

9 out of 10



Investment Movie Nominated for Best Revelation: Back To The Future of Hedge Fund Evaluation



[< Click Here >](#) to watch this Oscar-worthy movie, and please pass it around.

Marvel at the clones clashing with the evil genius in the battle of beta versus alpha. It's five minutes of futuristic merriment and enlightenment. Gene Roddenberry would be proud of this trek.

The timing of this movie is brilliant. We are on the brink of a perfect financial storm, which is why investors are seeking alternatives to conventional investing strategies built on stocks and bonds. U.S. equities have reached new highs, skyrocketing more than 100% since May, 2009 as bond yields remain near historic lows. Stir in the federal government's humongous budget deficit and the imminent tapering of the Federal Reserve's quantitative easing program and we're looking at one rocky future. No wonder that it's a bull market for investment alternatives, especially hedge funds. The demand for these products is sure to increase substantially in the years ahead as the crowd grapples with the harsh reality of the future. But all the usual caveats still apply, namely: separating the alpha wheat from beta's chaff is crucial in the business of intelligently selecting hedge funds.

In the future, we won't pay much for exotic hedge fund betas (risk profiles), but the market will continue to put a premium on superior human intellect. We'll know the difference because we'll abandon simple-minded performance benchmarks like peer groups and indexes, and replace them with smart science. Disruptive innovation will elevate our comprehension and contentment. Everybody will win, or at least everybody who recognizes that prudently choosing hedge funds demands a higher standard. The first step is recognizing that the old traditional methods are as out of place with hedge funds as Klingons are with Starfleet Command.

Hedge funds, after all, are unique. Products in the same strategy are usually galaxies apart when it comes to management details. Uniqueness is the main attraction of hedge funds, of course, and it's also the primary reason why a robust due diligence process in this corner is essential. The definition of unique is "without peers," which means that a distinctive hedge fund can't be squeezed into an artificially defined group. "Unique" and "peer" simply do not play well together. Hedge fund

managers win or lose against peer groups because they are different rather than because they are better or worse than quasi-comparable strategies.

It's this uniqueness (heterogeneity) that will lead us in the future to the science of evaluating hedge funds. Our Oscar-worthy hedge fund movie predicts that hypothesis testing and cyberclones will revolutionize due diligence. No one wants or needs to pay for exotic betas that can be reverse-engineered (replicated). In sharp contrast, everyone is willing to pay for that critical factor that can't be synthesized: superior human intelligence and wisdom that engender profitable decisions by way of savvy investment choices.

Yes, we should be prepared to pay a fair price for brainwork, commensurate with the level of brainwork rather than the typical "2 and 20" fee. But first we'll need a robust model for deciding who's truly delivering the equivalent of Oscar-winning performances in the hedge fund universe.

About the Producer: PPCA, Inc., San Clemente CA, provides advanced analytical services to investors and their consultants in the areas of asset allocation, market research, performance evaluation, style analyses and target date funds. PPCA president Ron Surz is a pension consulting veteran. Further information is available at [Linked In](#) and www.PPCA-Inc.com and [HedgePOD](#).

About the Creators:

Kathy Tarochione, Harrison AR is a digital artist providing life stories for individuals and their pets – digital memories in pictures and art. She is also the Founder & Partner of [Picture A Moment Pet Productions LLC](#) with its Divisions [The Canine Community Reporters News](#) & [WCCR.TV](#) designed to help animals in shelters. Kathy has mastered digital productions of all sorts. Further information is available on [Linked In](#)

Jim Bumgardner, Harrison, AR is a professional broadcaster, videographer, marketer, all around nice guy, and Partner of Kathy Tarochione (see links above). Being a true believer in the entrepreneurial spirit and always rooting for the underdog Jim prides himself on his personal philosophy of "If you dream it, I can build it." Further information is available on [Linked In](#) and <http://www.jimstv.com>.

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