

New York University  
Stern School of Business

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Hedge Fund Strategies FINC-UB.0066.01

Fall 2016

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**Instructor:** Manjiree Jog  
**Class time:** T/TH 9:30am-10:45pm  
**Venue:** **KMC 4-80**  
**Email:** mjog@stern.nyu.edu  
**Office Hours:** **By appointment**

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### **Course Description**

Welcome to Hedge Fund Strategies!

The objective of the course is to provide an overview of the hedge fund industry and discuss some of the investment strategies used by hedge funds, employing a hands-on approach based on case studies. The hedge fund industry has grown rapidly over the last decade. It is estimated that the industry has grown to over \$2 trillion dollars. The private nature of funds and ‘light’ regulation allows the funds to employ innovative approaches to invest money using strategies not available to traditional fund managers. The course examines all aspects of various styles of investing by hedge funds including the mechanism of the trade, limitations, cost, and reasons for failure. Cases will be discussed to acquire a more in-depth understanding of the strategy. Strategies covered include event driven strategies, equity, debt, across market strategies, global macro and shareholder activism. The course will also discuss institutional issues relating to investing in and by hedge funds such as portfolio formation, risk management and performance measurement. Distinguished guest speakers will be invited to provide a real-life perspective and to discuss key issues.

### **Prerequisite:**

The students are required to have basic understanding of valuation, options and futures and bond pricing.

## **Assignments**

### 1. Class Participation

A part of your grade will depend on your contribution to the class discussion, attendance, and relevance watch.

Relevance Watch: Those who bring press articles relevant to what is being taught in class will receive class participation credit. You should email me the link/files ahead of the class or post them to the facebook group.

To request to join the facebook group, login to facebook and go to:

<http://www.facebook.com/groups/hedgefundstrategies/>. Then, I'll accept your request to join and you can begin sharing relevant content with the group. Joining the facebook group is optional.

### 2. Exams:

There will be three in-class exams. Details will be discussed close to the exam dates.

## **Grading Criteria**

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines. The Finance Department has elected to use the following grading guidelines for this course and all other elective courses.

Instructors should award grades of "A" or "A-" to approximately 35% of students in elective courses with enrollments of more than 25 students. In elective classes of less than 25 students, the instructor is at liberty to give whatever grades they think the students deserve, while maintaining rigorous academic standards.

## **Grading Components**

Class Participation	10%
Exams	
In-class Exam 1	30%
In-class Exam 2	30%
In-class Exam 3	30%
Total	100%

## **Session Details**

Disclaimer: Syllabus is subject to change due to current events, guest speaker schedule changes and/or level and interests of students. Guest speaker sessions are placeholders in the current version

	<b>Date</b>	<b>Topics Covered</b>	<b>Reading (Source)</b>
1	6-Sep-16	Introduction	The Hedge Fund Industry (Course pack)
2	8-Sep-16	Hedge Fund Leverage	<a href="#">When the Music Stopped</a> (NYUC)
3	13-Sep-16	Hedge Fund Leverage	Porsche, Volkswagen, and CSX: Cars, Trains, and Derivatives (Course pack)
4	15-Sep-16	Hedge Fund Leverage	<a href="#">Bringing Down Bear Stearns</a> (NYUC) Pershing Square TRS (NYUC)
5	20-Sep-16	Distress Investing	Note on Bankruptcy in the US (Course pack)
6	22-Sep-16	Distress Investing	H Partners and Six Flags (Course pack)
7	27-Sep-16	Distress Investing	<a href="#">The Great Airline Leasing Disaster</a> (NYUC) <a href="#">Hedge Funds Used Obscure Bond Bet to Win in GM Bankruptcy</a> (NYUC)
8	29-Sep-16	Exam 1	
9	4-Oct-16	Jose Gonzales-Heres, Morgan Stanley Alternative Partners	
10	6-Oct-16	Fixed Income Strategies	Note on Bond Valuation and Returns (Course Pack)
11	11-Oct-16	Fixed Income Strategies	Fixed Income Arbitrage in a Financial Crisis (A): US Treasuries in November 2008 (Course pack)
12	13-Oct-16	Fixed Income Strategies	
13	18-Oct-16	Equity Based Strategies: Value, Growth, Momentum, Pair trading	
14	20-Oct-16	Equity Based Strategies: Shareholder Activism	<a href="#">A Hedge Fund's Complex Scheme May Cost It Millions</a> (NYUC)
15	25-Oct-16	Stuart Kovensky, Onex Credit Partners	
16	27-Oct-16	Global Macro	<a href="#">How Hedge Funds Held Argentina for Ransom</a> (NYUC)
17	1-Nov-16	Global Macro	<a href="#">Argentina Debt Crisis</a> (NYUC) The Euro Zone and Sovereign Debt Crisis (Course Pack)
18	3-Nov-16	Exam 2	
19	8-Nov-16	Matt Tonelli, Capstone Investment Advisers	
20	10-Nov-16	Risk Arbitrage	Note on Risk Arbitrage (Course Pack)
21	15-Nov-16	Risk Arbitrage	<a href="#">The Anatomy of GE Honeywell Disaster</a> (NYUC) <a href="#">Ackman Has Luck of a Loser</a> (NYUC)
22	17-Nov-16	Across Market Strategies- Convertible Arbitrage	KBC Alternative Investment Management (A): Convertible Bond Arbitrage (Course pack)
23	22-Nov-16	Across Market Strategies- Capital Structure Arbitrage	KBC Alternative Investment Management (B): Capital Structure Arbitrage (Course pack)
	24-Nov-16	HOLIDAY-Thanksgiving	
24	29-Nov-16	Thomas Perfumo, Moore Capital	
25	1-Dec-16	Performance measurement	Measuring Investment Performance (Course pack)
26	6-Dec-16	Hedge Fund Risk Management	<a href="#">Investment Sage Plays a Daring Game</a> (NYUC)
27	8-Dec-16	Hedge Fund Risk Management	<a href="#">Madoff: A Riot of Red Flags</a> (NYUC) <a href="#">How the Eggheads Cracked</a> (NYUC) <a href="#">The Near Crash of 1998</a> (NYUC)
	13-Dec-16	HOLIDAY-Legislative Day (Classes meet on Monday schedule)	
28	15-Dec-16	Review Class	

## **Academic Integrity**

Integrity is critical to the learning process and to all that we do here at NYU Stern. As members of our community, all students agree to abide by the NYU Stern Student Code of Conduct, which includes a commitment to:

Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.

Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.

Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and

University policies that are deemed to adversely affect the NYU Stern community.

The entire Stern Student Code of Conduct applies to all students enrolled in Stern courses and can be found here: [www.stern.nyu.edu/uc/codeofconduct](http://www.stern.nyu.edu/uc/codeofconduct)

To help ensure the integrity of our learning community, prose assignments you submit to NYU Classes will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

## **General Conduct & Behavior**

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's Policy in Regard to In-Class Behavior & Expectations (<http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/index.htm>) and the NYU Disruptive Behavior Policy (<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/bullying--threatening--and-other-disruptive-behavior-guidelines.html>).

## **Students with Disabilities**

If you have a qualified disability and will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Students with Disabilities (CSD, 998-4980, [www.nyu.edu/csd](http://www.nyu.edu/csd)) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the CSD, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation.