

Advanced Alternative Investments

2 Days

COURSE OVERVIEW

This advanced course gives an investment approach for evaluating the opportunities and pitfalls of alternative investments. Alternative investments generally include real estate, hedge funds, venture capital, private equity, commodities, as well as some other specialized areas.

While this course covers some of the basics, it revolves around examples and discussions in class in order to enrich the knowledge of this topic. It is expected that participants already have familiarity of introductory finance topics.

LEVEL

Intermediate

WHAT WILL I GET OUT OF IT?

- Describe and illustrate the principal hedge fund trading strategies
- Explain risk and management issues associated with hedge funds and other alternative investments
- Understand the rationale for the implementation of a portable alpha strategy
- Understand quantitative measures such as Sortino ratio, omega...
- Achieve a balanced perspective on alternative investment management with both academic and practical insights
- Explain risk and management issues associated with alternative investments

WHO'S IT FOR?

- Institutional or private investors and advisers
- Investment consultants, accountants, and Independent Financial Advisers
- Pension fund and endowment trustees
- Investment and private bankers as well as family offices
- Risk managers, regulators, lawyers, and compliance officers
- Prime brokers, custodians, administrators, and other hedge fund providers

COURSE CONTENT

Overview of Alternative Investments

- Traditional investments compared to alternative investments
- Alternative investments – role in modern portfolio theory
- Special risk measures beyond first and second moments
- Skewness, kurtosis, correlation, covariance issues
- Performance tricks

- Statistical issues such as VaRs and probability modeling as pertinent to alternative investments
- Creating optimal portfolios

What Commodity Trading Advisors Are

- Who is a commodity trading advisor
- Fundamental and technical techniques
- Blending technical analysis including Fibonacci ratios, patterns, support/resistance tools, sentiments...
- Contango and backwardation issues
- Tradeoffs on investing in physical commodities, producers or derivatives
- Margin requirement
- Special risks
- Evaluation of risk/reward results

Private Equity

- Defining private equity
- Legal structures of private equity
- Investment methods
- Traps in cash flows
- IRR issues
- Exit strategies
- LBO/MBO issues
- Evaluation of risk/rewards results

Private Equity vs. Hedge Funds

- Similarities and differences in investment approaches
- Hedge fund investments in private equity

Real Estate

- Real estate structures
- Role in portfolio diversification
- Valuation methods of NOI, ATCF
- Rent vs. own
- Direct investment compared to REITs and quasi-real estate companies
- Financial engineering in real estate
- Evaluation of risk/reward results

Hedge Funds

- Defining hedge funds
- Some key legal structures and regulations
- Common hedge fund traits
- Hedge fund styles and strategies
- Some illustrated strategies including merger arbitrage and carry trades
- More exotic strategies with black boxes and algorithm trading
- Evaluating hedge funds on specialized risk measures, including Sortino, omega... draw-downs, left tail stress-tests
- Database biases
- Leverage issues
- Evaluation of risk/reward of each strategies

Alternatives and Other Issues

- Comments on other specialized alternative investments such as collectibles, entertainment financing, weather derivatives and high-frequency trading
- Comments on replicating alternatives, especially hedge funds with the growing use of financial engineering methods
- Portable Alpha
 - Application and implementation
- Ethical issues and expected future regulation directions
- International issues and opportunities