

THIS IS THE SYLLABUS FROM LAST YEAR'S CLASS AND IS REPRESENTATIVE OF THE COURSE. (THE SPEAKERS CHANGE FROM YEAR TO YEAR).

**Alternative Investments
NEW YORK UNIVERSITY, STERN SCHOOL**

Syllabus

Fall 2016

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Course Description

This course provides both a theoretical and practical look into the world of managing alternative investments, in particular, hedge funds. The course is, however, organized from the perspective of an asset manager (e.g. pension fund, endowment, family office, fund of funds, etc.) having to choose amongst a cross-section of hedge funds.

The long-term goal of the course is for students to understand how to put outside capital to work. In order to do this, students need to understand how classic hedge fund strategies are executed, how to evaluate these strategies as well as new ones, how to manage risk, and how to perform due diligence on firms performing these strategies. The course intends to teach students in all of these areas.

In this course, students will have access to a proprietary software program (Focus/Vidrio) that helps them work through and understand the due diligence process. The students will move onto a specific hedge fund strategy case studies and form groups.

Included in these exercises are the following:

- Use of the Vidrio/Focus platform and periodic discussions with classmates on case studies
- Presentation of their work in front of class
- There will also be a limited number of outside speakers from the world of hedge funds

Course Grading and Requirements

The grading system involves a mixture of problem sets (25%), a performance evaluation assignment (15%), two case studies (30%) and a group presentation (30%). The problem sets and performance evaluation assignment are to be completed on one's own while the case studies and group presentation are to be completed in groups of 3-4.

The group presentation requires the students to identify a hedge fund and perform preliminary due diligence on the fund. The two requirements are that the fund has less than \$500mm under management and must have an identifiable track record using common hedge fund databases.

Course Materials

The main course material can be broken down into three sets:

First, a collection of presentation slides to be used in each lecture. These slides are based on chapters of the book, *Efficiently Inefficient: How Smart Money Invests and Market Prices Are Determined*, and due diligence materials from the Vidrio/Focus platform.

Second, a collection of readings, which provide additional discussion of the issues and analysis brought up during the lectures. These materials will be available on NYU Classes throughout the semester.

Third, the required book is *Efficiently Inefficient: How Smart Money Invests and Market Prices Are Determined* by Lasse H. Pedersen. Lasse Pedersen is a former professor of finance at NYU Stern School of Business and is a principal at the asset management firm, AQR Capital Management. The book is available at the bookstore or through outside sources, such as Amazon.com.

Important Course Timing

Classes will take places on Monday and Wednesday from 3pm to 4:20pm. Note that the outside speaker talks will take place between 4:30pm and 6pm. On those days, there will be no class during the regular time.

A tentative list of lectures is given below. The timing of the lectures may vary from this plan because the schedules of the outside speakers are apt to change. For each date, we provide the lecture topic, the relevant chapter from the required book (*Efficiently Inefficient: How Smart Money Invests and Market Prices Are Determined*), and the professor/outside speaker.

TENTATIVE LIST of LECTURES

Date	Topic	Chapter / Speaker
Wednesday, September 7	Course Introduction	Chapter 1 / Gonnot-Jabban-Richardson
Monday, September 12	Performance Measurement	Chapter 2 / Richardson
Wednesday, September 14	Performance Measurement continued	Examples from Vidrio / Gonnot
Monday, September 19	Finding Alpha and Backtesting	Chapter 3 / Richardson
Wednesday, September 21	Portfolio Risk	Chapter 4 / Richardson
Monday, September 26	Exposure/leverage, funding/trading, portfolio construction	Chapter 5, examples from Vidrio / Gonnot
Wednesday, September 28	Investment Due Diligence	Examples from Vidrio / Gonnot
Monday, October 3	No Class	
Wednesday, October 5	Operational Due Diligence	Examples from Vidrio / Gonnot
Monday, October 10	Discretionary Equity	Chapter 6-7 / Richardson
Wednesday, October 12	No Class	
Monday, October 17	Review of Course Concepts & Problem Set Solutions	Richardson
Wednesday, October 19	Case Study #1	Gonnot
Monday, October 24	Shorting	Chapter 8 / Richardson
Wednesday, October 26	Quantitative Equity	Chapter 9 / Richardson
Monday, October 31	Managed Futures	Chapter 10,12 / Richardson
Wednesday, November 2	Arbitrage	Chapter 13 / Richardson
Monday, November 7	Quantitative Equity	Cliff Asness, AQR
Wednesday, November 9	Distressed Debt	Marc Lasry, Avenue Capital
Monday, November 14	Event Driven	Chapter 13, 16 / Richardson
Wednesday, November 16	Event Driven	Jamie Dinan, York Capital
Monday, November 21	Fixed Income Arbitrage	Chapter 14 / Richardson
Wednesday, November 23	No Class	
Monday, November 28	Long/Short Equity	Michael Karsch, Hunter Peak
Wednesday, November 30	Global Macro	Chapter 11 / Richardson

Monday, December 5	Investors in Hedge Funds	Anders Hall, CIO, Vanderbilt University
Wednesday, December 7	Case Study #2	Gonnot
Monday, December 12	Student Presentations	
Wednesday, December 14	Student Presentations	