

On balance, a useful book to have in the O.R. Group's library, preferably on permanent loan to the Director responsible for inventories.

COLIN LEWIS

Management of Bank Portfolios

STEPHEN P. BRADLEY and DWIGHT B. CRANE.

Wiley-Interscience, New York. 1975. xiii + 299 pp. £9.50.

This book has a contents list that is so well thought out that it must arouse interest in all who has to do with the subject of bank portfolio management.

It begins by presenting an overview of the issues in the management of fixed-interest securities, the traditional approach to management planning, and finally the authors' own research methodology and findings. The results of their research to aid portfolio planning and management are summarised in Chapter 11, the final chapter of the book, which can be read independently—preferably before the rest of the book. The authors suggest the use of scenario planning as a framework to integrate strategic and tactical planning activities. Alternative models discussed in this context are grouped into: deterministic simulation, Monte Carlo simulation, linear programming, and optimisation under uncertainty, all evaluated against the strategic choice of selecting a fixed-interest portfolio maturity structure (basically, “laddered”—evenly distributed, and “barbell”—concentrated at the short and long ends of the maturity range with no intermediate maturities). The whole book apart from the appendices is written in non-technical language, which has the advantage of being very readable, but on the other hand difficult to satisfy the more inquisitive readers. A common feature in the book is that results and conclusions drawn tend to be presented without being substantiated by details of development; thus requiring a certain amount of faith on the part of the reader.

Those who are likely to benefit most from this book will be portfolio managers that are also interested in scientific management (no connection with F. W. Taylor intended!). The management scientist expecting intellectual stimulation may be disappointed. The book is however certainly not lacking in references to other, and quite recent, published works, and indeed appends the authors' own BONDS model.¹ Even so, unless he intends the book to be a source of bank portfolio management appreciation, the management scientist would be better off leaving the purchasing to his library.

ROGER HO

REFERENCES

- ¹ S. P. BRADLEY and D. B. CRANE (1972) “A Dynamic Model for Bond Portfolio Management,” *Mgmt Sci.*, **19**, No. 2, 139–151.