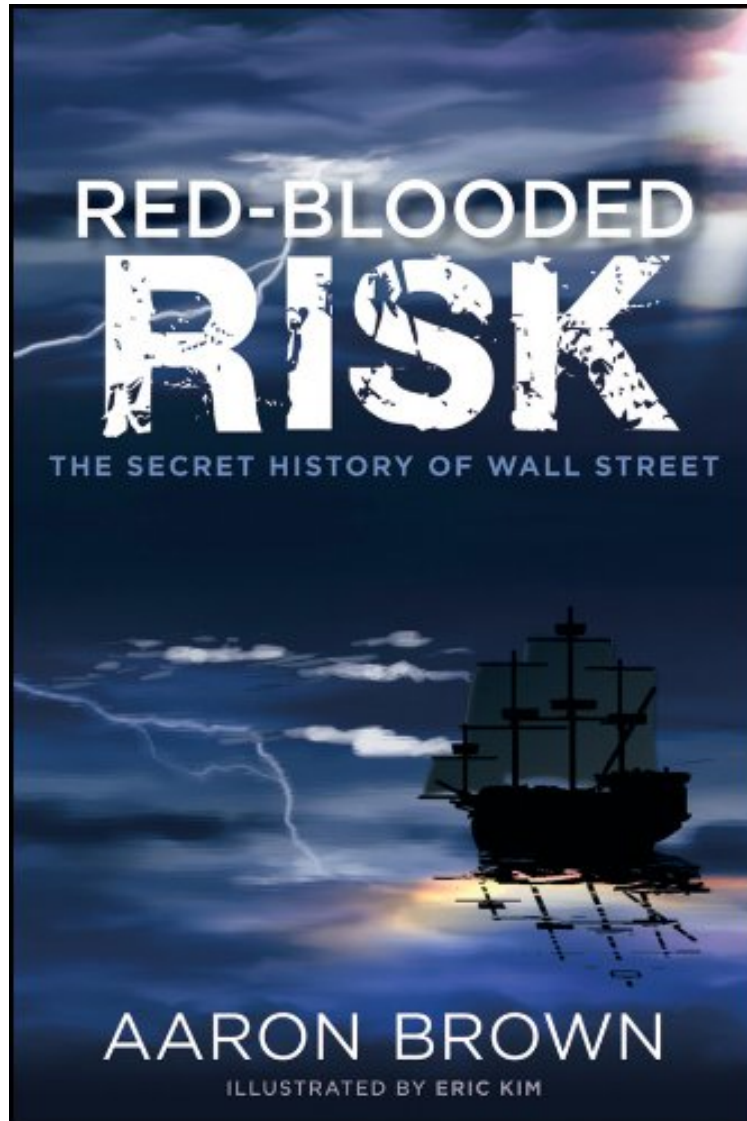


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Red-Blooded Risk: The Secret History of Wall Street

Aaron Brown

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Aaron Brown : Red-Blooded Risk: The Secret History of Wall Street before purchasing it in order to gage whether or not it would be worth my time, and all praised Red-Blooded Risk: The Secret History of Wall Street:

7 of 7 people found the following review helpful. Low risk/reward
By EB
The book has some interesting topics but so much rant it's not worth time or money. Illustrations are hard to impossible to read on kindle and not very revealing or interesting even if you manage to do it. Instead, a brief summary of each chapter would make the book more valuable in my opinion. The logic is often very hard to follow because the author jumps from one thing to second and then to third and back. I had to reread some parts several times just to understand what the author was trying to say (and I can't say I always succeeded). Reading description and reviews on I was quite excited to get this book but my expectations

