

**HEDGE FUNDS AND THEIR IMPORTANCE TO THE GROWTH AND  
STABILITY OF NIGERIA'S CAPITAL MARKETS**

BY

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**CERTIFICATION**

It is hereby certified that this Masters dissertation written by ADEYEMO Olaolu Matthew was supervised by me and submitted to the Department of Finance, College of Business

and Social Sciences, Covenant University, Ota and has not been submitted in any other institution of higher learning.

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# CHAPTER ONE

## *1.1 BACKGROUND TO THE STUDY*

Hedge funds have pulled in the consideration of scholastics and professionals over the last decade. This definition is expansive however it includes the embodiment of what a hedge finance is. As per Hedge Fund Industry Review Credit Suisse (2010) resources under administration totaled \$1.7 trillion as of December 31, 2010. This number is relied upon to keep on expanding throughout the following decade. Numerous speculators are pulled in to hedge funds in light of the opportunity with which they can contribute and the alpha they are able to accomplish. The measures of benefits under administration change from store to finance. Numerous investigations (Teo 2009; Hedges 2003) discover proof showing small funds will in general outflank large hedge funds, so there is an optimal estimate.

Hedge finance contributing is especially complicated. There are a significant number of techniques, exchanging and subsidizing alternatives for financial specialists. It tends to be difficult for enough for speculators to select a store administrator who can create a sustainable benefit year-over-year; who has sufficient energy to stress over anything else? At the center of contributing is benefit age, and things outside of direct goal are not a wellspring of worry to speculators. Obviously, the ventures must be made legally, yet outside of these essential principles does anything else really matter to a financial specialist's ultimate goal.

Preceding the latest influxes of improved hedge funds' regulatory necessities, including that hedge support end up enrolled with regulatory elements, for example, the US Security and Exchange Commission (SEC), a few financial specialists thought of hedge funds as merely one alternative in a progression of largely unregulated or excluded from regulations. As a result of this the idea of many hedge finance speculations has moved