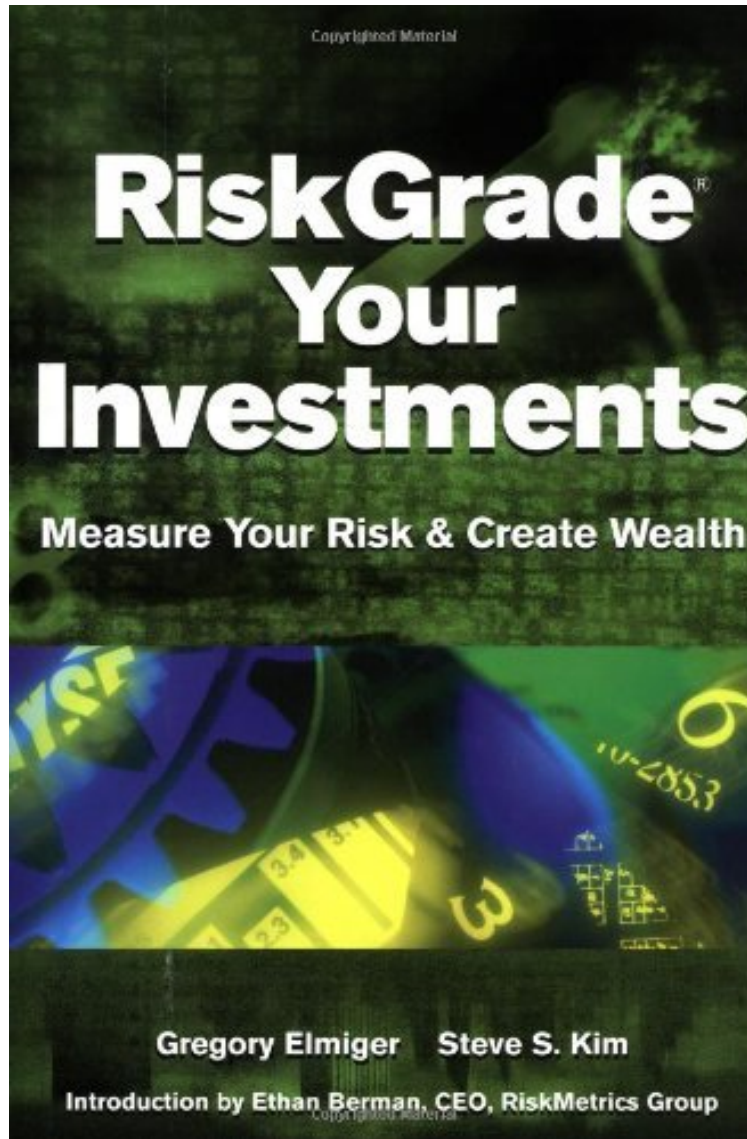


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RiskGrade Your Investments: Measure Your Risk and Create Wealth

Gregory Elmiger, Steve S. Kim

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Gregory Elmiger, Steve S. Kim : RiskGrade Your Investments: Measure Your Risk and Create Wealth before purchasing it in order to gauge whether or not it would be worth my time, and all praised RiskGrade Your Investments: Measure Your Risk and Create Wealth:

8 of 10 people found the following review helpful. Superficial, glib, and poorly written By John Tucker To say that this book is poorly written would be like calling the crash of 1929 a down day for the market. One of the things you have to do in a book like this is stay on point and keep the reader focused. This book doesn't do that. It's banal and boring to

