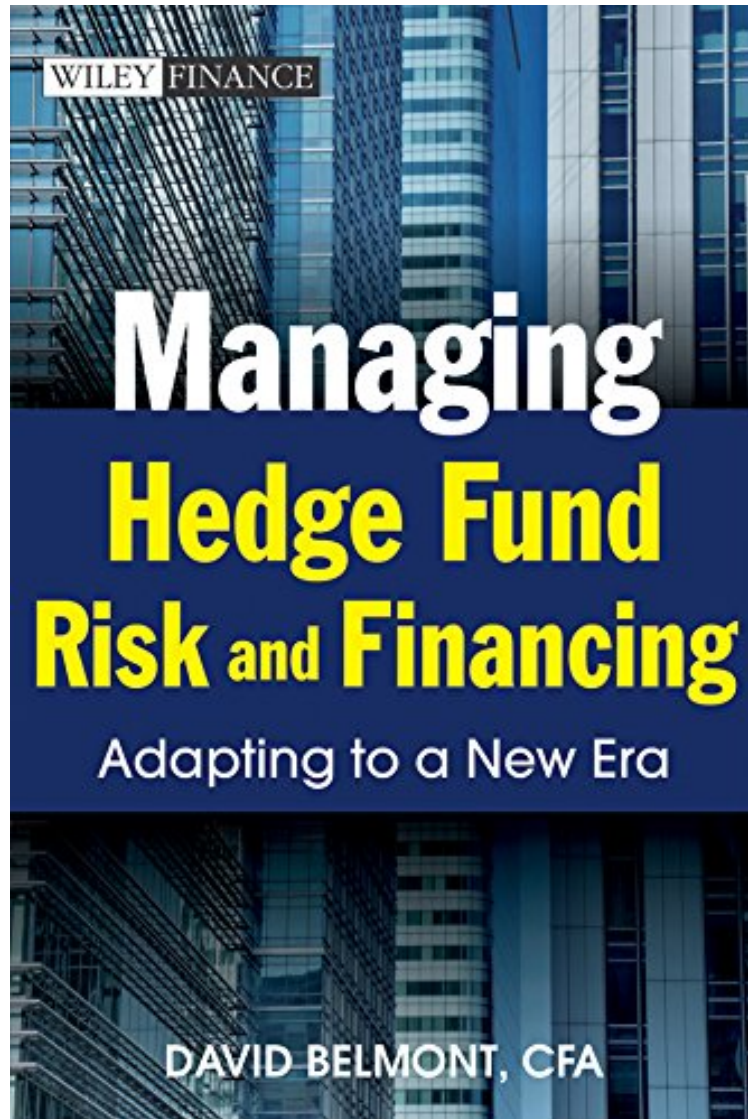


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Managing Hedge Fund Risk and Financing: Adapting to a New Era (Wiley Finance)

David P. Belmont

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David P. Belmont : Managing Hedge Fund Risk and Financing: Adapting to a New Era (Wiley Finance) before purchasing it in order to gauge whether or not it would be worth my time, and all praised Managing Hedge Fund Risk and Financing: Adapting to a New Era (Wiley Finance):

2 of 3 people found the following review helpful. Practical Risk Management Advice for the Hedge Fund Manager and Investor By Ray Coleman This book distills the hedge fund risk management lessons from the 2008 Financial Crisis and then comprehensively redefines modern hedge fund risk management. The expected up to date market and

investment risk management techniques brought together but importantly, their real life shortcomings are illustrated by recent hedge fund trading and corporate events. Among the book's practical insights are the game theoretic approach to explaining a manager's decision to gate his fund, the rational factors influencing a prime broker's decision to call for additional margin, and the legal ways a hedge fund manager can mitigate funding risk. In short, a very practical book with the necessary theoretic grounding but written by a practitioner. 0 of 2 people found the following review helpful. The market can stay irrational longer than you can stay solvent By Ghautam Aggarwal You will need a decent theoretical background in risk management to get the most out of this book. Would have been nice to include more risk management theory as background for students but book shows how to protect a hedge fund when market reality differs from theory in a crisis. Game theory approach to anticipate actions via understanding motivations of all market participants is useful. Different buy side and sell side risk management perspectives are important to understand when developing a total risk management framework for a HF. Recommendations relevant to most Hedge Funds who want to be able to stay solvent in a crisis are practical and generally actionable though sometimes overly detailed.

The ultimate guide to dealing with hedge fund risk in a post-Great Recession world Hedge funds have been faced with a variety of new challenges as a result of the ongoing financial crisis. The simultaneous collapse of major financial institutions that were their trading counterparties and service providers, fundamental and systemic increases in market volatility and illiquidity, and unrelenting demands from investors to redeem their hedge fund investments have conspired to make the climate for hedge funds extremely uncomfortable. As a result, many funds have failed or been forced to close due to poor performance. *Managing Hedge Fund Risk and Financing: Adapting to a New Era* brings together the many lessons learned from the recent crisis. Advising hedge fund managers and CFOs on how to manage the risk of their investment strategies and structure relationships to best insulate their firms and investors from the failures of financial counterparties, the book looks in detail at the various methodologies for managing hedge fund market, credit, and operational risks depending on the hedge fund's investment strategy. Also covering best practice ISDA, Prime Brokerage, Fee and Margin Lock Up, and including tips for Committed Facility lending contracts, the book includes everything you need to know to learn from the events of the past to inform your future hedge fund dealings. Shows how to manage hedge fund risk through the application of financial risk modelling and measurement techniques as well as the structuring of financial relationships with investors, regulators, creditors, and trading counterparties Written by a global finance expert, David Belmont, who worked closely with hedge fund clients during the crisis and experienced first hand what works Explains how to profit from the financial crisis In the wake of the Financial Crisis there have been calls for more stringent management of hedge fund risk, and this timely book offers comprehensive guidelines for CFOs looking to ensure world-class levels of corporate governance.

