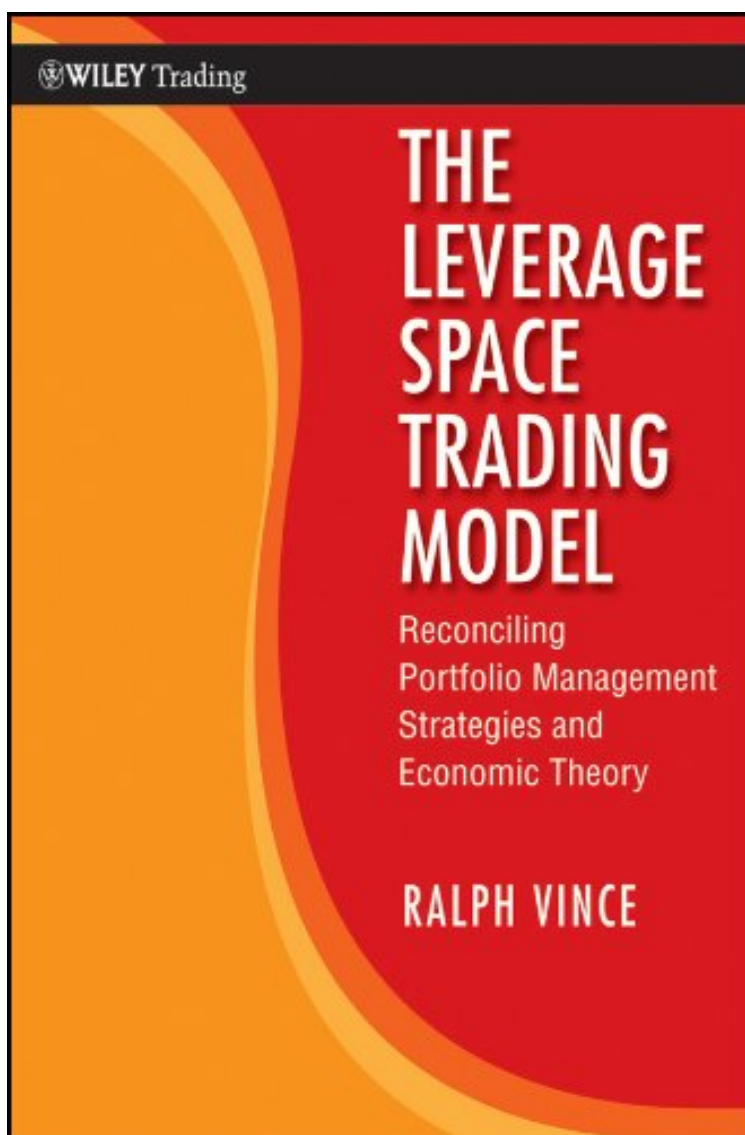


(Free) The Leverage Space Trading Model: Reconciling Portfolio Management Strategies and Economic Theory (Wiley Trading)

## The Leverage Space Trading Model: Reconciling Portfolio Management Strategies and Economic Theory (Wiley Trading)

*Ralph Vince*

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**Ralph Vince : The Leverage Space Trading Model: Reconciling Portfolio Management Strategies and Economic Theory (Wiley Trading)** before purchasing it in order to gage whether or not it would be worth my time, and all praised The Leverage Space Trading Model: Reconciling Portfolio Management Strategies and Economic Theory (Wiley Trading):

6 of 6 people found the following review helpful. Essential readingBy BenLA useful work for any independent

speculator looking to maximize returns while maintaining control of risk. I have been following Mr. Vince's work since 1991 and have always found value far beyond my cost.

Praise for *The Leverage Space Trading Model* "As Warren Buffett said, 'It's only when the tide goes out that you learn who's been swimming naked.' We now know that most have been. It's too bad that Ralph Vince did not finish his book in 2005 or 2006, it would have helped save institutional investors and our nation trillions of dollars; few people understand the rewards of leverage and its inherent risks like Ralph. As we found out, most hedge funds and banks use leverage without knowing how to quantify its risks or rewards. This book is a must-read for anyone using or being responsible for risk. Leverage is one of our greatest empowerments." —Salomon Konig, member of the board of directors, Hedge Fund Association, Partner and Chief Investment Officer, Artemis Capital Partners, LLC "Ralph Vince is almost alone in his study of trade sizing, but that doesn't mean he isn't right. Traders should read this book." —Euan Sinclair, option trader and author of *Volatility Trading* "As we've seen recently, the gross misuse of leverage has been a hard lesson for institutions. But position sizing is critical to the success of all traders, big and small, and Ralph Vince brings fresh thinking to an area that badly needs it. He challenges the status quo and makes you think about what you're doing. He attacks the major flaws of MPT. There is no doubt that you'll benefit from Ralph's ideas." —Perry Kaufman, author of *New Trading Systems and Methods, Fourth Edition* and *A Short Course in Technical Trading* "If Ralph Vince writes it, I read it...every word, every thought this guy has produced has led me to additional market profits. Money management is clearly the way to the kingdom of wealth in the investment world and Ralph gives you the keys in this book." —Larry Williams, trader, fund manager, and author of *Trade Stocks Commodities with the Insiders: Secrets of the COT Report* and *Long-Term Secrets to Short-Term Trading*

From the Inside Flap The cornerstone of money management and portfolio optimization techniques has remained the same throughout history: maximize gains and minimize risk. Yet, asserts Ralph Vince, the widely accepted approaches of combining assets into a portfolio and determining their relative quantities are wrong—and will cost you. They illuminate nothing, he says, aside from providing the illusion of safety through diversification. Although numerous Nobel Prizes have been awarded based on some of those widely accepted principles, their popular acceptance does not constitute real-world validation. What has been needed is a viable alternative to directly address these real-world dictates. In *The Leverage Space Trading Model*, Vince offers a groundbreaking contribution to the literature that builds on a lifetime of expert analysis to deliver not only a superior new portfolio model, but takes the entire discipline of portfolio management to a new level. In this book, Vince—who has made many important intellectual contributions to the field for over two decades—departs radically from informed orthodoxy to present an entirely new approach to portfolio management. At its core, *The Leverage Space Trading Model* basically tells how resources should be combined to maximize safety and profitability given the dictates of the real world. But, as the author points out, given the complex and seemingly pathological character of human desires, we are presented with a fascinating puzzle. Research has found that human beings do not primarily want to maximize gains; our psychological makeup is such that we instead tend to possess seemingly more complex desires. If the models don't work, if we are ultimately unable to satisfy our more complex desires, what's the alternative? As Vince shows, the answer is to utilize the Leverage Space Model as a "framework" to achieve the specific ends a trader or portfolio manager seeks. The author's new allocation paradigm avoids the troubles that come with mean variance models—which most models are—and quantifies drawdowns to achieve a growth-optimal portfolio within a given drawdown constraint, in a manner that satisfies these seemingly pathological human desires. And for those who don't wish to get involved with the mathematics, Vince has presented the text in a manner of two congruent, simultaneous channels, with math and without. Most simply put, this book will change how you think about money management and portfolio allocations. About the Author Ralph Vince is a computer programmer who got his start in the trading business as a margin clerk and later worked as a consultant programmer to large futures traders and fund managers. He currently consults with businesses and trading operations around the world and speaks frequently in front of professional and academic groups globally. Vince has been critically acclaimed for his groundbreaking work in money management, particularly in the development of Optimal f. He is the author of numerous Wiley titles, including *The Handbook of Portfolio Mathematics*, *Portfolio Management Formulas*, *The Mathematics of Money Management*, and *The New Money Management*.