a fault, even for a financial book. From a train-of-thought standpoint, it's all over the place -- hopping from one topic to the next and back again at a moment's notice. The topics touched on in this book are covered in an extremely superficial fashion. You won't learn anything here that you couldn't learn from reading the business section of a leading newspaper. The comments are glib and inappropriately shallow in many places. Wealth acquisition and risk management are hard and complex tasks, otherwise more people would do well at them. The biggest problem is that the book gives bad advice. Many of the strategies suggested only apply when you know whether the market will be up or down for the foreseeable future. Unfortunately, we've never been able to know that with any degree of certainty (as the last couple of years have proven), so we don't know which strategy to go with. The best risk management strategy provides you with a safe haven in times of trouble, and a reasonable wealth acquisition strategy in calmer seas. This book does just the opposite. It gives bad advice for the bad times and worse advice for the good ones. After reading through this the last couple of days, I have just one word of advice for the authors: "Keep your day job."⁴ of 6 people found the following review helpful. Not terrible, but not great either. By A Customer I don't think this one will have a long shelf life. Problems:- It's not written well. The authors appear to be first-timers. I found it exceedingly boring and dry, even for a financial management book.- The advice given is often questionable, to say the least.- The people giving the advice have little standing. I work in risk management on the Street everyday and have never heard of any of them. One last nitpick -- the Introduction has to be the worst one I've ever read. It doesn't tell us anything about the book, why the authors have written it, or why we should listen to them. A book's Intro is like a handshake -- it provides a first impression of what the book itself will be like, and you don't get second first impressions. This one left my palm feeling a little greasy, like I'd just shook hands with an ambulance-chasing lawyer.⁵ of 6 people found the following review helpful. Don't waste your money. By F. B. Erhman I bought this one and "Energy and Power Risk Management: New Developments in Modeling, Pricing and Hedging" (both published last month by John Wiley and Sons) earlier this week, and I have to say, I'm very disappointed with this one. The advice given is just plain bad in many cases. The writing is absolutely terrible. Whoever told these guys they could write should have his license revoked. I prefer financial books with a bit of spice, something to keep me reading. This thing isn't worth the paper it's printed on. My recommendation is to buy "Energy and Power Risk Management: New Developments in Modeling, Pricing and Hedging" and leave this load of baloney on the shelf.

Praise for RiskGrade Your Investments "In the same way that the introduction of RiskMetrics raised the level of the discussion (and sometimes debate) regarding market risk measurement and management at large financial institutions, the introduction of RiskGrades and this book represent a major step in the understanding and application of risk measurement and management techniques by individual investors." -Charles Smithson, Managing Partner, Rutter Associates, and author of Managing Financial Risk What Others Are Saying About RiskGrades.com Forbes' best of the web 2002: "Savvy analysis, all free." "A new and impressive Web-based service that promises to offer a clue to the question of how risky is your portfolio. RiskMetrics has been measuring portfolio risk for big financial institutions since 1994 and now sheds some light on investor risk. RiskGrades helps investors combine risk and return to make proper investment decisions." -BusinessWeek "Owning a high percentage of company stock in a retirement plan--any more than 20 percent--is one of the riskiest propositions in investing, and yet employees almost never measure this risk objectively or reduce their positions. . . . It is easy to approximate investment risk. A useful tool for measuring risk is available through RiskMetrics Group's www.riskgrades.com, a service that will measure the volatility and return of single securities or whole portfolios against all asset classes and international regions." -Financial Times "Without divining what exactly a fund owns, the system simply distills risk down to the likelihood of finding a severe change in its value on a given day. . . . Running a few notable funds through the rating bath can be a useful check on what an investor is putting on the line for a given dollar of investment gains." -Barron's "Mathematicians and economists use complex computer programs to examine the effects of different shocks on different portfolios. Such tests have been used for several years by professionals who manage multimillion-dollar investment funds. But RiskMetrics, a spinoff of J.P. Morgan Chase, is now providing similar tools for individual investors. RiskMetrics runs a Web site, www.riskgrades.com, which investors can use free of charge. The Web site allows investors to stress-test individual stocks and mutual funds as well as portfolios." -The Wall Street Journal

From the Inside Flap Do you know the risk you are taking each time you invest in a stock, bond, mutual fund, or multi-asset portfolio? The reality is that many investors take too much risk, or too little, without really knowing. Now you can make better investment decisions by developing an investment strategy truly aligned with your tolerance for risk. RiskGrades is the first suite of risk measurement tools available to individual investors and financial advisors. A simple RiskGrade is an easy-to-use tool that permits the measurement of risk on an "apples to apples" basis across a wide spectrum of individual assets and portfolios. In RiskGrade Your Investments, Gregory Elmiger and Steve Kim show investors what investment risk is, illustrate it conceptually, and demonstrate how to build and maintain an investment portfolio using the same tools used on Wall Street. There is no one investment portfolio that is perfect for everyone. RiskGrade Your Investments will help you develop the right portfolio for you. It will help you learn to spot

