



# Lessons Learned from a Career in Hedge Fund Management

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# Insight Number 1

## It's all about alpha

Alpha extraction is a skill





# The Life-cycle of Alpha

Alpha eventually becomes beta

$\alpha A$



B  $\beta$





# Alpha: Common mistakes

Implementation: Know the markets you are investing in





# Insight Number 2

## It's all about risk

Seek only compensated risks



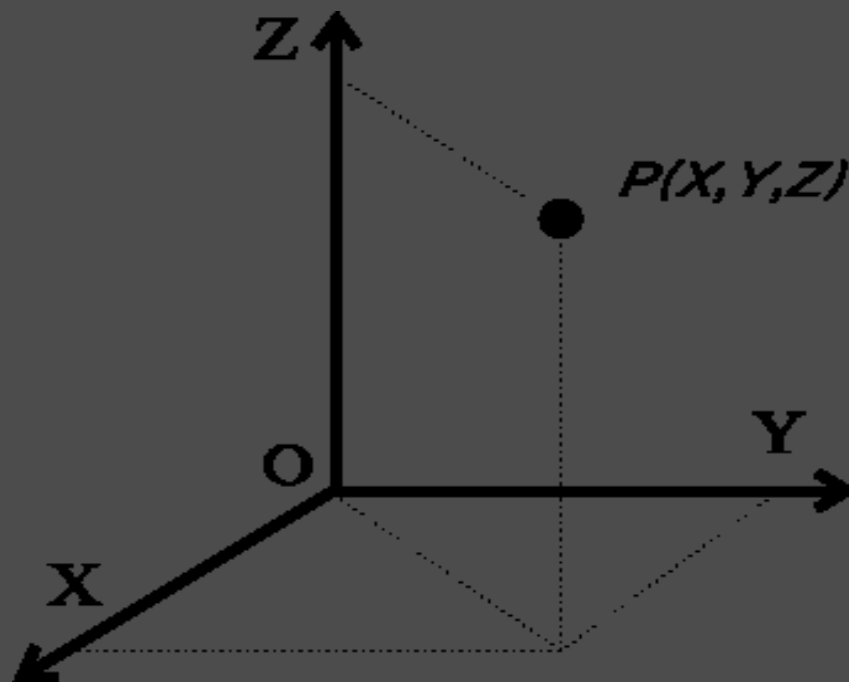


# Risk: Common Mistakes

## Myth of orthogonality

Failure to recognize interconnectedness

- Of markets
- Of participants
- Of insights





# Insight Number 3

It's all about people and culture

People/culture can be a competitive advantage.

People/culture can also be a hindrance to alpha extraction





# People: Common Mistakes

## Loss of focus







# Conclusion

- Focus obsessively on alpha
- Assemble a team of talented individuals
- Hire people who disagree with you
- Focus obsessively on alpha
- Create an investment culture in which questioning is the norm
- Build the best tools you can
- Question your assumptions
- Recognize the interconnectedness of markets and risks
- Focus obsessively on alpha
- Develop market savvy
- Did I mention the focus on alpha?