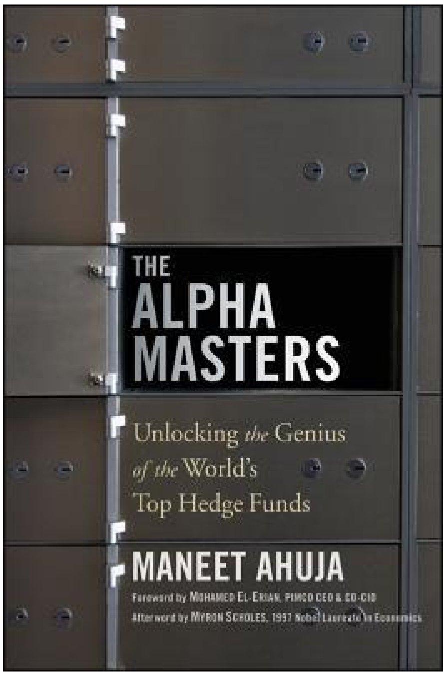

The Alpha Masters: Unlocking the Genius of the World's Top Hedge Funds

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The ultimate behind-the-curtain look at the hedge fund industry, unlocking the most valuable stories, secrets, and lessons directly from those who have played the game best. Written by Maneet Ahuja, *the* hedge fund industry insider, *The Alpha Masters* brings the secretive world of hedge funds into the light of day for the first time. As the authority that the biggest names in the business, including John Paulson, David Tepper, and Bill Ackman, go to before breaking major news, Ahuja has access to the innermost workings of the hedge fund industry. For the first time, in *Alpha Masters*, Ahuja provides both institutional and savvy private investors with tangible, analytical insight into the psychology of the trade, the strategies and investment criteria serious money managers use to determine and evaluate their positions, and special guidance on how the reader can replicate this success themselves.

There are few people with access to the inner chambers of the hedge fund industry, and as a result it remains practically uncharted financial territory. *Alpha Masters* changes all that, shedding light on star fund managers and how exactly they consistently outperform the market. The book:

Contains easy-to-follow chapters that are broken down by strategy--Long/Short, Event Arbitrage, Value, Macro, Distressed, Quantitative, Commodities, Activist, pure Short, Fund of Funds. Includes insights from the biggest names in the trading game, including Ray Dalio, Marc Lasry, Jim Chanos, Sonia Gardner, Pierre Lagrange, and Tim Wong. Features contributions from industry icon Mohamed El-Erian Many of the subjects profiled in this groundbreaking new book have never spoken so candidly about their field, providing extremely provocative, newsworthy analysis of today's investing landscape.

The Alpha Masters: Unlocking the Genius of the World's Top Hedge Funds Details

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From Reader Review The Alpha Masters: Unlocking the Genius of the World's Top Hedge Funds for online ebook

Terry Koressel says

The Alpha Masters, while moderately entertaining, disappointed from a substance perspective. The descriptions of the funds, managers and their strategies dwell on common knowledge. For example, there is outstanding and detailed information all over the web about Ray Dalio (the person), his All Weather and Pure Alpha funds. In fact, far better, more detailed and more engaging than The Alpha Masters. The same holds true for Ms. Ahuja's descriptions of the other funds and managers. The book was not bad....it just was not a compelling read.

Viktor Nilsson says

Short review: At times, it is an interesting and inspiring read, saving this book from getting bottom rating. But don't expect to learn anything new. Sebastian Mallaby's "More Money than God" is a much better read in every way.

Long review: Very interesting cast of character, and quite impressive getting interviews with all of them, since hedge fund managers are known do shun publicity. Considering this, the result is very disappointing. Ahuja fails to go in depth into any of the trades she talks about, something which I suspect stems from a lack of understanding on her behalf. The Jim Chanos chapter states that: "Value investors profit from buying low and selling high, but short-sellers sell high and borrow low." Borrow low? Are you sure you don't mean buy/cover? Is that a typo? I'm not so sure. Apart from short-only manager Jim Chanos, descriptions of short trades are almost completely missing. Describing a hedge fund without the trades made on the short side is like an Italian cookbook without pasta and pizza. It's basically what makes a hedge fund unique.

I wonder if the book has been proof read even once. The story in each chapter jumps back and forth time-wise in a quite disorderly fashion, making it look like 10 independent stories thrown together on a heap. The chapter on Ray Dalio repeats some statements and quotes, in one case as many as three times. Throughout the entire book, many sentences are missing words. Quoting John Paulson: "Remarkably, the average tangible common equity to total tangible assets for the 10 largest U.S. banks is only 3.4 percent, or 30 percent leverage." Obviously it should be 30 times leverage, not percent. "Increasing its [the fund's] assets" is mentioned in conjunction with Dalio's income - does she actually mean that the fund earned that amount? Throughout the whole book, fund growth/shrinkage through inflow/redemption is tangled with growth through return on investment.

