



Cliff's Perspective

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 ☺

To read other posts by Cliff Asness or to subscribe to future posts, please visit www.aqr.com/cliffs-perspective

The views and opinions expressed herein are those of the author and do not necessarily reflect the views of AQR Capital Management, LLC, its affiliates or its employees.

This document has been provided to you solely for information purposes and does not constitute an offer or solicitation of an offer or any advice or recommendation to purchase any securities or other financial instruments and may not be construed as such.

The investment strategy and themes discussed herein may be unsuitable for investors depending on their specific investment objectives and financial situation. Diversification does not eliminate the risk of experiencing investment losses.

Please note that changes in the rate of exchange of a currency may affect the value, price or income of an investment adversely.

The factual information set forth herein has been obtained or derived from sources believed by the author and AQR Capital Management, LLC ("AQR") to be reliable but it is not necessarily all-inclusive and is not guaranteed as to its accuracy and is not to be regarded as a representation or warranty, express or implied, as to the information's accuracy or completeness, nor should the attached information serve as the basis of any investment decision.

Information contained on third party websites that AQR Capital Management, LLC, ("AQR") may link to are not reviewed in their entirety for accuracy and AQR assumes no liability for the information contained on these websites.

No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from AQR.