From the Inside Flap Hedge fund investors and managers must learn the lessons of the credit crisis or be doomed to repeat them. Drawing on his unique "in the trenches" perspective as the risk manager of a leading prime brokerage through the crisis and his own hands-on hedge fund risk management experience, *Managing Hedge Fund Risk and Financing* illustrates the risks faced during the credit crisis by actual hedge funds. David Belmont distills lessons regarding the evolution of hedge fund risk management by highlighting the risk management practices of those that survived and combing the wreckage of those that failed. Starting with the perspective of the hedge fund as a fragile enterprise, Belmont comprehensively defines the interrelated risks facing hedge funds and presents a holistic risk management approach that focuses on investment risks while integrating funding, counterparty and operational risks. He details the likelihood and impact of each risk by hedge fund type, and analyzes hedge fund performance through the crisis to establish the risk management priorities for each hedge fund strategy. Using game theory and insight into the self-interest of hedge fund managers, investors, and creditors, Belmont defines realistic strategies for counterparty and funding risk management. He illustrates how funding and counterparty risks can be mitigated and the solvency of a hedge fund protected in a crisis through careful negotiation of legal documents with brokers and investors. From the Back Cover What makes this book special is that it presents an insider's perspective of what went right, what went wrong, and what are the lessons learned from the crisis. David Belmont had a front row seat and role to play with hedge funds as a crisis scenario few had contemplated played out—a scenario with not only huge investment risks, but also counterparty, funding, and operational risks. Want to know what really happened to hedge funds during the financial crisis? The holistic view is presented here: how to manage a hedge fund with investment, funding, counterparty and operational risks in mind. Bob Litterman Partner, Kepos Capital (a New York-based hedge fund) Former Partner and Head of Firm-wide Risk Goldman Sachs David Belmont has written a rather well-researched, thoughtful book on managing hedge fund risk that serves well as a reminder for what hedge fund CIOs, CFOs, and COOs need to think about before they use leverage in their business. The book is written in a style accessible to the lay reader as well as the industry-savvy risk manager. The experience of the managers of the Icarus fund possibly represents what a lot of large well-pedigreed fund managers went through as the Financial Crisis of 2007/2008 developed. I expect it to be received extremely well by people on the buy and sell sides alike. Satish Ramakrishna Head, Prime Services Risk and Complex Financing, Global Markets Equity Deutsche Bank David

Belmont's *Managing Hedge Fund Risk and Financing* is a must-read for anyone investing in, or working for, a hedge fund. David does a superior job of providing both a comprehensive and understandable framework for thinking about hedge fund risk, as well as great detail for understanding, analyzing and managing various risks associated with different types of hedge funds. In particular, the book highlights often overlooked risks including funding and counterparty risk. I learned a lot as a result of reading the book and gave copies to the hedge fund and risk management teams at UTIMCO. Bruce Zimmerman CEO and CIO The University of Texas Investment Management Company (UTIMCO) Written by a seasoned risk professional, David Belmont's new book contains a wealth of insights on how hedge fund risk ought to be managed. The clear and direct writing style makes even complex and arcane issues easy to understand. This book should be of interest to hedge fund managers and investors alike. Sung Cheng Chih Chief Risk Officer, Government of Singapore Investment Corp. (GIC) Hedge fund managers, administrators, prime brokers and those with risk oversight will find this book informative. It is a practical and implementable guide for risk management and oversight of hedge fund risks and financing with a detailed discussion on liquidity and funding risk management. Timothy M. Curran, CFA Managing Director Citigroup Risk Management

About the Author David Belmont has over 19 years of buy side and sell side risk management experience gained as a Chief Risk Officer, hedge fund risk manager, hedge fund investor, and a hedge fund lender. David is currently the Chief Risk Officer for Commonfund, a manager of US\$27 billion of long term client assets across hedge funds, private equity, real estate, commodities, fixed income and equities. Previously, David was the Head of Risk Management for Temasek Holdings, the Singapore sovereign wealth fund, where in addition to risk-managing the direct investing, Private Equity, and long-only investments, David risk-managed Temasek's internal hedge fund strategies and its third party hedge fund investing. Earlier in his career, David was the risk manager for Cargill's Financial Markets Group, the precursor to the multi-strategy hedge fund, Black River Asset Management. Subsequently, David was the Director of Risk for Nexgen Capital, a closely held hedge fund active in emerging markets, credit arbitrage, volatility arbitrage, and natural catastrophe bonds. David's sell side experience comes from his recent role as Global Head of Hedge Fund Risk Credit at UBS Investment Bank and as Head of Risk Management for UBS Prime Brokerage in the Americas. David holds Master of Business Administration and Master of Science degrees from Yale University and is a Chartered Financial Analyst.