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Nota di contenuto	Market Risk Management for Hedge Funds; Contents; Acknowledgements; 1 Introduction; PART I FUNDAMENTALS FOR STYLE AND IMPLICIT VALUE-AT-RISK; 2 Ongoing Institutionalization; 2.1 Hedge Fund Industry Size and Asset Flows; 2.2 Style Distribution; 2.3 2006-2007 Structural Developments; 2.3.1 Geography, Listing, Independent Arbitrators and Back Office; 2.3.2 Pricing and Side Pockets; 2.4 Are Hedge Funds Becoming Decent?; 2.4.1 Improved Market Efficiency; 2.4.2 Transfer of Risk; 2.4.3 Liquidity Suppliers; 2.4.4 Captive Capital?; 2.4.5 The Black Sheep of Capitalism? 2.5 Funds of Hedge Funds Persistence 2.5.1 Conditional Persistence; 2.5.2 Interquartile Spreads; 3 Heterogeneity of Hedge Funds; 3.1 Testing Sample; 3.2 Smoothing Effect of a Restrictive Classification; 3.3 Heterogeneity Revealed through Modern Cluster Analysis; 3.3.1 Modern

Cluster Analysis Measures of a Classification; 3.3.2 Empirical Comparison; 3.3.3 Consequence For Value-at-Risk; 3.4 Appendix A: Indices Sample; 4 Active and Passive Hedge Fund Indices; 4.1 Illusions Fostered by Active Hedge Fund Indices; 4.1.1 The Illusion of Achieving Purity; 4.1.2 The Illusion of Representativeness; 4.1.3 The Illusion of Optimality; 4.2 Passive Indices and the Illusion of being Clones; 4.2.1 Mechanical Replication; 4.2.2 Exposure Replication; 4.2.3 Replication of Distributions; 4.3 Conclusion; 5 The Four Dimensions of Risk Management for Hedge Funds; 5.1 Operational and Structural risk; 5.1.1 Sources of Structural Risk; 5.2 Risk Control; 5.3 Delegation Risk; 5.3.1 Market Risk; 5.3.2 Risk Controls; 5.4 Direct Investment Risk; 5.4.1 Underlying Approach; 5.4.2 Strategy Risk Approach; 5.4.3 Overlapping Approaches; 5.5 Conclusion; 5.6 Appendix B: Risks Embedded with Some Classical Alternative Strategies; 5.6.1 Pure Short Selling; 5.6.2 Long/Short Equity; 5.6.3 Convertible Arbitrage; 5.6.4 Fixed Income Arbitrage; 5.6.5 Risk Arbitrage; 5.7 Appendix C: Other Common Hedge Funds Risks; 5.7.1 Leverage Risk; 5.7.2 Liquidity Risk; 5.7.3 Counter-Party Risk; 5.7.4 Specific Event Risk; PART II STYLE VALUE-AT-RISK; 6 The Original Style VaR Revisited; 6.1 The Multi-Index Model; 6.1.1 The Sharpe (1988) Model; 6.1.2 Application to Hedge Funds; 6.1.3 Hedge Funds Indices as Risk Factors; 6.2 The Style Value-at-Risk; 6.2.1 The Value-at-Risk Model; 6.2.2 Original Backtesting; 6.3 Backtesting Revisited; 6.3.1 Fundamentals of an Updated Backtesting; 6.3.2 Updated Exception Rate; 6.3.3 Sources of Risk Underestimation; 7 The New Style Model; 7.1 Extreme Value Theory; 7.1.1 The Generalized Pareto Distribution; 7.1.2 Parameter Estimation; 7.1.3 Method Selection; 7.1.4 Extreme Quantiles to Value the Risk; 7.1.5 Assessing the Risk of Hedge Funds; 7.1.6 Dealing with Autocorrelation; 7.2 Risk Consolidation; 7.2.1 Hybrid EVT Approach; 7.2.2 Tail Dependence; 7.2.3 Location Parameters; 7.2.4 Extreme Value-at-Idiosyncratic-Risk

Sommario/riassunto

This book provides a cutting edge introduction to market risk management for Hedge Funds, Hedge Funds of Funds, and the numerous new indices and clones launching coming to market on a near daily basis. It will present the fundamentals of quantitative risk measures by analysing the range of Value-at-Risk (VaR) models used today, addressing the robustness of each model, and looking at new risk measures available to more effectively manage risk in a hedge fund portfolio. The book begins by analysing the current state of the hedge fund industry - at the ongoing institutionalisation of the mar