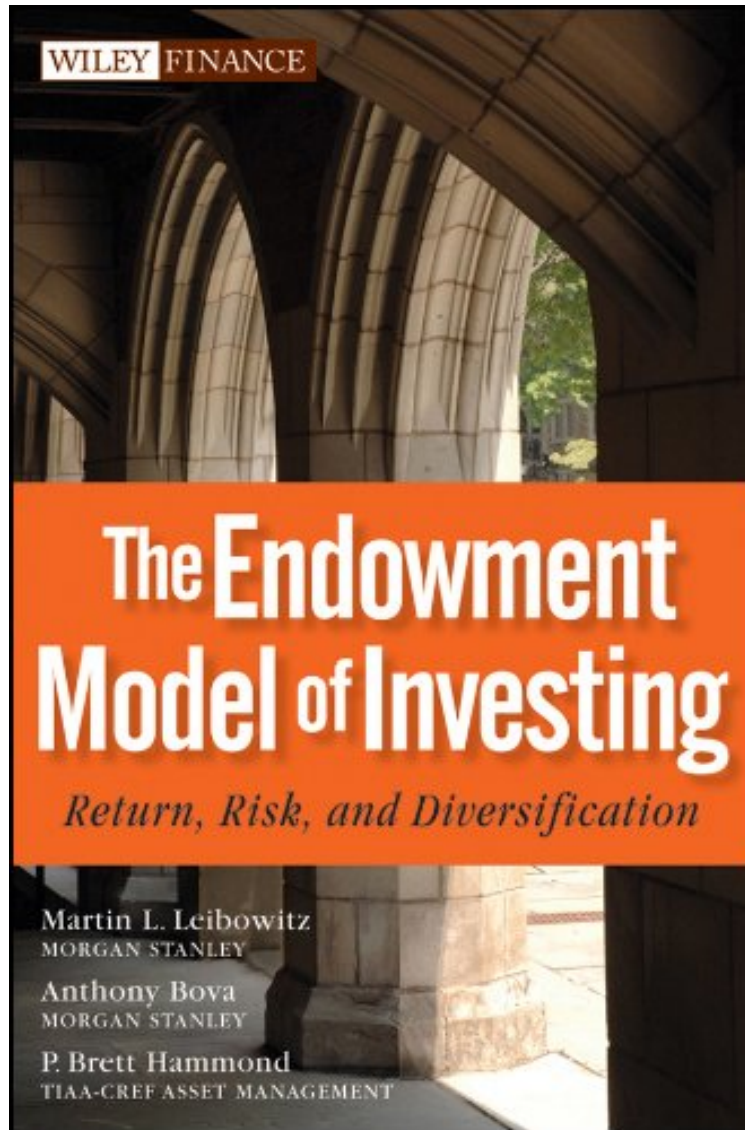


[E-BOOK] The Endowment Model of Investing: Return, Risk, and Diversification (Wiley Finance)

The Endowment Model of Investing: Return, Risk, and Diversification (Wiley Finance)

Martin L. Leibowitz, Anthony Bova, P. Brett Hammond
*ebooks | Download PDF | *ePub | DOC | audiobook*



DOWNLOAD



READ ONLINE

#1583719 in eBooks 2010-03-02 2010-03-02 File Name: B003B6QZ9A | File size: 24.Mb

Martin L. Leibowitz, Anthony Bova, P. Brett Hammond : The Endowment Model of Investing: Return, Risk, and Diversification (Wiley Finance) before purchasing it in order to gage whether or not it would be worth my time, and all praised The Endowment Model of Investing: Return, Risk, and Diversification (Wiley Finance):

0 of 0 people found the following review helpful. Go directly to the source: Swenson.By Andrew NelsonIt's a great book. I only wish I had bough Swenson's book instead. As the first part of the book just keeps referring to his. Good overview, readable and the perfect balance between investopedia and an academic journal0 of 0 people found the

