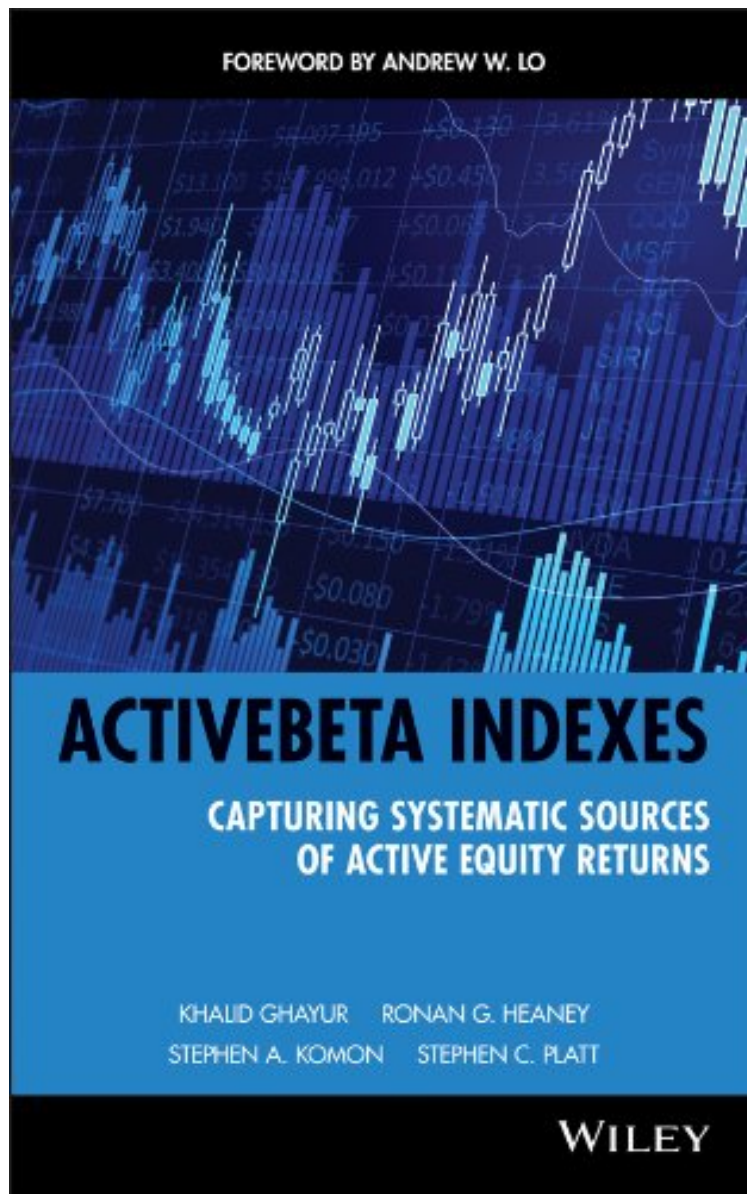


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ActiveBeta Indexes: Capturing Systematic Sources of Active Equity Returns (Wiley Finance)

Khalid Ghayur, Ronan G. Heaney, Stephen A. Komon, Stephen C. Platt
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Khalid Ghayur, Ronan G. Heaney, Stephen A. Komon, Stephen C. Platt : ActiveBeta Indexes: Capturing Systematic Sources of Active Equity Returns (Wiley Finance) before purchasing it in order to gage whether or not it would be worth my time, and all praised ActiveBeta Indexes: Capturing Systematic Sources of Active Equity Returns (Wiley Finance):

2 of 3 people found the following review helpful. Must Read Book! By Masanori Hoizumi, CFA, CMA This is absolutely a must read book for all the investment professionals, sophisticated investors and wanna-bes. It describes how the active returns are generated through and show you the methodologies to obtain in a passive manner. Active returns provided by the active managers in exchange for the active management fees, those are generally much higher than those of passively managed fees. In addition, those larger active management fees give you no guarantee for the expected active returns in your investment period. You would be better off reading this book before you start investing in active investments and you will be able to confirm the adequacy for the fees you are paying and what you can expect from it.

4 of 4 people found the following review helpful. RE-WRITING THE RULES OF ACTIVE INVESTMENT By Lana Obrennan Mr Ghayur and his colleagues offer an excellent introduction to the active management of equity portfolios, but utilising systematic sources of return which can be captured with passive indexing techniques -- the result being much cheaper investment management fees than one might typically pay to an active manager. One wonders when the ETF industry will build retail products on the back of the FTSE indices which have been developed in partnership with Westpeak Global Advisors. This book is an innovative take on the active management business, pointing out that much of what is currently thought to be Alpha (or returns added by skill) is in fact Beta (or returns which can be identified systematically, though a particular type of equity exposure). A definite buy.

