

Commodity Trading
Advisors

*Risk, Performance Analysis,
and Selection*

GREG N. GREGORIOU
VASSILIOS N. KARAVAS
FRANCOIS-SERGE LHABITANT
FABRICE ROUAH



WILEY

John Wiley & Sons, Inc.

Preface	ix
Acknowledgments	xi
About the Editors	xiii
About the Authors	xv
Introduction	xxiii
Performance	1
CHAPTER 1	
Managed Futures and (Hedge Funds: A Match Made in Dteaven	5
<i>Harry M. Kat</i>	
CHAPTER 2	
Benchmarking the Performance of CTAs	18
<i>Lionel Martellini and Mathieu Vaissie</i>	
CHAPTER 3	
Performance of Managed Futures:	
Persistence and the Source of Returns	311
<i>B. Wade Brorsen and John P. Townsend</i>	
CHAPTER 4	
CTA Performance, Survivorship Bias, and Dissolution Frequencies	49
<i>Daniel Capocci</i>	
CHAPTER 5	
CTA Performance Evaluation with Data Envelopment Analysis	79
<i>Gwenevere Darling, Kankana Mukberjee, and Katbryn Wilkens</i>	

CHAPTER 6		
The Performance of CTAs in Changing Market Conditions		105
<i>Georges Hiibner and Nicolas Papageorgiou</i>		
CHAPTER 7		
Simple and Cross-Efficiency of CTAs Using Data Envelopmennt Analysis		129
<i>Fernando Diz, Greg N. Gregoriou, Fabrice Rouah, and Stephen E. Satchel!</i>		
Risk and Managed Futures Investing		149
CHAPTER 8		
The Effect of Large Hedge Fund and CTA Trading on Futures Market Volatility		151
<i>Scott H. Irwin and Bryce R. Holt</i>		
CHAPTER 9		
Measuring the Long Volatility Strategies of Managed Futures		183
<i>Mark Anson and Ho Ho</i>		
CHAPTER 10		
The Interdependence of Managed Futures Risk Measures		203
<i>Bhaswar Gupta and Manolis Chatiras</i>		
CHAPTER 11		
Managing Downside Risk in Return Distributions Using Hedge Funds, Managed Futures, and Commodity Indices		220
<i>Mark Anson</i>		
Managed Futures Investing, Fees, and Regulation		233
CHAPTER 12		
Managed Futures Investing		235
<i>Jantes Hedges IV</i>		

CHAPTER 13	
The Effect of Management and Incentive Fees on the Performance of CTAs: A Note	248
<i>Fernando Diz</i>	
CHAPTER 14	
Managed futures Funds and Other Rduciary Products: The Australian Regulatory Model	259
<i>Paul U. AH</i>	
PART-FOWL	
Program Evaluation, Selection^ and Returns	275
CHAPTER 15	
How to Design a Commodity Futures Traing Program	277
<i>Hilary Till and Joseph Eagleeye</i>	
CHAPTER 16	
Choosing the Right CTA: A Contingent Claim Approach	294
<i>Zsolt Berenyi</i>	
CHAPTER 17	
CTAs and Portfolio Diversification: A Study through Time	307
<i>Nicolas Laporte</i>	
CHAPTER 18	
Random Walk Behavior of CTA Returns	326
<i>Greg N. Gregoriou and Fabrice Rouah</i>	
CHAPTER 19	
CTA Strategies for Returns-Enhancing Diversification	336
<i>David Kuo Chuen Lee, Francis Koh, and Kok Fai Phoon</i>	
CHAPTER 20	
Incorporating CTAs into the Asset Allocation Process: A Mean-Modified Value at Risk Framework	358
<i>Maker Kooli</i>	

CHAPTER 21		
ARMA Modeling of CTA Returns	,	367
<i>Vassilios N. Karauas and L. Joe Moffitt</i>		
CHAPTER 22		
Risk-Adjusted Returns of CTAs: Using the Modified Sharpe Ratio		377
<i>Robert Christopherson and Greg N. Gregoriou</i>		
CHAPTER 23		
Time Diversification: The Case of Managed Futures		385
<i>Francois-Serge Lbabitant and Andrew Green</i>		
REFERENCES		399
INDEX		417