

Preface

Unsystematic risk is a big black hole in modern finance. This book is a guide to using unsystematic risk in managing companies, portfolios and capital markets. You will not find another book on the subject.

I provide practical tools for financial managers. I recommend that you invest the time to understand the discussion, as it will help you see the big picture. A wide range of financial issues from corporate risks, portfolio management, stock exchange management, market players and market manipulation are discussed. These topics inform us on how unsystematic risk can be used to better manage your investment funds and your companies. The results are startling. This book shows how to beat market on a risk-adjusted basis.

Unlike current financial models, which assume that portfolios only exhibit systematic risk, this book shows that portfolios have 80% unsystematic risk and 20% systematic risk. This knowledge is then used to optimize portfolios that provide a much better risk-return relationship than the market can provide. If your fund manager does not believe this ask him to read this book. If you are interested in how cash flow affects your company's share price, read this book. It explains how unsystematic risk is created by cash flow and how you can use this information to manage your business in such a manner as to maximize your share price.

If the theoretical basis for unsystematic risk is unappealing to you, skip to the last chapter for a discussion on the applications of the five types of corporate risk (systematic, financial, operational, economic and strategic). You will come back to read the rest of this book. 'A Rational Approach to Unsystematic Risk' will revolutionize management thinking while equipping managers with new tools for minimizing, and even eliminating risks.

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