Evaluating Hedge Fund and CTA Performance: Data Envelopment Analysis Approach (Wiley Finance)

Greg N. Gregoriou, Joe Zhu
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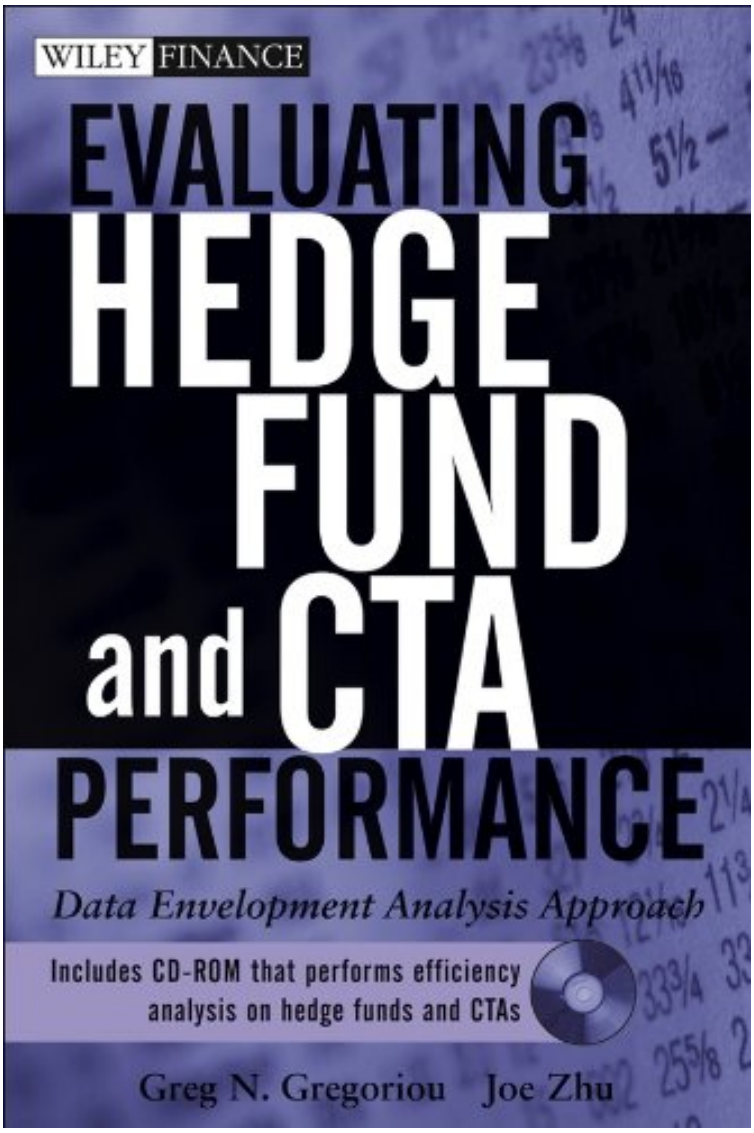

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Greg N. Gregoriou, Joe Zhu : Evaluating Hedge Fund and CTA Performance: Data Envelopment Analysis Approach (Wiley Finance) before purchasing it in order to gage whether or not it would be worth my time, and all praised Evaluating Hedge Fund and CTA Performance: Data Envelopment Analysis Approach (Wiley Finance):

4 of 4 people found the following review helpful. Very basic bookBy grouchyThe book applies an operations management method - data envelopment analysis - to evaluate the performance of hedge funds and CTAs. DEA is a

multi-variate non-parametric linear optimization method that quantifies the relationship between multiple inputs and outputs. The method has been widely used in operations management, but in finance, investment management and portfolio selection, its use is nascent.The authors provide a rapid introduction to DEA. I found it shallow. For anyone needing a comprehensive, deeper, and more correct understanding the material, I would strongly recommend Zhu's "Quantitative Models for Performance Evaluation and Benchmarking", where the careful derivation of the various approaches offers a good understanding of the functional definitions of his approach. Chapters 6 to 9 provide the empirical analysis of performance using hedge fund and CTA data. The introductions are brief and most of the text is tables with results. I would prefer to have seen a deeper explanation of the methods and why particular methods are more appropriate for the selection of particular performance assessment. The multivariate approach is unique and potentially useful when optimizing a portfolio given certain sets of multi-collinear constraints. What this book lacks is a deeper analysis of this particular application.The book comes with a CD that contains Zhu's DEA-Solver. This handy Excel add-in is useful in creating DEA analysis.I have used this approach for portfolio performance evaluation and found Zhu's previously mentioned book more useful than this book. In my work, I wanted to find that combination of assets with the most efficient upper and lower partial moment distributions in a potential portfolio. It worked reasonably well, slightly better than a regression approach. For the novice DEA user, my recommendation is to use this book as an outline, but refer to Zhu when creating the analytical framework and applications.0 of 3 people found the following review helpful. Great stuff, thanksBy FundMasterI am always on the lookout for new quantitative methods to complement my portfolio optimizers. I found this approach pretty novel. It seems to do a good job at identifying efficient funds from the non-efficient ones. Great stuff, thanks guys.1 of 9 people found the following review helpful. MADE A FORTUNE IN CONSULTING USING THIS SOFTWAREBy Dave JacobsThe minute I got the book I went directly to the CD to do all my consulting work. Thanks to the CD I made over $125,000 US in one week consulting using this software and providing DEA scores of every hedge fund in my hedge fund database for a well-known fund of hedge funds. It paid off my mortgage!!!!!!!!!!!!!DJ

