
BOOK REVIEW



Mark Kritzman, Senior Editor

REVIEW— IN PURSUIT OF THE PERFECT PORTFOLIO

(Review by Megan Czasonis)

Imagine yourself sitting down with some of the most prominent figures in modern finance to hear their thoughts on the ideal portfolio. Would Harry Markowitz suggest we hold the market portfolio? What about Eugene Fama? And what if investors behave irrationally... what would Robert Shiller suggest we do? Though many of us can only imagine the opportunity to ask these questions, we don't need to imagine the answers. They can be found in *In Pursuit of the Perfect Portfolio*, a recent book by Andrew Lo and Stephen Foerster that walks readers through the authors' journey interviewing ten financial luminaries—including seven academics and three

practitioners—on their notion of the “perfect” portfolio.

In exploring the ideal portfolio, *In Pursuit of the Perfect Portfolio* provides a fascinating look at the evolution of modern finance. It almost reads like a story, weaving together concepts, people, and their impact on the financial industry. As a finance professional, it gave me a renewed appreciation of concepts whose importance we often take for granted (diversification!) and their immense influence on our industry and day-to-day jobs.

The authors include stories and histories behind each person along with personal quotes. These offer a fun and engaging look into the luminaries' personalities and the paths that led to their breakthrough insights. For example, did you know Harry Markowitz's dissertation

topic was inspired by a chance encounter in a waiting room?

Beyond offering a behind-the-scenes tour of modern finance, *In Pursuit of the Perfect Portfolio* provides practical and concrete insights for investors. Each chapter is dedicated to an influential figure and ends with their vision of the perfect portfolio. Their answers touch on a range of topics, from diversification and risk management, to index versus active funds, to the importance of retirement savings, and more. In the final chapter, the authors, themselves highly accomplished in the world of finance, summarize these perspectives (which is no small feat!) and provide a concrete framework to help investors develop their own investment philosophy.

The authors describe their book as written for both “novice

and professional investors alike,” which I think they’ve accomplished. It is at once educational, intriguing, and

practical. Anyone eager to learn from some of the greatest minds in modern finance should read *In Pursuit of the*

Perfect Portfolio. And in my humble opinion, that ought to be every investor.