following review helpful. Very technical. By Stian Andersen. Quite a theoretical and technical read. Worth looking at but I would argue it struggled to keep my interest throughout. Adding summaries might have helped. Technical folks would perhaps enjoy it. Mathematicians etc. 1 of 1 people found the following review helpful. Some Knowledge of Econometrics Is Required. By Dr. Joseph S. Maresca. The Endowment Model of Investing by Martin L. Leibowitz, Anthony Bova and P. Brett Hammond is an important work in finance. The main theme of the book is that the U.S. equities of stocks or bonds are the primary risk factors in most institutional portfolios. The U.S. institutional funds share common characteristics. For instance, the total portfolio volatility may be with the equities in stocks or bonds. In addition, the total projected volatilities are about 10% under normal market conditions. Despite the uncertainties, diversification remains one of the most powerful tools to reduce risk and enhance returns in the arsenal of tools available to the investor. The authors explain how college and university endowment funds have increased their investment allocations from 3% to over 25% or more in non-traditional assets like real estate, hedge funds, private equity, natural resources and venture capital. At the same time, asset allocations decreased in such areas as fixed income, cash or cash equivalents. And so, U.S. equities continue to be the dominant risk factor for most institutional portfolios as demonstrated by the 2008 market crash. The book explains that volatility in the market is not dispositive. The more worrisome prospect is market deterioration so severe that it undermines an institution's investment philosophy and forces a fundamental reconsideration of basic assumptions underlying the investment portfolios. Vulnerable assets include international equity investments and emerging market equity during short term periods of stress in the markets which may translate to downside risk. The authors have utilized the term dragon risk to denote uncharted territories where dragons might dwell. Examples are the potential perils of new investment vehicles like exotic derivatives and the wider range of performance outcomes for less efficient assets which depend more on having a top manager for the investment. The Endowment Model of Investing by Martin L. Leibowitz, Anthony Bova and P. Brett Hammond is an important book on investments which describes both traditional and non-traditional investments, as well as, the inherent downside risks. This is an important investment resource for anyone owning or managing a portfolio of any size or complexity. Credits: First Published on Blogcritics

A cutting-edge look at the endowment model of investing. Many larger endowments and foundations have adopted a broadly diversified asset allocation strategy with only a small amount of traditional U.S. equities and bonds. This technique, known as the "endowment model of investing," has demonstrated consistent long-term performance and attracted the attention of numerous institutional and individual investors. With *The Endowment Model of Investing* Leibowitz, Bova, and Hammond take a closer look at the endowment model with customary research sophistication and attention to detail. Throughout the book, they examine how the model provides truly outstanding real returns, while keeping a close eye on the risks associated with this method of investing. Along the way, the authors offer practical advice on incorporating the endowment model into your own investment endeavors and reveal what it takes to make this method work in the real world. Details the growing debate about the endowment model of investing and discusses how to use it successfully. Written by an authority on endowment investing and non-traditional asset allocation strategies. Offers expert insights on understanding risk and return in non-traditional asset allocation. If you want to gain a better grasp of one of the most successful forms of investing, then *The Endowment Model of Investing* is a book you need to read.

From the Inside Flap: "Any fund sponsor or portfolio manager considering alternative assets should read this book to gain critical insights into the risks and potential rewards." Bruce I. Jacobs, PhD, Principal, Jacobs Levy Equity Management. The modern "endowment model" with its diversification into multiple asset classes will continue to be an attractive option for investors who have a truly long-term time horizon and are able to ride out bouts of significant short-term volatility. But at the same time, investors should be cautious about accepting the endowment model's past periods of higher returns as a simplistic template for the future. Nobody understands this better than authors Martin Leibowitz, Anthony Bova, and P. Brett Hammond—leading authorities on asset allocation and institutional portfolio strategies. Now, in *The Endowment Model of Investing*, they share their extensive experience with you and reveal what it takes to make this approach work in today's dynamic financial markets. Filled with in-depth insights and expert advice, this resource clearly focuses on the endowment allocation model and will help investors understand the value in its diversification, examine its theoretical underpinnings and its empirical behavior, and reassess where and when it should be used given its benefits and limitations. By adopting a new approach to the risk and return characteristics of individual asset classes—both standard and non-standard—and then exploring how such a reformulation affects their role within a total portfolio, *The Endowment Model of Investing* provides a better approach to evaluating diversified portfolios and reaping their full potential benefits. This informative guide is divided into four comprehensive parts: Part I: Alpha/Beta Building Blocks of Portfolio Management: demonstrates that asset classes and portfolios can be decomposed into equity-beta and beyond-beta components. Part II: Beta-Based Asset Allocation: builds upon the total beta framework to develop analytical tools that provide a deeper understanding of the risk-return dimensions of institutional portfolios. Part III: Theoretical and Empirical Stress Betas: examines both theoretical and

actual portfolio behavior in selected regimes, with special attention paid to periods of significant market declines

