

WILEY FINANCE

# absolute returns

The Risk and Opportunities  
of Hedge Fund Investing

ALEXANDER M. INEICHEN

# CONTENTS

<b>Acknowledgments</b>	<b>ix</b>
<b>Preface</b>	<b>xi</b>
<b>PART ONE</b>	
<b>The Hedge Fund Industry</b>	<b>1</b>
<b>CHAPTER 1</b>	
<b>Introducing Absolute Returns</b>	<b>3</b>
<b>Appendix: Risk Miscon</b>	<b>56</b>
<b>CHAPTER 2</b>	
<b>Myths and Misconceptions</b>	<b>59</b>
<b>Appendix: Press Coverage of Hedge Funds</b>	<b>83</b>
<b>CHAPTER 3</b>	
<b>Difference between Long-Only and Absolute Return Funds</b>	<b>88</b>
<b>Appendix: Guatemalan Dentist</b>	<b>132</b>
<b>CHAPTER 4</b>	
<b>Advantages and Disadvantages of Investing in Hedge Funds</b>	<b>134</b>
<b>Appendix: On Market Efficiency and Unorthodox Economics</b>	<b>159</b>
<b>PART TWO</b>	
<b>Risk and Opportunities of Absolute Return Strategies</b>	<b>177</b>
<b>CHAPTER 5</b>	
<b>Classification and Performance of Hedge Funds</b>	<b>179</b>
<b>CHAPTER 6</b>	
<b>Relative-Value and Market-Neutral Strategies</b>	<b>189</b>

<b>CHAPTER 7</b>	
<b>Event-Driven Strategies</b>	<b>251</b>
<b>CHAPTER 8</b>	
<b>Opportunistic Absolute Return Strategies</b>	<b>286</b>
<b>Appendix: Long/Short Controversy</b>	<b>381</b>
<b>PART THREE</b>	
<hr/>	
<b>The Fund of Hedge Funds Industry</b>	<b>389</b>
<b>CHAPTER 9</b>	
<b>Industry Overview</b>	<b>371</b>
<b>CHAPTER 10</b>	
<b>Advantages and Disadvantages of Investing in Funds of Hedge Funds</b>	<b>401</b>
<b>CHAPTER 11</b>	
<b>The Alpha in Funds of Hedge Funds</b>	<b>420</b>
<b>PART FOUR</b>	
<hr/>	
<b>Going Forward</b>	<b>451</b>
<b>CHAPTER 12</b>	
<b>Game of Risk or Risky Game?</b>	<b>453</b>
<b>Notes</b>	<b>478</b>
<b>References</b>	<b>484</b>
<b>Index</b>	<b>499</b>
<b>About the Author</b>	<b>514</b>