

# Paulson's Paradox

My upcoming book *The Hedge Fund Mirage* explains how investors have not done nearly as well as the hedge fund managers to whom they have entrusted their capital. However, a handful of managers have genuinely created enormous wealth for their clients as well as themselves. Rick Sopher from Edmond de Rothschild Group did some research on this topic on which the FT reported last year. Among the genuinely value added managers was John Paulson, whose rare insight into the sub-prime bubble netted his clients and himself many billions. John Paulson was credited in the article with generating \$33BN for investors.

So it is with genuine sorrow that I have observed reports of John Paulson's very tough year, culminating with warnings that as much as 25% of his assets may depart by year-end. In my book I had noted Paulson's strongly profitable performance by way of illustrating that there are some very talented managers who have truly added value to their clients. Regrettably, John Paulson is slipping from this pedestal.