got lower after each chapter. To summarize, I don't think I've learned too much about finance, trading, or risk that I didn't know before or that could possibly be learned from the book (and didn't sound like conspiracy theory), and the historical chapters weren't very interesting or revealed secrets (but they were a bit self-promoting). I am puzzled and disappointed, partly because I've seen comments made by the author on various forums and his reviews of other books on and I always found them good.² of 4 people found the following review helpful. A knockout for me By Phil O. This author walks through (rather, with his facility with words, sometimes gracefully flies high over, then zooms down for sharp-focus closeup of) what seemed like more or less familiar concepts in probability and finance, and the whole landscape of government, asset classes, and strategies, as played out over history. He is able to hold so many of these seemingly familiar things up in new lights, and in a clever turn of phrase, to hit insights that, to use a fond word of his, "ignite" my imagination. I was plodding along assessing various alternative strategies for my personal portfolio -- being elsewhere inspired by works such as Poundstone's "Fortune's Formula" (introducing me to Kelly criterion) and Rebonato's "Plight of the Fortune Tellers" (critiquing frequentist versus subjectivist/Bayesian probability). Now comes Mr Brown to pull these ideas elegantly together, connect innumerable dots, and point ways forward for my thinking. I now have some elegant models of my own for portfolio construction including "igniting risk," as Mr Brown puts it, in a knowing and deliberate way.⁰ of 1 people found the following review helpful. Refreshing View of Risk By M. Zimmerman Focus is on what risk management can actually accomplish, not the checking the boxes which most books limit themselves to.

An innovative guide that identifies what distinguishes the best financial risk takers from the rest From 1987 to 1992, a small group of Wall Street quants invented an entirely new way of managing risk to maximize success: risk management for risk-takers. This is the secret that lets tiny quantitative edges create hedge fund billionaires, and defines the powerful modern global derivatives economy. The same practical techniques are still used today by risk-takers in finance as well as many other fields. Red-Blooded Risk examines this approach and offers valuable advice for the calculated risk-takers who need precise quantitative guidance that will help separate them from the rest of the pack. While most commentators say that the last financial crisis proved it's time to follow risk-minimizing techniques, they're wrong. The only way to succeed at anything is to manage true risk, which includes the chance of loss. Red-Blooded Risk presents specific, actionable strategies that will allow you to be a practical risk-taker in even the most dynamic markets. Contains a secret history of Wall Street, the parts all the other books leave out Includes an intellectually rigorous narrative addressing what it takes to really make it in any risky activity, on or off Wall Street Addresses essential issues ranging from the way you think about chance to economics, politics, finance, and life Written by Aaron Brown, one of the most calculated and successful risk takers in the world of finance, who was an active participant in the creation of modern risk management and had a front-row seat to the last meltdown Written in an engaging but rigorous style, with no equations Contains illustrations and graphic narrative by renowned manga artist Eric Kim There are people who disapprove of every risk before the fact, but never stop anyone from doing anything dangerous because they want to take credit for any success. The recent financial crisis has swelled their ranks, but in learning how to break free of these people, you'll discover how taking on the right risk can open the door to the most profitable opportunities.

"Wickedly original, one of the most fascinating accounts I have ever seen. A rollicking and highly opinionated read." (Risk Professional, October 2011) "No one who reads Red-Blooded Risk: The Secret History of Wall Street will ever again regard risk management as a necessary but unproductive appendage of the financial industry. Other authors have chronicled how quantitative finance influenced investment management, but Aaron Brown has made a compelling case for a far more profound economic impact. . . If Red-Blooded Risk: The Secret History of Wall Street dealt with nothing more than the inadequacy of models used in highly important activities, it would represent a valuable contribution to financial economics. Brown's book, however, covers a great deal more than econometric malpractice. Probably no other book offers as much insight into the process with so little resort to mathematical notation. Especially valuable are Brown's discussions of middle-office risk management and value at risk, comparatively recent innovations that are essential to understanding modern financial institutions. Readers of Red-Blooded Risk should be prepared to have many of their assumptions challenged. Red-Blooded Risk is one of the most original and thought-provoking books reviewed in these pages in the past 20 years. No one who reads it will ever again regard risk management as a necessary but unproductive appendage of the financial industry. Other authors have chronicled how quantitative finance influenced investment management, but Aaron Brown has made a compelling case for a far more profound economic impact." — Martin S. Fridson, CFA Institute Publications Book s "Red-Blooded Risk mixes risk history and philosophy nimbly and provides a perspective that can be both refreshing and challenging (often on the same page). While the book is not without weaknesses, it is also brimming with original perspectives and controversial opinions. Those who work in risk management or quantitative finance will enjoy Brown's story-telling and expert perspectives, even if they do not share his views, while non-quants will find his insights and confessions to be a useful glimpse into the psyche and ethos of an influential group of early

