

In the beginning, Fischer quote Eugene Fama's quote about his disagree of using only beta to explain returns and said that he thinks Fama misunderstood the concept. It also states that low-beta stock during 1931-1965 had a better prediction than the CAPM while high beta stock did worse. Then Fischer concluded that all the authors above estimated slope of average return and risk lower than what is in CAPM. Fischer also states that he contradicts the idea of Fama and French contradiction of Black's borrowing restriction causing low-beta stock to do well.

In Data Mining, Fisher emphasis the hardship of doing research and some researchers follow obsolete research leading to inaccurate results. Then it talks about the size effect discussed by Merton, an effect that with small stock outstanding did well relatively with similar low beta stock and further support Merton idea with Fama and French study.

In Beta Theory, it states that Fama and French result support data mining. Then it shows how to construct the beta factor by creating a diversified port that short high beta stock while long low beta and emphasis on how easy it is. Then it states that with borrowing restriction might cause low-beta stock to have higher expected return predicted by the CAPM. Black gives us evidence of a firm that changes it leverage by exchange of debt to equity will likely causes the stock price to increase. He believed that the reason for that is due to the reluctant to borrow. Then Black discussed about a possible reason of beta factor pricing mismeasurement thanks to a different port that is not the true market port giving a higher than it should be beta to the stock and when it comes to selecting stock for our portfolio, it can lead to incorrect market portfolio. Moreover, Black says that mismeasurement may happen because of integrating of the foreign capital market and domestic that causes the low beta stock to underprice. Then Black states that we cannot do tests to test which factors is significant on stock return because it's highly correlated and thus dependent and it also bear a heavy risk of data mining.

In Varying the Analysis, it discussed about the "Portfolio Method", it can use any data for constructing the port. The more complex the port selection method, the higher the risk it comes with a data mining bias. To eliminate the data mining problem, BJS chose a stock according to the past beta and used many securities with the intention to diversify the unrelated factor. Black did not use the BJS method as it brings too much uncertainty toward the covariances. He then talked about other method such as Fama and MacBeth that provides similar result with broader definition of market portfolio. Lakonishok and Shapiro update the anlysis by including the size effect in estimating the average port return. Gibbon, Ross, and Shaken conduct a less bias port. Malkiel says that beta and fund performance are uncorrelated. Haugen and Baker states that low-risk stocks yields abnormal expected return because of an inefficient portfolio.

In Updating the Black-Jensen-Scholes study, Fisher uses the Black-Scholes method in estimating port beta, alpha and residual risk and use monthly data of security prices at the university of Chicago during the period of 1926-1991 and use average residual volatility for simplicity. Exhibit 1 shows number of stock each year during the 6 decades+1. Exhibition 2 along with exhibition 5 replicate the result during BJS period, it yields a similar result and show the slope chose as equally weighted market excess return. Exhibition 3 also gives a similar result for the period with a stronger pattern of Low-beta stock did better than what CAPM predicted. Moreover, exhibition 4 indicates an even stronger pattern. Exhibition 5 shows that beta calculated by BJS is good. However, BJS did not use a strict port choosing method. Black shores further improve the method by eliminating the possible sources of bias. Exhibition 6, show the beta factor using a stricter method compared to the BJS and improve the overall situation.

In Corporate Finance, it emphasis that the idea the line for corporate investment will be flat or flatter might be wrong because the firm can easily borrow thus facing less borrowing restrictions than individual. No matter the slope of the investors corporate will make decision based on the investment's cash flow. Thus, saying Beta is no longer viable is seemed to be a little premature given the evidence in this paper.