An informative guide offering new and innovative ways to think about active management and investing ActiveBeta Indexes presents exciting new research that shows how above-market returns can be achieved in a low-cost, transparent, and efficient fashion. Active Betas reflect fundamental investment principles that have long been the foundation of active equity returns, but are commonly masqueraded as investment skill, or alpha. This groundbreaking book lifts the veil to uncover the common sources of active returns and reveals their beta-like properties. Developed by leading investment practitioners at Westpeak Global Advisors, ActiveBeta Indexes introduces Active Beta sources and explains how the behavior of short- and long-term earnings growth gives rise to systematic sources of active equity returns. Details a new index framework and research findings that could change the face of active portfolio management Presents patent-pending innovations for constructing style indexes and informationally-efficient active portfolios Explores the historical performance of ActiveBeta Indexes Wealth advisers, consultants, pensions and endowments, and other institutional investors will find the intellectual honesty of ActiveBeta Indexes a refreshing perspective on the active management industry. They will also find it a useful guide to a more strategic allocation of their risk and management fee budgets; a growing necessity in these challenging times.

From the Inside Flap What is the nature of active equity management returns? Do active equity managers truly add value? Do they have idiosyncratic skill or are they providing only beta-like systematic sources of active return? In this groundbreaking book, the authors provide new answers to some of the oldest questions about investing. What if, they suggest, a significant portion of active management returns were driven by systematic sources of active equity returns? And what if these systematic active return sources could be captured more efficiently, transparently, and cost-effectively in a passive index structure? The result would be an innovative framework; ActiveBeta Indexes. ActiveBeta Indexes presents an investment solution that better defines the investment styles of active managers (i.e., common sources of active returns) and provides an efficient, transparent, and cost-effective passive capture of a significant portion of traditional active management returns. The authors first describe the basis for and evolution of market and style indexes, exploring their development and their limitations. They then detail the theoretical framework and supporting research behind the ActiveBeta Indexes. After introducing the concept of Active Betas, they present their research into the nature and relationships, as well as the pricing and persistence, of the systematic sources of active equity returns. They proceed to illustrate the methodology employed to create the ActiveBeta Indexes and offer a detailed analysis of their performance. The authors then demonstrate the various applications of the ActiveBeta Indexes, including their uses in style investing, performance attribution, portfolio structuring, and asset allocation. They conclude by offering a variety of customizable, alternative solutions for capturing the systematic sources of active equity returns. The investment industry needs to take a critical look at the current state of traditional active management and style investing. The ActiveBeta Framework offers explanations to solve many of the puzzles in the current investment literature and practice. Portfolio managers, asset managers, wealth advisers, pensions and endowments, and other institutional investors seeking to improve returns while reducing costs will find ActiveBeta Indexes a solution to their performance needs in these challenging times.

From the Back Cover Active Beta Indexes A Groundbreaking New Index Framework "By providing new answers to some of the oldest questions about investing, this innovative framework offers the investment community a chance to reinvent itself." — From the Foreword by Andrew W. Lo How did we end up with growth and value as the standard dichotomy of investing? Are there better ways of defining investment styles? ActiveBeta Indexes presents a more relevant classification of investment approaches than the traditional classifications in a groundbreaking new index that captures systematic active return sources. The authors outline the research and strategies for capturing systematic sources of active equity returns usually attributed to active management via a passively managed index; in a

transparent manner with lower risk and greater diversification, at a lower cost, than active management. Their new indexes more accurately reflect the investment processes and investable universes of active growth, value, and core managers—and thus represent more appropriate performance benchmarks for active style managers. These exciting new findings could change the face of active portfolio management. The bottom line: why pay high fees for active management performance when you can get a significant portion of this performance at a fraction of the cost?

About the Author Khalid Ghayur is the CEO and CIO of Westpeak Global Advisors, LP. He was director of research policy, a member of the Global Executive Committee, and chairman of the Index Policy Committee at Morgan Stanley Capital International (MSCI) Barra. Prior to this, he was global head of quantitative research and strategy for HSBC Global Asset Management. He is a CFA charterholder, has served on the Board of Governors of the CFA Institute, and is a former trustee of the CFA Institute Research Foundation. He received an MBA in finance and international business from the École Nationale des Ponts et Chaussées and an MA and BA in economics from the University of Karachi.

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