

Upcoming Chapter Meeting: AAI Sacramento



Date: Wednesday, September 18, 2013

Topic: Is Modern Portfolio Theory Harming Your Portfolio?

Speaker: Scott Vincent, Founder, Green River Asset Management

Modern portfolio theory (MPT) is a flawed architecture. Its shortcomings are demonstrated in academic research and empirical data and are widely acknowledged. Yet despite its flaws, MPT still operates at the heart of our financial system and plays a highly influential role in dictating all manner of financial decisions. This creates the potential for large-scale misallocation of capital across our financial system. MPT has skewed the investment landscape for individual investors in favor of “safe,” highly diversified index and index-like funds. However, as Vincent explains, there is compelling evidence that these funds’ relative risk/return profile is not as appealing as we are led to believe, and that “true” active managers may offer a better alternative.

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