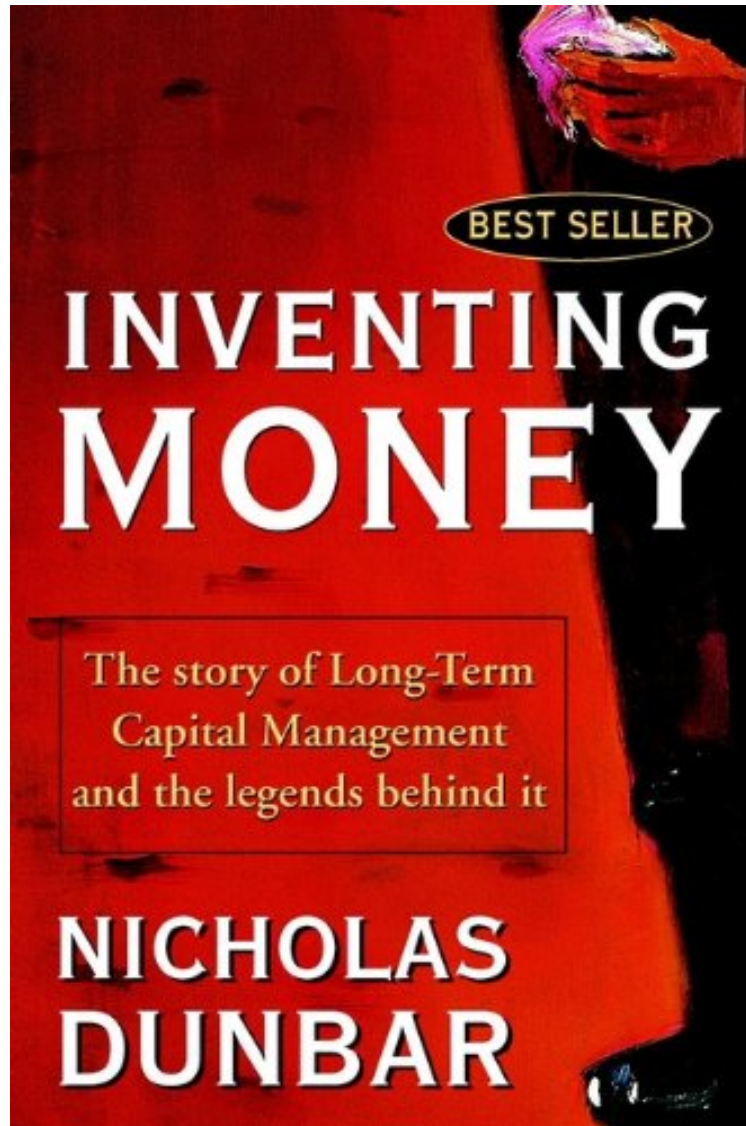


# Inventing Money: The Story of Long-Term Capital Management and the Legends Behind It

*Nicholas Dunbar*

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**Nicholas Dunbar : Inventing Money: The Story of Long-Term Capital Management and the Legends Behind It** before purchasing it in order to gauge whether or not it would be worth my time, and all praised Inventing Money: The Story of Long-Term Capital Management and the Legends Behind It:

50 of 50 people found the following review helpful. Great story - and a nice primer for the financial markets By Olly Buxton I was prompted into buying this book after seeing a truly hopeless Channel 4 documentary about the LTCM collapse which attempted - but failed entirely - to explain what LTCM was all about: What the Black/Scholes formula

did, how Meriwether and cohorts used it to make money, and how they managed to singlehandedly bring western world as we know it to the brink of financial collapse with a formula which is supposed to completely eliminate risk. Dunbar's very readable book scores on two fronts: firstly, it succeeds in explaining how these putatively "risk free" trades manage to make profit and be (to 'all' intents and purposes) perfectly hedged, when conventional wisdom would suggest that a perfectly hedged position must by definition be 'flat', and secondly, it serves as an excellent primer for anyone wanting to understand how the debt markets in general, and credit derivatives in particular, work. And all this in a little over 200 pages. Great going!

The subject matter isn't easy, but nor (at the level to which Dunbar takes it) is it rocket science, and to his immense credit Dunbar manages to resist the temptation to write it off as 'baffling rocket science by Harvard Graduates which is far too hard for the stupid reader to understand' (which is what said Channel 4 documentary did) or to insert unpenetrable graphs, equations and formulae to show just how clever he and the LTCM sort of person is. Still, while the casual observer of the Stock Market (you know, the sort who watches the news each night to see if it went up or down) might find little in this book to light their candle, those in the industry and short on specific knowledge, or with aspirations of getting into it, could hardly find a better place to start.

0 of 0 people found the following review helpful.

**FINANCE IS A JOKE** By SilverMalthusian

This is a fantastic book. It's primary strength is introducing financial concepts instruments that the lay man can understand. Great use of metaphors as well that helps make the picture clear. The hubris arrogance of man. There are no guarantees in investing. Leverage is extremely dangerous as we have seen in recent years. Myron Scholes continues to add his few cents worth in economics financial affairs of the world. I have no respect for him. I agree with Nicholas Nassim Taleb (Author of fooled by randomness the black swan) that Nobel prizes should not be awarded for economics that the bell-shaped curve (gaussian model) is not applicable to finance as there are too many outliers some of them go way beyond 3 standard deviations i.e. outside the 99.8% probability range. Trust in the financial system is now dead. I am not much of a hater, however I loathe institutions like Goldman Sachs, JP Morgan Chase, HSBC, Deutsche bank, MF Global etc. This book is a timely reminder of why you should not trust the system, whether it is banks, central banks or government. It's a con game, it's a ponzi scheme, it's a fraud. They are now taxing the bejesus out of us in my country with a new tax or enlargement of existing taxes, approximately every 6 months my government still can't run a balanced budget. What a joke these w\*\*\*ers (financial terrorists) get bailed out. Where's the justice? My government is obsessed with real estate investing as well. During the financial crisis they increased the first home buyers subsidy by double triple for those building a home from scratch, even though house prices are in a bubble. It goes to show how little substance there is in Western world economies, we manufacture little have a massive FIRE (finance, insurance, real estate) industry. It's so fake. I wonder if China will end up owning a huge slice of the resources control alternate energy industries. Where did this obsession with financial engineering come from? That's what I want to know.

1 of 1 people found the following review helpful.

**OK background** By DJMI

work in this industry as a lawyer, and I know just enough about derivatives pricing, CAPM and VAR to be dangerous. I was looking for this book to reinforce what I already know, hopefully teach me something new, and give me a nice case study. It does an OK job on those scores, but not a great one. Some of the characterizations of the legal issues around hedge funds were not exactly right, which is not an issue at all to non-lawyer readers, but when I see things like that it makes me wonder if a risk manager would have similar bones to pick with the book.

LTCM was the fund that was too big to fail, the brightest star in the financial world. Built on genius, by legends of Wall Street and two Nobel laureates, it spiralled to ever greater heights, commanding unimaginable wealth. When it fell to earth in September 1998 it shook the world. This is the story of the rise and fall of LTCM and the legends behind it. A brave and ambitious work, *Inventing Money* was written by leading financial journalist Nicholas Dunbar.