider all this as you will. I stand by my recommendation of “Are you crazy? Go buy this right now and read it!” As we say in my and John’s chapter (a reprint of our survey of the efficient market debate in Institutional Investor after Gene shared the Nobel Prize in Economics) we think Gene is the “MVP of modern finance and perhaps economics as a whole for the past almost half century.” As such, any collection of his works is self-recommending.

But this is more than a simple collection. It’s a curated collection with the curation done by Professors John Cochrane and Tobias Moskowitz. You couldn’t find two scholars more expert on finance and specifically the work and contributions of Gene Fama. They take great care to include many of the most path-breaking of Gene’s papers, but also recognizing that the first glimpse of an important new idea isn’t always the clearest or best exposition, they further include his most definitive, often latter, works.

Of course the book also contains contributions by other authors (or how the heck did I get in there?) that reflect, directly or indirectly, on Gene’s work. Being able to read Gene’s originals and some of the major papers by others that explore his work in one volume is both a treat and incredibly useful (these contributors, unlike John Liew and myself, are themselves serious academic luminaries!). Even if you’ve read many of these entries before, I promise you will get some new ideas and understanding revisiting them together here. I did.

Finally, adding to the above, Cochrane and Moskowitz provide original introductions to the sections (did I mention the book is usefully organized by theme rather than, say, chronology?). These really tie it all together, and help if you’re newer to these topics, and are worth the price of admission on their own.

OK, enough shilling. If you love finance and don’t immediately pine for this book, I can’t help you any further☺

\[^1\] Actually, hopefully you’ve read a decent amount of these before☺

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