

Skating Where the Puck Was

This is the title of a “mini-book” by William Bernstein. I just came across a [review](#) of it by Larry Swedroe. I haven't yet read Mr. Bernstein's book (I just ordered it this morning) but Swedroe's review caught my attention. It looks as if a three factor analysis of hedge fund returns has arrived at the same conclusion I did in my book – that hedge funds used to be great, that early investors did well, and that the industry today is overcapitalized.

David Hsieh, Professor of Finance at Duke's Fuqua School of Business suggested that alpha is finite, and that's why today's hedge fund investors will continue to be disappointed. Makes perfect sense to me. So now we have some real academics weighing in on the debate, as opposed to the pseudo-variety hired and paid for by AIMA in London. Mediocre returns delivered at great expense continue, providing additional support for the critics.