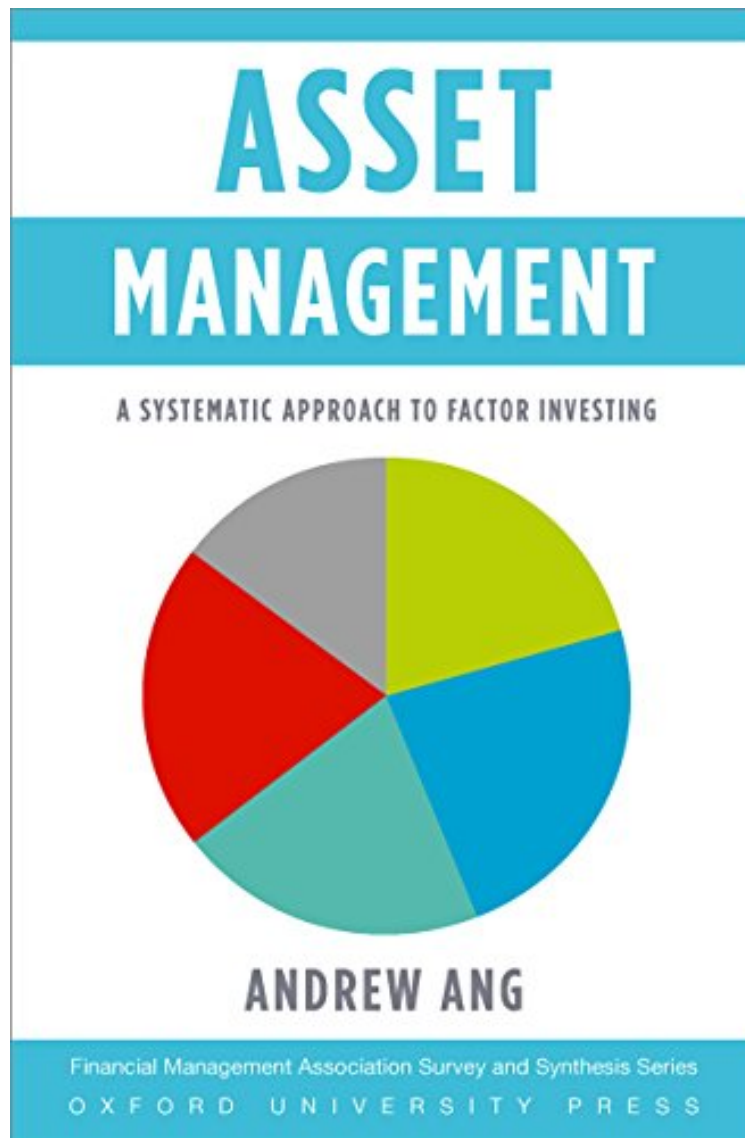


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Asset Management: A Systematic Approach to Factor Investing (Financial Management Association Survey and Synthesis)

Andrew Ang

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11 of 11 people found the following review helpful. Good book but not for individual investorsBy C. AngAsset

Management is useful because it provides a good background on "factors" that are persistent over the long-term and it promotes portfolio rebalancing. But, these are really old ideas for serious students of finance. In addition, the book fails on practical implementation, especially for individual investors that do not have tens of millions of dollars to invest (institutional investors or portfolio managers of high net worth individuals hopefully already know these concepts). For example, a portfolio that is long value and short growth is necessary to exploit the value premium. But, this strategy already poses several problems for the individual investor. First, as an individual investor, you have to be willing and able to short stocks. That's asking the individual to increase his/her leverage, which some may not be comfortable with. If investing in stocks is like gambling, this strategy is like doubling-down on your bet. The author acknowledges a long only value portfolio will not yield high returns. Second, there is no guidance on which value stocks and which growth stocks do you have to invest in. Even if there were guidance, this poses several problems for the individual investor. The first is the access to market data and fundamental data, which could be expensive and/or time-consuming to collect. Then, even if you have access to the data, you need to have the analytical skills to identify which stocks you would select. Finally, you would have to balance out transactions costs, so you have to be selective in picking which stocks and the number of stocks that you would go long and short. Third, portfolio rebalancing is an easy concept to implement if you have two index funds: one equity and one fixed income. However, if you have a portfolio with more than two assets, there is no guidance on which asset you should sell if you want to reduce exposure to a particular factor and which asset you should buy if you want to increase exposure to a particular factor. In the case of the long value and short growth, which of the stocks should I rebalance with including consideration for transactions costs?

0 of 0 people found the following review helpful. Highly recommended
By Tomas Malaga
A very practical approach to investments. Reviews brilliantly some of the new literature on factor analysis. Highly recommended for professionals on the field and common investors that could use several of the new financial products out there. If you are a technical guy you will need to complement the book.

0 of 1 people found the following review helpful. Five Stars
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Great book with tons of insights in the world of asset allocation. Different perspective.

