

BESTLIFE

Work & Finance

Double Your Money

Feb 21, 2007 - 3:42:14 PM

Michael Covell's Tips for Investing

Michael Covell is the founder of TurtleTrader.com, the leading online trend-following resource and author of the best-selling book *Trend Following: How Great Traders Make Millions in Up or Down Markets*.

\$1,000

Educate yourself about hedge funds, which, if you take the long view, are far less risky than buying and holding the Nasdaq. Use this relatively small sum of money to fly to New York or Chicago and pick the brain of a successful hedge-fund manager. Look for someone in charge of a fund that has seen an average of more than 20 percent returns for at least 15 years. To find this person, go to the Web site of the Institutional Advisory Services Group (iasg.com).

\$10,000

Instead of meeting with just one person, go to a weeklong conference where hedge-fund managers gather, like those held by the Managed Funds Association (mfainfo.org). MFA has events scheduled for February 11, in Florida, and June 11, in Chicago. You'll hear multiple points of view and see these people interact with one another. When hedge-fund managers are on CNBC, they are very tight-lipped, but it's a whole different ball game at these conferences.

\$100,000

Take what you've learned from your research and begin investing in diversified hedge funds, which require a minimum investment of \$5,000 to \$100,000. Contact larger brokers such as Merrill Lynch and Morgan Stanley, and ask for a diversified fund that has, for example, Winton Capital Management, Campbell & Company, or John W. Henry & Company, as they all have long track records of good performance. And don't get too hung up on fees. Most hedge-fund performance numbers are calculated after the fees are taken out, so if your manager delivers, you both get rich.

\$1 million

Pick a good hedge-fund manager to trade your money, such as Paul Tudor Jones, Bruce Kovner, Eddie Lampert, or David Harding. There are dozens of others, but what you're looking for is that outstanding track record of at least 15 years. Once you have a manager you believe in, make your bet for the long haul and be patient. Give him the whole million to work with and let him do his job. If he has a long track record and you give him one year, you will fail. One year means nothing. No risk, no reward. This applies to \$1,000 or \$1 million.



© Copyright 2007 Best Life Magazine