Part IV: Asset Allocation and Return Thresholds: develops implications for the future of the endowment model

The modern endowment model is not a magic potion that will smooth returns and lower short-term volatility, but rather a strategy for accumulating incremental returns and achieving more divergent outcomes over the long term; which in itself is one of the most powerful defenses against portfolio risk. For an in-depth understanding of how endowment-like diversification can improve the investment process, *The Endowment Model of Investing* is the book to read.

From the Back Cover

Praise for *The Endowment Model of Investing*

"This is a terrific book; required reading for any CIO responsible for the management of long-term investment portfolios." —Lyn Hutton, Chief Investment Officer, Commonfund

"In my judgment; a must-read for every chief investment officer or strategist." —Allan S. Bufferd, Treasurer Emeritus, MIT

"Shed(s) . . . light on . . . [endowment] portfolios during the financial crisis, and why their pain was predictable, inevitable, and . . . necessary for long-term success." —Andrew K. Golden, President, Princeton University Investment Company

"This is a must-read for every institutional investor concerned with portfolio risk management. Full of important insights and robust analyses." —Ian Kennedy, former global director of research, Cambridge Associates

"An elegant, rigorous, and articulate examination of . . . the endowment model . . . and why skillful implementation is always crucial." —Charles D. Ellis, author, *Winning the Loser's Game*

"Is the endowment model broken? The answer, as provided . . . [in this] . . . appealing mix of analysis and common sense . . . is 'No'." —Jack R. Meyer, Managing Partner and CEO, Convexity Capital

"A penetrating analysis of the trend towards allocating into multiple asset classes that shows when such diversification helps to control fund-level risk; and when it does not!" —Jim Simons, Chairman, Renaissance Technologies LLC

"All-in-all . . . a balanced and exceptionally thoughtful study . . . that is sorely needed . . . a lot of great insight into basic finance and investing. Heartily recommended." —Clifford Asnes, Chairman, AQR Investments

"A valuable new approach that probes more deeply into the various forms of diversification." —Frank J. Fabozzi, Professor in the Practice of Finance, Yale School of Management, and Editor, *Journal of Portfolio Management*

"A major advance in . . . investing for endowments . . . provides a way to incorporate . . . 'alphas' into a risk/return framework . . . I think the book is great." —David Booth, CEO, Dimensional Fund Advisors

"Many institutional funds may find this framework insightful for asset allocation and risk management purposes." —Roger Clarke, Chairman, Analytic Investors, Inc.

"A compendium of insightful and actionable principles for the endowment space. . . an important . . . framework for success for many institutional portfolios." —H. Gifford Fong, President, Gifford Fong Associates

"A must-read for assessing . . . the future of this trusted model. This very readable book calls for maintaining the endowment model but adjusting our time horizons." —Edgar Sullivan, Managing Director, Promark Global Advisors (formerly General Motors Asset Management)

About the Author

Martin L. Leibowitz is Managing Director in the U.S. Research Department at Morgan Stanley. Prior to working at Morgan Stanley, he was vice chairman and chief investment officer of TIAA-CREF. Leibowitz is a leading authority in the fields of security analysis and portfolio allocation. He is the author of four books, including *Franchise Value*, and 138 articles, eight of which have won the prestigious Graham and Dodd Award for excellence in financial writing. Anthony Bova is a Vice President in the Morgan Stanley Research Department, focusing on institutional portfolio strategy. He recently won the ninth annual Bernstein Fabozzi/Jacobs Levy Award for coauthoring the article "Gathering Implicit Alphas in a Beta World," which ran in the Spring 2007 issue of the *Journal of Portfolio Management*. P. Brett Hammond is a Managing Director and Chief Investment Strategist for TIAA-CREF Asset Management. His group is responsible for asset allocation modeling, institutional advising, economic and market commentary, and investment product and portfolio research. Within TIAA-CREF, Hammond has also published extensively on pension issues, developed new approaches to performance attribution, and played a key role in the creation of the company's life-cycle inflation-linked bond funds.