Selection and Performance Analysis of Asia-Pacific Hedge Funds *

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Abstract

This paper studies portfolio selection and performance analysis of hedge funds whose locations or investment targets are Asia-Pacific region. Utilizing Eurekahedge database, we investigate the characteristics of the funds' returns and optimization methods to create a fund of funds. Moreover, we decompose the returns of the hedge funds into risk factors which are observable in financial markets such as stock indices. Then, we attempt to manage a fund of funds by applicating those analyses.

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