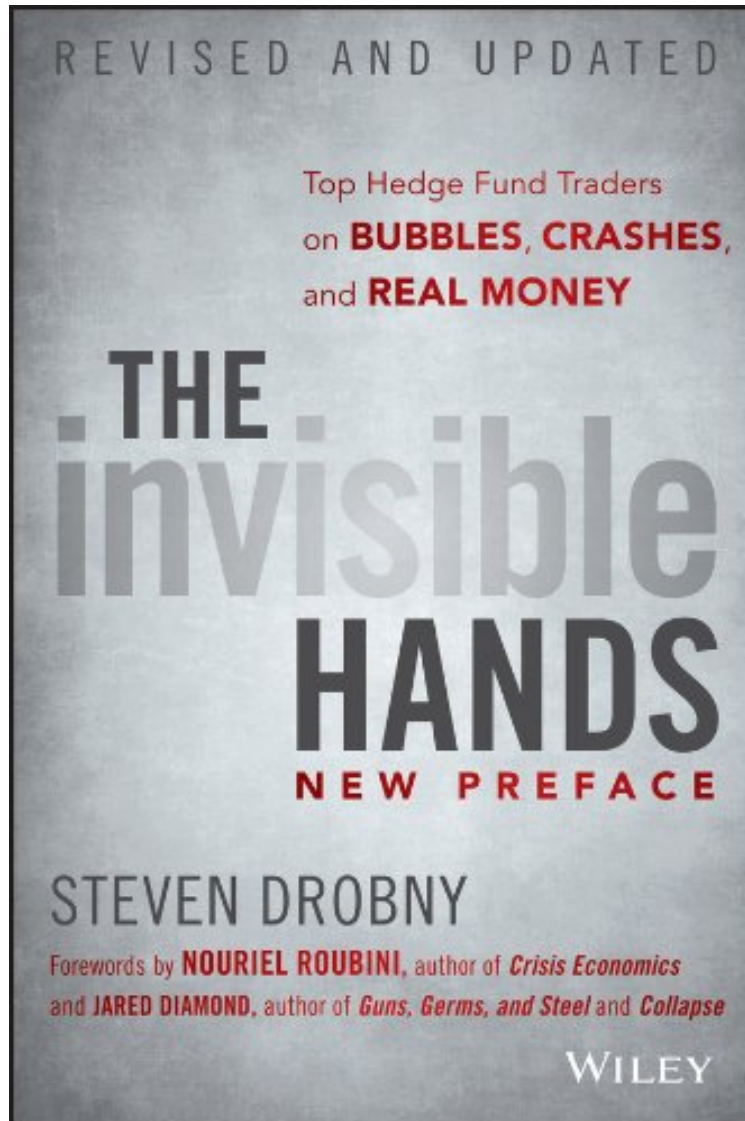


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The Invisible Hands: Top Hedge Fund Traders on Bubbles, Crashes, and Real Money

Steven Drobny

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Steven Drobny : The Invisible Hands: Top Hedge Fund Traders on Bubbles, Crashes, and Real Money before purchasing it in order to gage whether or not it would be worth my time, and all praised The Invisible Hands: Top Hedge Fund Traders on Bubbles, Crashes, and Real Money:

1 of 1 people found the following review helpful. Weaker Than First Book: Focused On Real MoneyBy bailey_nycl was excited to purchase this book following Inside the House of Money, but found it noticeably weaker. My main complaint would be that Drobny focused very narrowly on real money and should have just renamed the title "The