Introducing Data Envelopment Analysis (DEA) -- anbsp;quantitative approach to assess the performance of hedge funds, funds of hedge funds, and commmodity trading advisors.nbsp; Steep yourself in this approach with this important new book by Greg Gregoriou and Joe Zhu. "This book steps beyond the traditional trade-off between single variables for risk and return in the determination of investment portfolios. For the first time, a comprehensive procedure is presented to compose portfolios using multiple measures of risk and return simultaneously. This approach represents a watershed in portfolio construction techniques and is especially useful for hedge fund and CTA offerings." -- Richard E. Oberuc, CEO, Burlington Hall Asset Management, Inc. Chairman, Foundation for Managed Derivatives Research Order your copy today!

From the Inside FlapMany pension funds, endowment funds, institutional investors, and individuals include hedge funds, funds of hedge funds (FOFs), and commodity trading advisors (CTAs) in their portfolios for diversification and downside protection. However, choosing from thousands of hedge funds and CTAs is complicated because standard market indices do not accurately depict their performance or facilitate comparison. Data Envelopment Analysis (DEA) is a complementary performance measure that: Permits appraisal and ranking of hedge funds and CTAs in a risk-return framework without using indices Generates a single measure of performance that takes into account the multiple measurements of inputs and outputs to estimate a fund's efficiency level Allows the use of various inputs and outputs to assess fund rankings Evaluating Hedge Fund and CTA Performance explains the theory and principles of DEA with information on: DEA models Classification and benchmarking models Data, inputs, and outputs It goes beyond explanations to real-life applications of returns to scale, context dependent DEA, and fixed and variable benchmark models. Tables give DEA evaluations of twenty live hedge funds in each of seven different categories. Similar assessments are demonstrated for five live CTAs in six different categories. The accompanying CD-ROM gives you the software to analyze funds you're interested in. The CD-ROM shows examples of DEA models in the book and gives you DEAFrontier software so you can create spreadsheets, using other inputs and outputs, and run the various models to obtain efficiency scores for other funds. The DEA technique can also be used in asset allocation, portfolio selection, financial planning, and other applications.From the Back CoverEVALUATING HEDGE FUND and CTA PERFORMANCE Data Envelopment Analysis Approach Introducing Data Envelopment Analysis (DEA): A quantitative approach to assess the performance of hedge funds, funds of hedge funds, and commodity trading advisors. "Quantitative analysis of hedge funds is a complex task considering the non-normality of their return distributions and failure of conventional approaches of benchmarking their performance using standard statistical techniques. This book by Gregoriou and Zhu does an excellent job of introducing the new approach of 'Data Envelopment Analysis,' which should help everyone interested in analyzing hedge funds and managed futures. Highly recommended!" mdash;Vikas Agarwal, Assistant Professor of Finance J. Mack Robinson College of Business, Georgia State University "The analysis of hedge funds' performance represents one of the youngest and most promising fields of portfolio management. With the powerful approach of DEA, the authors convincingly integrate

alternative investments in robust portfolio selection. I believe this book represents an important milestone for the potential reconciliation of hedge funds with traditional investment vehicles." mdash;Georges Hiquest;bner, Deloitte Professor of Financial Management University of Liegrave;ge, Belgium; Associate Professor of Finance, Maastricht University, The Netherlands "This book steps beyond the traditional trade-off between single variables for risk and return in the determination of investment portfolios. For the first time, a comprehensive procedure is presented to compose portfolios using multiple measures of risk and return simultaneously. This approach represents a watershed in portfolio construction techniques and is especially useful for hedge fund and CTA offerings." mdash;Richard E. Oberuc, CEO, Burlington Hall Asset Management, Inc. Chairman, Foundation for Managed Derivatives ResearchAbout the AuthorGREG N. GREGORIOU is Assistant Professor of Finance and coordinator of faculty research in the School of Business and Economics at the State University of New York (Plattsburgh). He received his BA in economics from Concordia University and his MBA and PhD in finance from the University of Quebec at Montreal. He is an associate with the Peritus Group in Montreal and the hedge fund editor and an editorial board member for Derivatives Use, Trading and Regulation (London). Gregoriou has published over forty articles on hedge funds and CTAs for peer-reviewed publications such as the Journal of Futures Markets, European Journal of Operational Research, Annals of Operations Research, European Journal of Finance, and Journal of Asset Management. He is coauthor or coeditor of three books on hedge funds and CTAs: Performance Evaluation of Hedge Funds; Hedge Funds: Strategies, Risk Assessment, and Returns; and Commodity Trading Advisors: Risk, Performance Analysis, and Selection (Wiley). JOE ZHU is Associate Professor of Operations in the Department of Management at Worcester Polytechnic Institute. Zhu received his PhD in industrial engineering and operations research from the University of Massachusetts Amherst. Zhu has published two books focusing on performance evaluation using Data Envelopment Analysis and has developed the DEAFrontier software. An associate editor of the Omega journal, he is an expert in methods of performance measurement. Dr. Zhu has published over forty refereed papers in journals such as Management Science, Operations Research, IIE Transactions, and the Journal of Operational Research Society.