Facts and details are treated lightly. Ahuja mentions how Dalio helped American firms hedge against currencies in the early eighties - such as the Euro. Only problem is that the Euro was created as late as 1992. Citigroup (the holding company) and Citibank (the actual bank) gets mixed up. "Chanos has dubbed [Macao] casinos 'long corruption, short property'" - wrong, should be long corruption only. That was a hedge trade against the short position on Chinese real estate that Chanos firm had put on at that time (which really represented the "short property" part of the quote). The chapters on Bill Ackman & Boaz Weinstein uses Wikipedia as one of its sources - very strange considering that all Wikipedia pages are supposed to quote their original sources. Haphazard work at best, for a journalist at that.

M says

Mad props to Ms. Ahuja for gaining access to some of best minds in high finance. Unfortunately, that's where my adulation ends. Short on biographical substance/anecdotes and long on esoteric, hard-to-follow descriptions of financial instruments (that the author seems to have a hard time explaining, and thus, understanding), the book was a disappointment. I expected a biographical portrait of each person profiled, followed by a discussion of their greatest trades to date. If this is what you seek, you are in for a world of disappointment. Instead, take a look at the shorter (but beautifully done) tome by William Green, The Great Minds of Investing.

Devika says

Falls short only slightly to the hf wizards.

Sir-Brighton Khumalo says

The book covers Ray Dalio, Pierre LaGrange, Tim Wong, David Tepper, Bill Ackman, Dan Loeb, Jim Chanos very well and their investment philosophies.

The book has a number of investment lessons on temperament, style, and execution.

This is one of the very few books that talk about Appaloosa’s David Tepper who I find very interesting as a money manager myself. There’s just so much to learn from him and thanks to the author for interviewing him.

I feel there’s a lot of missing facts on the book on managers like John Paulson. A book that does justice to him is Greg Zuckerman’s “The greatest trade ever” as well as Michael Lewis’ famous “Big Short”.

Naturally after reading this book you’d also want to follow it up with the two books I mention above and throw in “More money than God” and “Seth Klarman’s Margin of Safety” for control.

John says

I audiobooked this and while the author is not very gifted..., it started terribly so it either wore me down or actually got better, and since I was just listening it was definitely worth my time. It's the opposite of More Money Than God or Michael Lewis, but it has a great subject. However, "Unlocking the Genius" goes about a universe too far.

Yaugun says

Expected much more detailed and technical information about the Masters strategies and investing philosophy. However, is a very entertaining and inspiring book to read while reading the alpha generators' path to success.

David Ball says

Very disappointing. I have no idea how Ahuja got access to the people featured in this book - most of them are reknowned for shunning the spotlight - but given this access the author has done a complete disservice to the subject matter. It's basically a lazy effort, a handful of interviews with each person spliced together with content taken from other books and articles. The nine personalities, each of whom probably deserve their own book, barely extend to 200 pages of large font typeface and wide spacing. The padded-out feel is exacerbated by the amount of space devoted to each candidates "current" market views - nothing dates a book quicker. I got the feeling that the author was a little out of her depth as often her attempts to summarise conversations made little sense and were made without context or analysis. One such passage is in fact duplicated word-for-word five pages apart in the Dalio section (shame on you John Wiley & Sons)! Without wanting to sound too snobby, this reads like a someone with a television background interviewing a series of high-profile hedge fund leaders - it's fluffy, light and a bit sychophantic, as you would expect from someone working at CNBC. If you want content, I would recommend More Money than God or even the Quants - both far better books, on every level. Having said all that, the one saving grace was the afterword by Myron Scholes. He takes issue with the title of the book, claiming that most of these so called Alpha masters are more like Omega merchants - paid to take risk in one form or another - an argument which I thought was slightly strained but insightful.

Stefan Bruun says

A quick overview of a) how diverse the (publicised) strategies of the largest hedge funds are, b) where the strategies origined, and c) how the management companies came about. Not a how-to book or with any actionable insights.

Carl Yang says

Substance is on a first grade knowledge level. Obvious the author knows very little about investing, trading, risk management. She fails to capture any important details or the elegance behind some of the best trades. Half the book is a biography or contains unnecessary info. Then the other half is written like something I would write when I don't know the subject and frankly don't care. Try reading Market Wizards or Inside the House of Money and the difference between those books and this is like night and day. I don't know how any real trader or fund manager could give this book more than one star.

