Convertible Arbitrage: Insights and Techniques for Successful Hedging (Wiley Finance)

Nick P. Calamos
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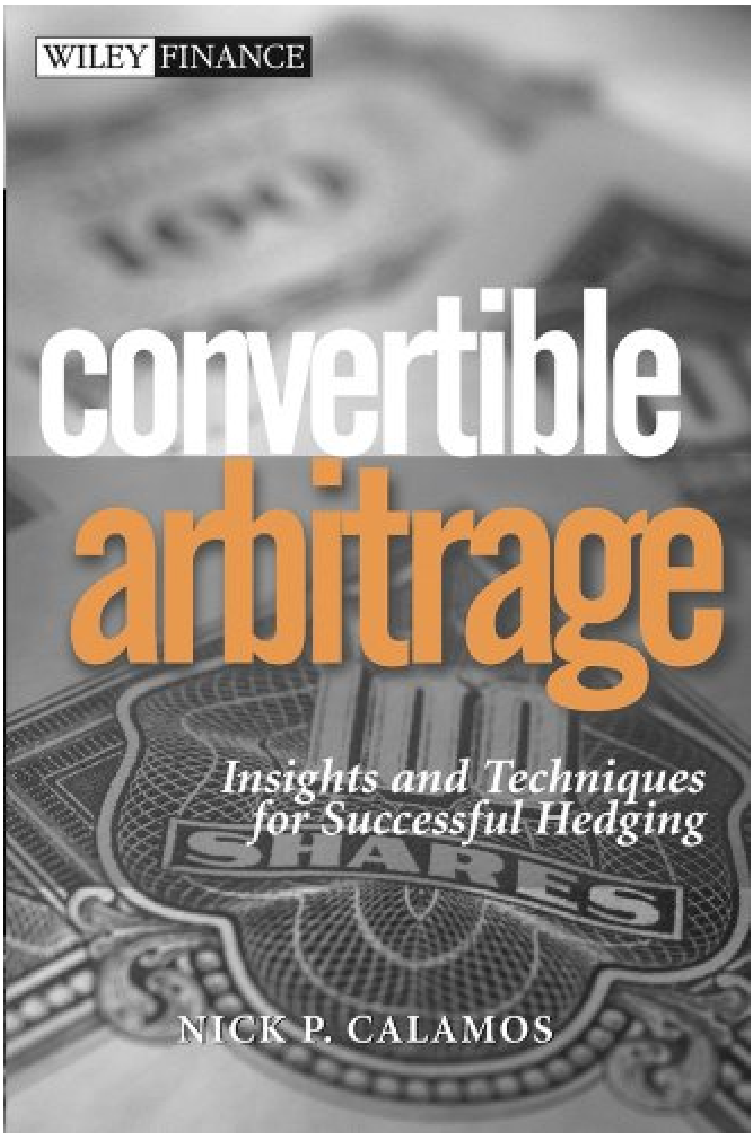

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Nick P. Calamos : Convertible Arbitrage: Insights and Techniques for Successful Hedging (Wiley Finance) before purchasing it in order to gage whether or not it would be worth my time, and all praised Convertible Arbitrage: Insights and Techniques for Successful Hedging (Wiley Finance):

1 of 1 people found the following review helpful. An Excellent Primer on the subjectBy JMAs a technologist charged with implementing a convertible arbitrage fund, this book was incredibly helpful. By reading it, I learned enough about the strategy and how it works to have intelligent conversations with portfolio managers and analysts and

understand what needs to be done to make it work. The book covers the Greeks and why they matter, and gives explanations of the strategies that are easily understood, but whose details are laid out in sufficient depth that the layperson might not be able absorb them all the first time through.The books doesn't, and really can't, get into issues relating to data providers, prime brokers, and other execution-related topics. Yet it does cover almost every permutation of the strategy that you might find currently being implemented by a CA fund.Overall, I think that this book provides an excellent grounding in the strategy, is a very engaging read, and will be a good reference as your understanding of the subject grows.In closing, let me say this: The chapter on the Greeks alone justifies the purchase of this book. I have received questions from people wanting to know how I gained such depth of understanding in convertible/capital structure arbitrage so quickly, and I do not hesitate to hand them this book. (Well, maybe there is some hesitation.)5 of 5 people found the following review helpful. good but crypticBy Jack Dohi studied from this book for the CAIA exam. while it presented some very fascinating approaches and ideas for me, keeping in mind i am not a practising arbitrageur yet, it was very poorly edited and written in general.every book starts with an assumption about the level of sophistication the reader. this book seems to assume different levels in different chapters and even paragraphs. the chapter on equity valuation is written for kids (lose the chapter, nick) and the ones on hedging techniques doesn't even bother to list assumptions behind complex positions.the author uses the most confusing notations. e.g. Nu-1, literally typed out like that, which is supposed to represent a variable with subscript u-1. geez - whatever happened to computer typesettng with actual subscripts, and why use the same notation for different variables in different formulae? at least he could have used Nu-1 and Mu-1. I spent a lot of time making sense out of this one and assumed he was referring to Nu minus 1!basically, if the same ideas were carefully thought out and presented by better editing and writing (and typesetting!), this would be an enjoyable book. as it stands, its a torture to go through. such wonderful ideas and such poor presentation. this one went out the door too early.3 of 3 people found the following review helpful. Too techincal for a novice, too naive for a professionalBy Franz K.Calamos has put together a useful reference for those interested in learning more about the proper pricing of convertibles. However his own agenda is quite transparent when looking at his own performance - picking the bottom (2002) of the CB wipeout to chart his own performance.There are other gaps such as a lack of consideration of stock price movement and its influence on omicron (change of CB prices w/ resepct to credit spread). This has been researched by Berger and others - it the stock craps out, one side of the market is saying the credit worthiness of the issuer has declined.If you are really going to *TRADE* a CB book, you need to quantify as many of these variables as possible with respect to each other. No risk factor exists in a vacuum, but Calamos seems to skip this level of integration.If you are not a market practioner but would like to be, read this before an interview. Otherwise, it inhabits that middle ground of being too techincal for a novice and too naive for a professional.

