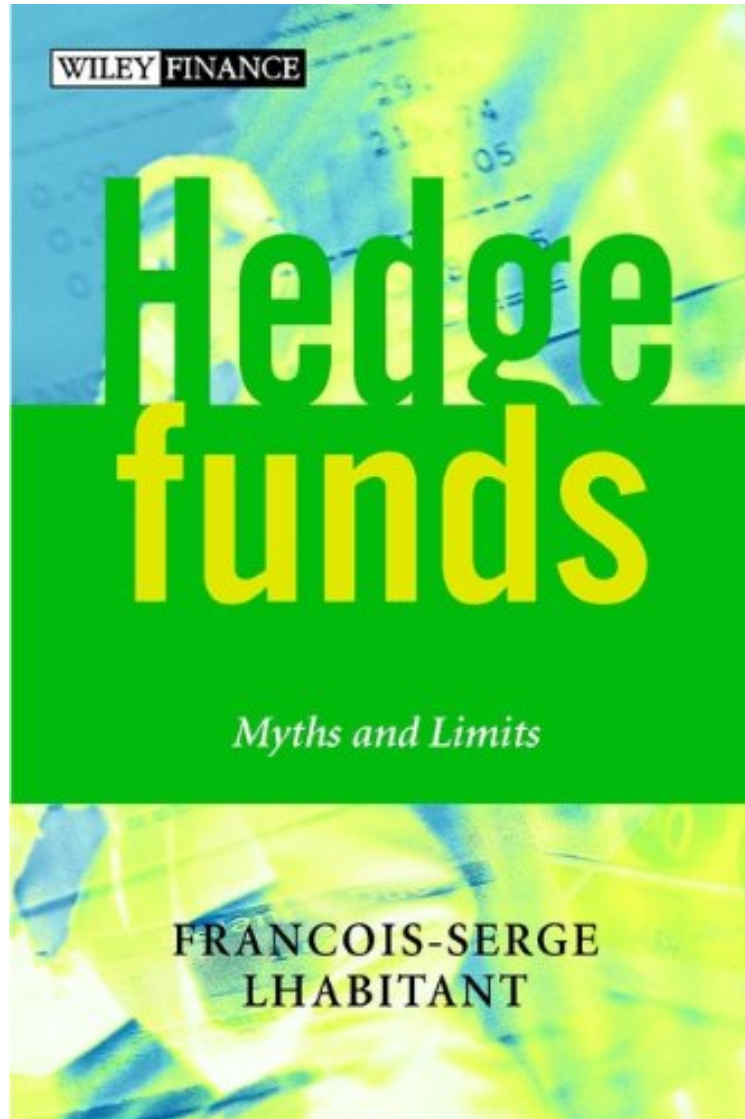


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## Hedge Funds: Myths and Limits (The Wiley Finance Series)

*Franccedil;ois-Serge Lhabitant*  
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**Franccedil;ois-Serge Lhabitant : Hedge Funds: Myths and Limits (The Wiley Finance Series)** before purchasing it in order to gage whether or not it would be worth my time, and all praised Hedge Funds: Myths and Limits (The Wiley Finance Series):

17 of 18 people found the following review helpful. THE HEDGE FUND BIBLE By Greg N. Gregoriou, Ph.D (Cand.) This book is a compendium of information on hedge funds starting with an instructional and basic introduction for both quantitative and qualitative investors. The first part explains in detail the basics, the legal environment, operational, and organizational structures of hedge funds. It also examines custodial and administration policies in various jurisdictions in European countries where some investment advisors of hedge funds are located. The chosen

