



FIN 531 Hedge Funds Module 4, 2018-2019

Course Information

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Classes: Lectures on Tue & Fri 15:30-17:20 Reschedule: June 7th to June 5th

Specific Dates: April 26; May 7, 10, 14, 17, 21, 24, 28, 31; June 4, 5 (Wed.), 11, 14, 18, 21, 25, 28; July 2. Final exam on July 5.

Venue: PHBS Building, Room TBA

Course Website: TBA

1. Course Description

1.1 Context

Course Overview: The goal of this course is to examine the role of hedge funds in modern portfolio management. There will be an examination of each of the major hedge fund strategies such as long/short equity, dedicated short-selling, merger arbitrage, distressed securities, managed futures, relative-value arbitrage and others. For each style, there will be an analysis of the goal of the style, the execution of the style and the properties of the historical returns.

Prerequisites: Corporate Finance FIN 530 or equivalent.

1.2 Textbooks and Reading Materials

The text will consist of posted readings online and handed out materials.

Two good general sources that are available online are these texts from CAIA Institute.

Book 1-Quantitative Methods and Professional Standards (CAIA Curriculum)

Book2-Foundations of Alternative Investments (CAIA Curriculum)

2. Learning Outcomes:

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	Research assignments
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Research assignments
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	NA
	2.2. Students will be able to apply leadership theories and related skills.	NA

3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	Test on CFA Ethics materials
	3.2. Our students will practice ethics in the duration of the program.	Test on CFA Ethics materials
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Exam
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Exam
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Exam
	5.3. Our students will demonstrate competency in critical thinking.	Exam

2.2 Course specific objectives:

- ➔ Learn the many hedge fund styles and how to implement them.
- ➔ Learn the potential hazards of hedge funds.
- ➔ Understand the fee structures and management of hedge funds.

2.3 Assessment/Grading Details:

40% Homework, in-class work, and attendance.

60% Two exams: June 4 (regular class time) and July 5.

2.4 Academic Honesty and Plagiarism: It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

Topics, Teaching and Assessment Schedule

Topics April 26-May 28: Approximately one topic per week

- 1) Long Term Capital Mgt. Hedge Fund Case.
 - 2) Hedge funds as privately held investments.
 - 3) Styles: tactical, market timing, etc...
 - 4) Strategies: leverage, short selling, etc...
- *** Exam One on June 4***

June 5-July 2:

- 5) Event studies.
 - 6) Distressed debt.
 - 7) Hedge fund management and fees.
 - 8) Hedge fund performance.
- ***Exam Two on July 5***