quantitative risk takers. — Roger M. Stein, Research and Academic Relations, Moody's Corporation, as reviewed in Quantitative Finance (August 6, 2012) From the Inside Flap Everyone talks about risk, but few people give serious thought to what risk is. It's hard to describe it without expressing an opinion — we like things that are innovative, daring, creative, and bold; but those are exactly the same things that are reckless, speculative, risky, and irresponsible. This book is the story of a group of young math whizzes who unleashed a revolution — one that reshaped our financial system and continues to echo through the halls of government, universities, and corporations today. In the 1970s, disillusioned with the sorry state of quantitative analysis, these young mathematicians (soon to be known as "quants") invented a new way of looking at probability and set out to prove it in the ultimate testing ground of odds-making: Las Vegas. Once there, the quants turned conventional wisdom about gambling on its head. People said you can't beat the house, yet the quants managed to beat blackjack and other casino games. People said you needed a lifetime to learn poker, yet the quants' aggressive mathematical tactics swept the table against the best players in the world. Then the quants turned to sports betting, overturning the business model and squeezing out local bookies with a global organization that matched bets without taking risk. Armed with their theories and experience, the quants raised their sights and headed to Wall Street, determined to replicate their success. Finance was a tougher challenge than gambling, but by the mid-1990s, the quants had remade Wall Street as thoroughly as they had remade Las Vegas. That transformation went unnoticed by the bond salesmen and investment bankers who ran Wall Street, as well as by academics, regulators, journalists, and investors; yet these changes caused both the greatest wealth creation event in the history of the world, and also to the financial disasters we have witnessed in its wake. There's more here than just a lesson in recent financial history, however. Brown's story goes beyond the headlines to explore basic questions of economics, like the meaning of property and the nature of exchange. Along the way, it reveals secrets about the building of the pyramids, the glory of ancient Athens, the force that built the Roman Empire, a world-changing invention from medieval Italy, a secret in a mysterious letter written in 1654 and not decoded until the 1990s, and an essential aspect of the American Revolution left out of history books. This book will change the way you think about everything from history, risk, and money to vampires, zombies, and tulips. It offers a fascinating and thrilling account of great events that have never before been described in an easily accessible form. There are bold ideas, colorful characters, and, most important, the keys to understanding the modern financial world and how its inner workings affect our daily lives. From the Back Cover "Aaron Brown combines his characteristic no-nonsense approach to risk management with the latest, cutting-edge research in behavioral finance. The result makes other books on risk look pale and anemic by comparison." — Dylan Evans, author of Risk Intelligence "I highly recommend these ruminations on the history, philosophy, and practice of risk management; on risk, money, and the social value of derivatives markets; and much else written by a prominent risk management practitioner. This unconventional book is not only a good read but is also a treasure trove of valuable insights into trading and markets." — Jim Gatheral, professor at Baruch College and author of The Volatility Surface "Aaron Brown is the dean of Wall Street risk managers, and the one I respect the most. He describes risk clearly and presents techniques for managing it. My disagreement is with the applicability of those techniques to extreme tail events. Aside from that he has been my principal recourse in the field owing to his acuity, depth, and clarity of exposition." — Nassim Nicholas Taleb, professor at the Polytechnic Institute of New York University and author of The Black Swan "Aaron Brown eloquently explains the history of money and risk, and predicts a future with an increasing role for financial derivatives. After decades of serious poker playing and front-line risk management, he has a unique perspective. His blood is considerably redder than mine, which is looking rather pink after reading this book. I'm not sure I've got the nerve to follow all of his advice, but then again I like quiche." — Paul Wilmott, mathematician and winner of the Peel sandcastle-building competition, August 2001 "Aaron is a modern-day alchemist, able to transform complex and somewhat esoteric mathematical concepts into something easily understandable through the use of everyday examples. He's a master of one of the most important skills required of any risk manager: the ability to communicate effectively. Red-Blooded Risk is uniquely written to appeal to both the novice and the professional." — Richard Apostolik, President and CEO, Global Association of Risk Professionals "An original and provocative introduction to risk by an experienced Wall Street manager. Entertaining and informative for beginners and professionals alike." — Edward O. Thorp, author of Beat the Dealer and Beat the Market