European setting is largely due to the explosion of hedge funds and hedge fund interest, which is the main engine of change in the equity finance landscape currently undergoing a revolution. The author dismisses several misinterpretations of the way hedge funds operate and contributes an impartial and comprehensive blend of both theoretical and practical underpinnings of global markets. The second part goes into detail regarding the fundamental concepts needed to understand hedge fund strategies along with their potential positive and negative contributions to investment portfolios. It also thoroughly examines the statistical biases in hedge fund databases and indices. At the same time each chapter is supplemented with real world examples involving corporations and the use of hedge fund strategies. An overview of the major index providers is an added feature to inform investors how each database vendor has classified the hedge fund strategies and their different methods are examined. The various hedge fund strategies are presented in three chapters and an entire chapter is devoted to directional strategies such as global macro, sector, short sellers and managed futures. In the third and final part, the author highlights the important aspects of including hedge funds in traditional portfolios, database differences, non-transparency, due diligence, selecting and monitoring hedge funds. The author clearly outlines the benefits for investors using asset allocation and how it can be applied towards hedge funds. The second to last chapter of the text educates the reader on how he can properly navigate, identify and select hedge fund managers through the maze of almost 6,000 hedge funds. Of note, the chapter on funds of hedge funds describes the benefits of investing in these products, what the author calls "meta diversification" and discusses portfolio optimization along with what the future holds. Capital guaranteed products are addressed in one of the final chapters and the advantages of these new structured products often referred to as capital protected notes are explained. These products permit investors to get back a specified portion of capital they fully invested, enabling them to maximize their positions in hedge funds. Due to the recent creation of capital guaranteed products is sure to make the hedge fund industry grow even at a faster pace and it seems that institutional investors have bought this new idea. These new products will allow for equity style returns with less volatility and the security of cash. The final chapter deals with multifactor models, Sharpe style analysis and Value at risk. The author concludes with a chapter on advanced quantitative topics and follows this with an appendix on returns and risk statistics of hedge funds. This book brings the reader completely up to date with the latest developments in the hedge fund industry. The elaborate bibliography and over 60 websites found at the end of the book is the icing on the cake. This gem of a book can serve as a handbook and a practical guide to the hedge fund industry. L'Habitant has done a superb job and has provided all investors, portfolio managers, as well as professional financial advisers with a complete one stop hedge fund shopping text. It is the ultimate book about the hedge fund industry. 7 of 7 people found the following review helpful. An excellent text book for academics and govt officers but By Servant of God not for investors nor traders. As a trading book fan, CFA and professional trader, I must say this is the most informative, knowledgeable, well-researched book on hedge funds I had ever read. It could be a bible for anyone working in a bank or government institutions who need to monitor risk and legal issues concerning the very sophisticated hedge fund operations. This may be attributed to the very strong academic background of the author. However, it certainly goes far beyond the need and understanding of the general investment public or even professional traders like me whose primary objective may just be to profit, and profit. Therefore the value of it depends much on who the reader is and what he wants. No matter what, the quality of the book and the sincerity of the author can be much appreciated. 9 of 9 people found the following review helpful. Good comprehensive guide to how hedge funds work By Old-and-Wise More quantitative than most other books on hedge funds, this volume provides a comprehensive look at the hottest investment vehicles at the moment. Starting with the history, the book discusses the structure, operations, strategies, and performance measures of hedge funds. Unlike books written by the president of HFR, which are purely marketing turd, this book has substance and can be kept as a solid reference. Minor problems include a few critical typos, some irrelevant charts, and choppy English in a few places -- and a high price. But these do not distract from the value this book, and I recommend it to all interested in the topic.

Full coverage of how hedge funds work, from risks to rewards L'Habitant discusses--from an investor's perspective--the potential uses, risks, and returns in hedge funds, while offering both the qualitative and quantitative tools investors need to access these types of funds. Topics not normally covered in discussions of hedge funds are included, such as how to include hedge funds in traditional portfolios, database differences, and non-transparency. A practical guide to a growing, yet little understood, segment of the financial industry. Francois-Serge L'Habitant, PhD (Geneva, Switzerland), is Head of Quantitative Risk Management at Union Bancaire Privee in Geneva, Switzerland. A former computer engineer, he previously served as Director of UBS Private Banking Division. Over the years, financial professionals around the world have looked to the Wiley Finance series and its wide array of bestselling books for the knowledge, insights, and techniques that are essential to success in financial markets. As the pace of change in financial markets and instruments quickens, Wiley Finance continues to respond. With critically acclaimed books by leading thinkers on value investing, risk management, asset allocation, and many other critical subjects, the Wiley Finance series provides the financial community with information they want. Written to provide professionals and individuals with the most current thinking from the best minds in the industry, it is no wonder that the Wiley Finance

series is the first and last stop for financial professionals looking to increase their financial expertise.

ldquo;Balanced, Constructive and instructive, this is an essential read for investors, portfolio managers and financial advisers.rdquo; (Financial World, July 2004)From the Inside FlapMany myths have grown up around the hedge fund industry, aided by high profile cases such as LTCM. However, like any investment category, each manager differs in the leverage they use and the hedging policies they employ. Nonetheless, the primary aim of most hedge funds is to reduce volatility and risk while attempting to preserve capital and deliver positive returns under all market conditions. In this book the author explains, from an investor's perspective, the workings of hedge funds, their uses, risks and potential returns. No prior knowledge of the field is required as the author explains the strategies in a clear, concise manner. He also uses many examples and case studies to illustrate his point. This book is an ideal reference source for both investment professionals and serious financial students. Written intelligently and authoritatively, the book features the following: \* The characteristics of hedge funds against traditional investment funds \* The legal framework surrounding hedge funds in the US and other countries \* Various strategies followed by hedge funds \* The hedge fund indices that are available \* Asset allocation and the hedge fund selection process \* New investment vehicles \* Recent academic research on hedge funds.From the Back CoverHedge Funds are one of the fastest growing sectors of asset management. The industry has changed from being a small number of firms that features big name players such as George Soros and Julian Robertson, to a large market involving many thousands of companies. Press reports of the spectacular success and failure of firms such as the Quantum Fund, the Tiger Fund and LTCM have led to many misconceptions concerning hedge funds, their power and their influence. This state of affairs is not helped by the fact that they are exempt from regulation and little is known about them. This book dispels several misconceptions about hedge funds' operations and provides an impartial, up to date and comprehensive blend of theoretical and practical analysis of the market. The book also shows readers the fundamental concepts needed to understand strategies used by the funds and their potential positive and negative contributions to investment portfolios.