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| 1. Record Nr.           | UNINA9910784356203321  |
| Titolo                  | Funds of hedge funds [[electronic resource] ] : performance, assessment, diversification, and statistical properties // edited by Greg N. Gregoriou  |
| Pubbl/distr/stampa      | Amsterdam ; ; Boston, : Butterworth/Heinemann/Elsevier, c2006  |
| ISBN                    | 1-281-01612-8<br>9786611016128<br>0-08-047282-6  |
| Descrizione fisica      | 1 online resource (497 p.)   |
| Collana                 | Quantitative finance series  |
| Altri autori (Persone)  | GregoriouGreg N. <1956->   |
| Disciplina              | 332.64/5   |
| Soggetti                | Hedge funds<br>Risk management<br>Hedge funds - Evaluation<br>Investment analysis - Mathematical models  |
| Lingua di pubblicazione | Inglese  |
| Formato                 | Materiale a stampa   |
| Livello bibliografico   | Monografia   |
| Note generali           | Description based upon print version of record.  |
| Nota di bibliografia    | Includes bibliographical references and index.   |
| Nota di contenuto       | Front Cover; Title page; Copyright Page; Table of Contents; Preface and Acknowledgments; About the editor; List of contributors; Part One: Performance; 1 Rank alpha funds of hedge funds; 1.1 Introduction; 1.2 Hedge fund data and biases; 1.3 Factor models for hedge funds; 1.4 Model estimation; 1.5 Rank alpha; 1.6 Optimizing funds of hedge funds; 1.7 Cleaning the covariance matrix; 1.8 Performance analysis of rank alpha portfolios; 1.9 Conclusion; References; 2 Funds of hedge funds: bias and persistence in returns; 2.1 Introduction; 2.2 Database; 2.3 Methodology; 2.4 Descriptive statistics<br>2.5 Bias analysis<br>2.6 Persistence in performance; 2.7 Conclusion; References; 3 Replication and evaluation of funds of hedge funds returns; 3.1 Introduction; 3.2 The KP efficiency measure; 3.3 Evaluation results; 3.4 Distributional analysis; 3.5 Conclusion; References; 4 Performance, size, and new opportunities in the funds of hedge funds industry; 4.1 Introduction; 4.2 Experimental framework; 4.3 Factor model for fund of funds; 4.4 Sample formation; 4.5 Performance decomposition of FOF portfolios; 4.6 Principal components of FOF |

returns; 4.7 Conclusion; References

5 Optimal fund of funds asset allocation: hedge funds, CTAs, and REITs5.1 Introduction; 5.2 Data; 5.3 Methodology; 5.4 Results; 5.5 Conclusion; References; 6 The changing performance and risks of funds of funds in the modern period; 6.1 Characteristics of funds of funds; 6.2 Comparing returns: funds of funds vs. hedge funds; 6.3 Ancient history vs. modern history: LTCM as the defining moment; 6.4 Factor analysis of returns; 6.5 The future of funds of funds; References;

7 Hedge fund indices: Are they cost-effective alternatives to funds of funds?; 7.1 Introduction; 7.2 Funds of funds

7.3 Investable hedge fund indices7.4 Distribution of returns and potential biases; 7.5 Asset-based style factors; 7.6 Mean excess return and Sharpe ratio comparisons; 7.7 Fung and Hsieh model alphas and information ratio comparisons; 7.8 Correlation with traditional asset returns and lagged equity return comparisons; 7.9 Conclusion; References;

8 Simple hedge fund strategies as an alternative to funds of funds: evidence from large-cap funds; 8.1 Introduction; 8.2 Data; 8.3 Methodology; 8.4 Empirical results; 8.5 Conclusion; References

Part Two: Diversification, Selection, Allocation, and Hedge Fund Indices9 Funds of funds of hedge funds: welcome to diworsification; 9.1 Introduction; 9.2 The art and science of diversification; 9.3 Analysis; 9.4 Diversification results; 9.5 How about the fees?; 9.6 Conclusion; References;

10 Style analysis of funds of hedge funds: measurement of asset allocation and style drift; 10.1 Introduction; 10.2 Sharpe's model for style analysis; 10.3 Data set; 10.4 Hedge fund classification; 10.5 Accuracy of Sharpe's model; 10.6 Measuring the style drift; 10.7 Conclusion; References; Appendix

11 Gains from adding funds of hedge funds to portfolios of traditional assets: an international perspective

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Sommario/riassunto

With about 450 billion in assets, funds of hedge funds are the most recent darling of investors. While hedge funds carry high risk for the promise of high returns they are designed for the very rich and for large institutional investors such as pension funds. A Fund of Hedge Funds (FOF) spreads investments among a number of hedge funds to reduce risk and provide diversification, while maintaining the potential for higher than average returns. Odds are that some pension fund of yours is invested heavily in these products, and more recently these FOFs have been opened to more and more individ

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