

Beauty Beats Brains

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— *By Allen Giese*

I was startled to find Professor Eugene Fama's name mentioned in a story about Playboy models appearing in the Saturday/Sunday edition of THE WALL STREET JOURNAL. As you may know, Fama is Professor of Finance at the University of Chicago, one of the leading authorities on Modern Portfolio Theory in the world and credited as having developed the Efficient Markets Hypothesis.

According to a report by Ian McDonald, Playboy model Amy McCarthy has outperformed most professional money managers and nine other Playboy models in a stock-picking contest organized by Playboy Enterprises Inc. and internet-based data provider TradingMarkets.com.

According to the article, Ms. McCarthy's five-stock portfolio has jumped over 20% from January 1, 2006, through January 19, outperforming more than 6,000 mutual funds tracked by Morningstar Inc. She appears to favor high-risk ideas: only one of the five stocks she selected on January 1st was priced at more than \$3.00 per share.

Professor Fama, quoted in the article, is skeptical that Ms. McCarthy's success can be attributed to skill. "The nature of journalism," he says, "is to focus on such chance outcomes."