Smoke and Mirrors in Pension Funds." Traders or other fund managers might develop a negative view of real money after reading this. First off, the managers and interviews in this book are much more academic and less practical than normal fund managers. Generally, Inside the House of Money or even Market Wizards featured interviewees who were articulate and could justify their thesis: i.e. "trade X works because of factors A and B, but you must consider that you are at risk of C". Few of the managers in this book were too theoretical, and too much "hocus-pocus" with no substance I found; in other words, expect a lot of big words and useless highly technical finance jargon backing up trade ideas and theories. Frankly, if one cannot explain to their grandmother an idea, it is usually likely he/she doesn't understand their own idea. For example, an excerpt talks about one manager's approach to testing attractiveness of trades: "This approach is anchored by Bayesian methods.. we shrink my expected returns towards zero rather than towards some equilibrium model forecast, the latter of which is more appropriate given our macro focus, We then input that adjusted expected return into the Titanic funnel, which assesses how much it will lose in a variety of cataclysms, giving me the recommended position." Give me a break, this person should be teaching statistics somewhere, not managing a large pension. Is he really providing some edge or alpha to his investors? By the way, Taleb gives a great counter to Bayesian Methods in his book Black Swan using a Thanksgiving turkey as an example. Does Bayes method give you any information fundamental on what your buying? (sometimes even pork bellies can be made to look attractive if you overfit the data enough) Also, it seemed that there was some implied praise for the Endowment Model by Swensen (Yale) throughout the book, almost as if the book itself was an advocate for it. Problem is, the whole Endowment model revolves improving returns by selling risk premia and buying illiquid assets. Ok I agree it's a good point of real money investors who are un-levered and can withstand mark to markets. Retail investors certainly can learn this and consider the effect of "time arbitrage." But it seems these guys forget that the quality of the asset and the price you pay determine the return, and they in fact simply target illiquid assets regardless of these other important factors. Besides, this concept is not new, probably as old as the history of trading, and for sure practiced by Meriwether / Long Term Capital. On the bright side, there was a chapter by Jim Leitner which did give some great insights. For instance, he suggested that you could get exposure to hyperinflation via equity derivatives, specifically long upside out of the money calls or even long EuroSTOXX dividend swaps, pointing out correctly that EuroSTOXX dividends are priced at a discount further into the longer dated curve. As a follow up, a few other hedge funds have also suggested buying extremely out of the money calls (say 10'000 strike calls on SPX), so that trade has been repriced. 1 of 1 people found the following review helpful. Commodities and Real Money Management By Jason Fossen There's little I can add to the other five-star reviews (the book is great) but here are a few items: 1) there are interviews with managers who specialize in commodities, and these should be interesting even to those who focus just on equities/debt/FX because of the perspective they provide on the larger inter-relationships among all asset classes, 2) it is very useful to see how *differently* the managers think and approach global macro, and Drobny organizes the interviews nicely to emphasize these differences, and how Jim Leitner in particular changed from Drobny's prior book to this one, 3) this is also a book which adds more fuel to the debate around the group-think of investment committees who absolutely believe in Efficient Market Theory, the same committees who were *buying* in early 2008 and *selling* in March of 2009, and who today still manage our vastly under-funded pensions nationwide, and 4) if you haven't plowed through piles of similar-themed books it can be difficult to appreciate how hard it is to get information like this, i.e., concise, high-level viewpoints of successful managers who are not just promoting their own firms (hopefully a benefit of the anonymity of most of those interviewed). So even if the book isn't perfect and a little less fun than Drobny's "Inside the House of Money", so what? The question is what is better which you haven't already read in this particular niche? It's definitely a buy. 3 of 3 people found the following review helpful. Excellent By The Ugliest Not all of the interviews are equally insightful, or candid. However, each has some angle that it is worth considering. Will you learn a lot that is new in terms of trading strategy? Sort of and sort of not. None of the trades described in the book will jump out as crazy unique. However, the execution, the attitude, the balance, the measure of risk, etc. is where it all comes together and separates the dudes with good ideas from the ones making money. The insights are in the subtleties here. Don't expect a how to book. Just expect some good thought and behavioral patterns that may be worth taking into consideration.

Hedge fund managers who survived and profited through the 2008 financial crisis share their secrets In light of the colossal losses and amidst the resulting confusion that still lingers, it is time to rethink money management in the broadest of terms. Drastic changes still need to be made, and managers who actually made money during 2008 make for a logical starting place. This updated and revised edition of The Invisible Hands provides investors and traders with the latest thinking from some of the best and the most successful players in money management, highlighting the specific risk and return objectives of each, and discussing the evolution of certain styles and beliefs in money management. Divulges how top financial professionals are looking forward by thinking clearly, managing risk, and seeking a new paradigm of profit making opportunities in the post-crisis world Outlines investments and strategies for the rocky road ahead Gives guidance on how traditional investors such as pensions, endowments, foundations and family offices should rethink how they approach asset allocation and portfolio construction Written by respected

industry expert Steven Drobny Page by page, the professionals found in this book reveal their own approaches to markets, risk, and the broader world in which we live, as well as their advice on how investors should be approaching money management in today's uncertain world.

From the Back Cover Praise for *The Invisible Hands* "Drobny does it again!" —JIM ROGERS, author of *A Gift to My Children* "While many are too busy trying to determine 'what just happened,' the insights of these *Invisible Hands* provide a valuable forward-looking road map for managing institutional portfolios. With trillions at stake for our society's pensions, endowments, and foundations, this book offers important lessons for any fiduciary charged with stewarding assets for future generations." —MICHAEL K. BARRY, Chief Investment Officer, Georgetown University Endowment "Anyone looking for a better understanding of how to invest in turbulent waters will benefit from this guided tour of the experiences of smart and creative money managers over the last couple of years. Pick up a copy and enjoy!" —ARMINIO FRAGA, Founding Partner, Gaacute;vea Investimentos, and former president, Central Bank of Brazil "Drobny's pathbreaking work analyzes the deficiencies of real money investors and proposes antidotes gleaned from the techniques of top macro hedge fund managers." —Dr. JOHN PORTER, Managing Director, Global Portfolio and Liquidity Management, Barclays Capital "Once again, Drobny taps the most influential minds in investing to unearth some decidedly uncommon wisdom and candid revelations. *The Invisible Hands* maps out the winners and losers, empowering readers to navigate the transformation of the money management industry currently in full swing." —JOHN BRYNJOLFSSON, CIO, Armored Wolf, and former portfolio manager of the \$80 billion PIMCO Real Return practice About the Author STEVEN DROBNY is the founder and CEO of Drobny Global Asset Management, an independent investment advisory, asset management, and consulting firm focused on global macro and commodity hedge fund strategies. He is also the author of the critically acclaimed *Inside the House of Money: Top Hedge Fund Traders on Profiting in the Global Markets* (Wiley). Mr. Drobny holds an MSc in finance and accounting from the London School of Economics and Political Science and a BS/BA from Bucknell University. Please visit www.drobnycapital.com for more information on Drobny and this book.