Prashant Sarkar says

A good intro to the strategies and approaches of some of the best hedge fund managers today.

Javier says

I enjoyed learning more about Bill Ackman from Pershing Square, Jim Chanos, Boaz Weinstein. I think the book did a good job at reviewing their investing styles and winners and losers. My favorite investing examples were Ackman's purchase of McDonalds and showing their Board of Directors and Management how the company could unlock value by selling their company-operated restaurants to franchisees focusing solely on the fees from franchises and real estate rent to franchises instead of operating restaurants. The other one was the discovery that Wendy's, with a market cap of $5B, owned 100% off Tim Horton, which was making $400M a year and was valued at $5B. By buying Wendy's and spinning of Tim Horton, an investor could pretty much get Wendy's for free. Genius.

Christian says

Not bad. The author manages to corral and interview a pretty impressive collection of hedge fund managers for the meat of this book. I enjoyed learning about their backgrounds and how they started their funds, but as Myron Scholes points out in the afterword, the text is almost a People magazine featuring hedgies (this is a phenomenon which I believe has afflicted the Wall Street Journal over the last half decade: the focus on mansions and Benzes as opposed to investment process and market commentary). Scholes, of Black-Scholes option pricing model fame, goes on to question the author's title; he notes that these managers are not masters of alpha so much as "omega", which he describes as having the market bend to one's will by offering the ability for participants to transfer risk and by providing liquidity. As you can tell from this review, I found the 5-page afterword the most useful part of the book - maybe start there.

InvestingByTheBooks.com says

Maneet Ahuja has come from almost nowhere to fame after writing The Alpha Masters: Unlocking the Genius of the World's Top Hedge Funds describing the most famous hedge fund managers globally. Her ability to get access to these gentlemen and making interviews full of insights is nothing but remarkable. Ms Ahuja is born 1984 and has been covering hedge funds at CNBC since 2008. She is often delivering breaking news, the most recent example was in December 2012 when she was first to report that Bill Ackman had a short position in Herbalife and considered their business model to be a pyramid scheme.

Ms Ahuja starts out by giving the reader an account of who she is and how she managed to write this book. It’s very interesting and impressive, to say the least. From there on she paints nine portraits of some of the most well- known hedge fund investors in several segments: long/short equity, global macro, distressed debt, activist and short only. Every chapter gives you a background of the alpha master, his upbringing, how he raised his first money and then presents you with some examples of how his strategy works. It’s a very entertaining and easy to read concept, but often it’s a little bit too much of background and too little alpha insight. The foreword is written by Mohamed El Erian and the afterword by Myron Scholes.

The alpha masters have truly outstanding track records. I knew of all but one of them before and in various ways I have followed their success. My favourites, both before and after reading the book, are Ray Dalio and David Tepper. These two chapters stand out from the rest so I will focus on them below.
Ray Dalio is probably the world's most famous hedge fund manager and of the most famous money manager all categories. The chapter about him is worth the entire book, not least his personal story - how he became who he is. He is (in)famous for the white paper Principles, which is made up of 200 life- management- and investment guidelines. It's all about pursuing the truth and learning from mistakes. In 2004 Mr Dalio wrote Engineering Targeted Returns and Risk where he describes something that he calls Post modern portfolio theory, which he used when he launched his All Weather Portfolio. Over its life span it has outperformed the regular 60/40, stock/bond allocation with less than half the risk. What is behind his fantastic achievements? Dalio and Bridgewater are doing a lot of quantative research, but they do not simply look at it from a purely mathematical point of view but also make sure that the underlying drivers of investment ideas truly are uncorrelated. Dalio thinks that the best mix of assets is an amalgam of different things, currencies, bonds and common stocks. His focus is on finding 15 or more good uncorrelated bets and leverage these three to four times. This is his recipe for a very good risk adjusted return.

David Tepper has returned an average of 28 percent net of fees since 1993, albeit with high volatility. His fund Appaloosa has lost around 25 percent three times and made it up in six months every time. Why does he himself think he has been so successful? Key is to be value oriented and to not be afraid of losing money. Some of Tepper's best positions were the ones he initially lost a lot of money on. The reason he can pursue this strategy, which very few can, is his set up. 55 percent of his firm's assets are held by himself and his partners and he is allowed to lock up 75 percent of the assets for a period of up to three years. Most cannot accept this withdrawal optionality, those who can do constitute a very stable client base that facilitates rational asset management. I really look forward to whatever Ms Ahuja is up to next.

Kier O'Neil says

It's a so-so book about hedge fund managers. Given the credentials of the author I expected a lot better book.

I made it about half-way through and became bored with it.
