

The main target of this diploma thesis is a description of hedge funds universe with a stress on hedge funds operating on emerging markets. We attempt to assess a possible role of hedge funds in the global economy during financial turmoils. The thesis comments the situation on emerging markets during the currency crises in late 1990s, and compares the development with that of recent global crisis of 2007 – 2009. Consequent empirical analysis of different hedge funds indices and suitable proxies for prices of local stocks, bonds, and currency exchange rates, examines possible bilateral causal relationships between the activity of hedge funds and prices of basic financial assets on emerging markets. We propose vector autoregression model, and interpret the results in a sense of Granger causality.