Alternative Investments
NEW YORK UNIVERSITY, STERN SCHOOL

Syllabus **Fall 2017**

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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 long-term goal of the course is for students to understand how investment managers 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, and how to manage risk. The course intends to teach students in all of these areas.

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.*
>
> 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.

Course Grading and Requirements

There are numerous written problem sets and quantitative assignments throughout the course, along with a case study on Warren Buffett's performance, as well as two in-class closed-book exams. Each of these are graded out of a possible score of 100. The overall weight attached to each graded task is then calculated as follows:

5 Problem Sets – 35%
2 Case Studies – 15%
2 Exams – 50%

Each specific exercise and its due date, as well as the suggested start date of the exercise, is given on the website at NYU classes.

Important Course Timing

Classes will take place on Monday and Wednesday from 9:30am to 10:50am. Note that some outside speaker talks may take place between 4:30pm and 6pm. On those days, there will likely 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
Wednesday, September 6	Introduction	1 Richardson
Monday, September 11	Performance Measurement	2 Richardson
Wednesday, September 13	Performance Measurement	2 Gonnot / Jabban
Monday, September 18	Finding Alpha & Backtesting	3 Richardson
Wednesday, September 20	Portfolio Risk	4 Richardson
Monday, September 25	Trading & Funding	5 Richardson
Wednesday, September 27	Due Diligence	Gonnot / Jabban
Monday, October 2	Due Diligence continued	Gonnot / Jabban
Wednesday, October 4	Discretionary Equity	6-7 Richardson
Monday, October 9	No Class	
Wednesday, October 11	Dedicated Short Bias	8 Richardson
Monday, October 16	Speaker (Shorting)	Steven Eisman, Newberger Berman
Wednesday, October 18	Speaker (Equity Investing)	Yen Liow, Aravt Global 4:30pm-5:50pm
Monday, October 23	Exam #1	
Wednesday, October 25	Quantitative Equity	9 Richardson
Monday, October 30	Global Macro	10-11 Richardson
Wednesday, November 1	Speaker (Quant Strategies)	Eli Ofek, PDT Partners
Monday, November 6	Speaker (Quantitative & Systematic Investing)	John Liew, AQR Capital Management
Wednesday, November 8	Managed Futures	12 Richardson
Monday, November 13	Arbitrage	13 Richardson
Wednesday, November 15	Event Driven	16 Richardson
Monday, November 20	Speaker (Distressed Credit)	Marc Lasry, Avenue Capital, 4:30-5:50pm
Wednesday, November 22	No Class	
Monday, November 27	Speaker (Special Situations)	Peter Faulkner, PSAM, 4:30-5:50pm
Wednesday, November 29	Case Study #1 – Buffett's Alpha	Gonnot / Jabban /Richardson
Monday, December 4	Fixed Income Arbitrage	14 Richardson
Wednesday, December 6	Speaker (asset allocation)	
Monday, December 11	Case Study #2	Gonnot / Jabban/ Richardson
Wednesday, December 13	Review	