In *Asset Management: A Systematic Approach to Factor Investing*, Professor Andrew Ang presents a comprehensive, new approach to the age-old problem of where to put your money. Years of experience as a finance professor and a consultant have led him to see that what matters aren't asset class labels, but instead the bundles of overlapping risks they represent. Factor risks must be the focus of our attention if we are to weather market turmoil and receive the rewards that come with doing so. Clearly written yet full of the latest research and data, *Asset Management* is indispensable reading for trustees, professional money managers, smart private investors, and business students who want to understand the economics behind factor risk premiums, to harvest them efficiently in their portfolios, and to embark on the search for true alpha.

"The phrases 'finance textbook' and 'page-turner' rarely occupy the same sentence or even the same paragraph, but *Asset Management: A Systematic Approach to Factor Investing* justifies that pairing of terms." William J. Bernstein, co-principal at Efficient Frontier Advisors ed by CFA Institute
"This splendid book lays out the important lessons that a new generation of finance research has learned about markets and investing, in a thoughtful and accessible way. Ang focuses on real issues for real players, and distills practical lessons about investment strategies and the investment process." John H. Cochrane, The University of Chicago, Booth School of Business
"Andrew Ang's inspirational book presents new, important, and influential concepts on investment. He oozes enthusiasm for his subject, and generously shares his experience of putting cutting-edge ideas into practice." Elroy Dimson, London Business School and Cambridge Judge Business School
"Every professional asset manager should read Ang's *Asset Management*, easily the most thoughtfully written, accessible, and carefully researched treatment of the topic. Each chapter is an expertly guided tour." Darrell Duffie, Graduate School of Business, Stanford University
"Andrew Ang eloquently synthesizes current research on investing together with his own approach to asset management into a highly readable and authoritative book. It is simply the best new book on asset management that I have read - approachable by non-specialists and a treasure for managers and scholars already familiar with the topic. This book is an essential guide to one of the world's most important topics." William N. Goetzmann, Yale School of Management
"It is no surprise that many of us have been using the unfinished chapters of Andrew Ang's *Asset Management* for teaching. For over 10 years, there has been glaring lacuna when it comes to textbooks for the teaching of investment finance. Andrew's book fills this void and is destined to become the standard text in investments at top graduate schools. It will also be a must-read for practitioners of investment finance." Campbell R. Harvey, Duke University *Journal of Finance* (2006-2012)
"This book is a comprehensive, accessible, and adept exposition of the pivotal role played by factor exposures in markets and in portfolio design. Ang shows how these principles can be used to guide both individual investors as well as institutions, and financial practitioners now have a must read source for this critical material." Steve Ross, Sloan School, MIT
"Andrew Ang has written the next comprehensive 'go to' book on asset management. He treats readers gently as he takes them through the potentially technical world of factor investing, and his generous use of 'real world'

case studies gives a helpful intuitive dimension his explanations. All considered, this is a 'must read' book for all asset owners and managers who want to maintain their thought-leadership edge." Keith Ambachtsheer, Director Emeritus, International Centre for Pension Management, Rotman School of Management, University of Toronto "The last time I was asked to comment on a book of this quality and applicability I threatened to harm the author for potentially putting me out of a job. I repeat the threat in this case." Cliff Asness, Founder, Managing Principal, and Chief Investment Officer, AQR Capital Management "As Andrew Ang knows, the best way to achieve good investment results is to get the portfolio structure right for each client and the key to that is systematic factor investing." Charles D. Ellis, author of *Winning the Loser's Game* "Despite its title, this is much more than a textbook on asset management. Andrew Ang writes in an engaging style that cites his extensive investment experience, without giving up any of the rigor that we would expect from such a prominent academic." Roger G. Ibbotson, Chairman of Zebra Capital Management and Professor in Practice Emeritus, Yale School of Management "Professor Ang is leading the factor investing revolution. Written with great clarity and authority, *Asset Management* is a true pleasure to read." Knut Norheim Kjaelig, Founding CEO of Norges Bank Investment Management and Co-founding Partner of Trient Asset Management "Andrew's new book is a useful practitioner-oriented update of the developments in asset management in recent decades. For example, assets are seen as bundles of factors, the fundamental drivers which provide the 'nutrients' that drive returns. This framing is certainly helpful in understanding recent developments in the industry. Moreover, the cases which motivate each chapter very nicely tie together the theory and the practice." Bob Litterman, Chair of the Risk Committee at Kepos Capital, a hedge fund based in New York "With this book, Professor Ang provides a wonderful gift to all investors. He gently guides readers to a full understanding of the global body of knowledge underlying advanced portfolio management in an easy, assessable way-unencumbered by technical jargon. Read this book, put it on your bookshelf, it will be a treasured resource for years to come." Rodney Sullivan, Editor, *Financial Analysts Journal*, CFA Institute

About the Author Andrew Ang is the Ann F. Kaplan Professor of Business at Columbia Business School. He is a financial economist whose work centers on understanding the nature of risk and return in asset prices. His work spans bond markets, equities, asset management and portfolio allocation, and alternative investments. Prof. Ang has served as associate editor for several leading journals, and he has received grants from various government and industry organizations. He has consulted for several financial institutions, most often the Norwegian sovereign wealth fund. Prof. Ang received a Bachelor of Economics with First Class Honours from Macquarie University, Sydney, and a Masters of Statistics and PhD in Finance from Stanford University.