risk, take control of it, and develop a wealth creation plan where risk and portfolio diversification work for, not against, you. RiskGrade Your Investments addresses the most frequently asked questions regarding risk and its role in deciding which assets to buy, hold, or sell. Step-by-step, the authors detail how defining your investment objectives, diversifying your portfolio, staying disciplined, and using RiskGrades can help you create a profitable investment strategy that takes into account both risk and return. The increased use of RiskGrades tools is nothing short of an investor revolution. "If you want serious analytics—and we mean institutional quality stuff you typically can get only from the big boys on Wall Street—then read on" noted Fortune about RiskGrades as a financial service. "Confident that you've minimized the risk in your portfolio? If you want to sleep better at night, get a risk assessment at RiskGrades.com." As you learn about and master RiskGrades tools and techniques, you will see your investments in a whole new light. Return will be only half the investment equation. Markets will always be driven by fear and greed, but if you can learn to replace these two emotions with a risk-wise perspective on investing, you will become a more successful investor. RiskGrade Your Investments will show you how.

From the Back Cover Praise for RiskGrade Your Investments

"In the same way that the introduction of RiskMetrics raised the level of the discussion (and sometimes debate) regarding market risk measurement and management at large financial institutions, the introduction of RiskGrades and this book represent a major step in the understanding and application of risk measurement and management techniques by individual investors." —Charles Smithson, Managing Partner, Rutter Associates, and author of *Managing Financial Risk What Others Are Saying About RiskGrades.com* *Forbes*; best of the web 2002: "Savvy analysis, all free." "A new and impressive Web-based service that promises to offer a clue to the question of how risky is your portfolio. RiskMetrics has been measuring portfolio risk for big financial institutions since 1994 and now sheds some light on investor risk. RiskGrades helps investors combine risk and return to make proper investment decisions." —*BusinessWeek* "Owning a high percentage of company stock in a retirement plan—any more than 20 percent—is one of the riskiest propositions in investing, and yet employees almost never measure this risk objectively or reduce their positions. . . . It is easy to approximate investment risk. A useful tool for measuring risk is available through RiskMetrics Group's www.riskgrades.com, a service that will measure the volatility and return of single securities or whole portfolios against all asset classes and international regions." —*Financial Times* "Without divining what exactly a fund owns, the system simply distills risk down to the likelihood of finding a severe change in its value on a given day. . . . Running a few notable funds through the rating bath can be a useful check on what an investor is putting on the line for a given dollar of investment gains." —*Barron's* "Mathematicians and economists use complex computer programs to examine the effects of different shocks on different portfolios. Such tests have been used for several years by professionals who manage multimillion-dollar investment funds. But RiskMetrics, a spinoff of J.P. Morgan Chase, is now providing similar tools for individual investors. RiskMetrics runs a Web site, www.riskgrades.com, which investors can use free of charge. The Web site allows investors to stress-test individual stocks and mutual funds as well as portfolios." —*The Wall Street Journal*

About the Author

GREGORY ELMIGER is a retail risk product specialist at the RiskMetrics Group, a New York--based company that specializes in risk management. Greg is an original member of the group at RiskMetrics that developed RiskGrades and is responsible for helping oversee the day-to-day operations and ongoing development of the RiskGrades service. Since joining RiskMetrics in 1999, Greg has actively developed an integrated library of Web-based courses, training programs, and research to help clients increase their overall level of awareness and understanding of risk. Prior to joining RiskMetrics, Greg was a vice president at Zoologic, a company that specializes in developing computer-based training software for financial professionals.

STEVE S. KIM is a trader at Marathon Asset Management, a hedge fund based in New York. Previously, Steve was an emerging markets trader at Banco Santander and part of the product team at RiskMetrics that helped develop and implement RiskGrades as an emerging standard for risk measurement. Before joining RiskMetrics, Steve was a vice president at UBS Warburg, where he was part of a team in charge of building the relative value and credit derivatives book. Steve received a bachelor of arts from the University of California at Berkeley, graduating with high honors. He holds a master's degree in international affairs from Columbia University.

ETHAN BERMAN is CEO of the RiskMetrics Group. Ethan is responsible for overall business strategy and vision for the company and spends his time engaged in business development, strategic partnerships, and customer relationships. Before spinning off RiskMetrics from J.P. Morgan, Ethan was a bond trader and eventually headed up the mortgage-backed securities business, the North American taxable sales force, and the government option and zero-coupon trading desk at Morgan. He became a managing director at J.P. Morgan, responsible for the firm's Risk Management Services Group. There he developed risk products such as RiskMetrics and CreditMetrics. In 1997, Ethan was named one of the new stars of global finance by *BusinessWeek*.