Minimize risk and maximize profits with convertible arbitrage Convertible arbitrage involves purchasing a portfolio of convertible securities-generally convertible bonds-and hedging a portion of the equity risk by selling short the underlying common stock. This increasingly popular strategy, which is especially useful during times of market volatility, allows individuals to increase their returns while decreasing their risks. Convertible Arbitrage offers a thorough explanation of this unique investment strategy. Filled with in-depth insights from an expert in the field, this comprehensive guide explores a wide range of convertible topics. Readers will be introduced to a variety of models for convertible analysis, "the Greeks," as well as the full range of hedges, including titled and leveraged hedges, as well as swaps, nontraditional hedges, and option hedging. They will also gain a firm understanding of alternative convertible structures, the use of foreign convertibles in hedging, risk management at the portfolio level, and trading and hedging risks. Convertible Arbitrage eliminates any confusion by clearly differentiating convertible arbitrage strategy from other hedging techniques such as long-short equity, merger and acquisition arbitrage, and fixed-income arbitrage. Nick Calamos (Naperville, IL) oversees research and portfolio management for Calamos Asset Management, Inc. Since 1983 his experience has centered on convertible securities investment. He received his undergraduate degree in economics from Southern Illinois University and an MS in finance from Northern Illinois University.

"...filled with in-depth insights and a wide range of convertible topics, provides a thorough explanation..." (Financial World, January 2004)From the Inside FlapInvestment professionals familiar with convertible arbitrage techniques recognize the strategy as a rock-solid tool for generating significant returns regardless of market movements. Itrsquo;s no surprise, then, that amidst the backdrop of market volatility and investor uncertainty, the field of convertible arbitrage keeps growing. Since 1993, the convertible arbitrage market has grown at an astounding 45% compound annual growth rate through the first half of 2002 to $24 billion.* In Convertible Arbitrage: Insights and Techniques for Successful Hedging, renowned investment expert Nick P. Calamos shows you ways to make the most of convertible arbitrage, explaining how to boost returns while decreasing riskndash;no matter what the market is doing. The practice of convertible arbitrage takes advantage of the unique hybrid nature of convertible securities, which combine both fixed-income and equity characteristics. It typically involves matching a long position in convertible securitiesndash;usually convertible bondsndash;with a short position of corresponding stock. The bond pays interest and guarantees a yield upon maturityndash;but you also can participate in the movement of the underlying stock because a convertible bondrsquo;s option component makes it readily convertible into stock. Convertible arbitrage thus allows investors to create positions that achieve either market-neutral returns or that have a bias towards a securityrsquo;s future price, offering tools to both the defensive and aggressive investor. This not-to-be-missed guide gives you: A top-to-bottom overview of convertible arbitragendash;its history, how it works, and why it is especially useful in a volatile market In-depth coverage of convertible valuation models and the "greeks," the statistical qualifications of convertible functions Reasons why the credit and business valuation of a convertible can make or break your hedge position A thorough review of convertible arbitrage techniquesndash;from delta hedges and convertible option hedge techniques to swaps and nontraditional hedges An insiderrsquo;s guide to portfolio risk management, including tips on portfolio evaluation, risk analysis, and optimization The array of convertible securities availablendash;and the ever-shifting financial engineering behind themndash;demands a practical working knowledge of convertible arbitrage hedging techniques. Not only does Convertible Arbitrage put those techniques at your fingertips, it also helps you use those techniques to prepare forndash;and profit fromndash;new twists in convertible terms, types of securities, or derivative hedge products. *Tremont Advisers, Inc. "The Calamos Convertible Fund offers the Holy Grail in investingndash;a long-term return superior to the index with less volatility." ndash;William Harding, Analyst Morningstar Investment ServicesFrom the Back CoverMaster convertible arbitrage and put profits within reach "Finally, we have a comprehensive, practical, and lucid book on convertible arbitrage from one of the most seasoned investors in this growing asset class." ndash;Venu Krishna, CFA Head of U.S. Convertible Research, Lehman Brothers "Nick Calamos is one of the most experienced and successful convertible bond managers in the mutual fund industry. Who better to explain convertible arbitrage strategies?" mdash;William Harding, Analyst, Morningstar Investment Services "Convertible Arbitrage is an indispensable resource, and is required reading for all fund of funds analysts and portfolio managers that cover this strategy." ndash;Joseph G. Nicholas, Chairman and CEO HFR Asset Management, LLC In good markets and bad, convertible arbitrage can give investors the best of both worlds: the safety of bonds and all the possibilities of stock-like performance. This is partly why convertible arbitragendash;following the larger trend of hedge fundsndash;has moved to center stage in the last decade. But profiting from this increasingly popular investment strategy takes much more than knowing a few ground rules. It takes Convertible Arbitrage: Insights and Techniques for Successful Hedging. Written by leading investment authority Nick P. Calamos, this comprehensive, just-in-time book covers: What the convertible arbitrage strategy is and what distinguishes it from other hedging techniques How to tap into successful convertible valuation models The full range of hedges, from tilted and leveraged hedges to swaps and option hedging And more! Nick P. Calamos is the first recipient of the Excellence in Fund Management Award for Calamos Growth and Income Fund, bestowed by SP and BusinessWeek.