

# Introduction to Alternative Investments & Hedge Funds

2 Days

## COURSE OVERVIEW

Hedge Funds and other alternative assets are becoming an integral part of an increasing number of institutional and private portfolios. However, the understanding of this often opaque asset class is limited at best.

This 2-day course will explain what alternative managers in investments/strategies actually do, why there has been an exponential growth over the last ten years and whether this will continue or is just a passing phase. It will also look at the many different strategies that hedge funds employ and explain in an entertaining way the jargon jungle of terms that can easily baffle.

In addition, this course will also address the characteristics of a good alternative investment and what the warning flags for disasters are.

At the end of the course participants will have an understanding of the industry and be in a significantly better position to make an informed decision about their potential involvement in this exciting arena.

## LEVEL

Introductory

## WHAT WILL I GET OUT OF IT?

- Gain an international perspective of this new and exciting alternative investment investment/strategy
- Understand what are alternative investment and how they fare vis-à-vis the traditional investment asset
- Achieve a balanced perspective on hedge fund management with both academic and practical insights
- Gain an all-rounded understanding of various hedge fund strategies and the returns/risks matrix they pose
- Understand the attractiveness of various alternative investments in various economic scenarios
- Appreciate the importance of alternative investments in asset allocation and global portfolio setting

## WHO'S IT FOR?

- Private Bankers and Wealth advisers
- Portfolio Managers and Product Specialists requiring an in-depth overview of wealth management

- Investment consultants, accountants, and Independent Financial Advisers
- Pension funds and endowment trustees
- Risk managers, regulators, lawyers, and compliance officers
- Prime brokers, custodians, administrators, and other hedge fund providers

## **COURSE CONTENT**

### **Background & Overview**

- Investment and valuation framework
- “Traditional” vs. “Alternative”
- “Alternative Investments” vs. “Alternative Strategies”
- Alpha and Beta of performance drivers

### ***Part I: Alternative Investments***

#### **Private Equity**

- Venture capital investing space
- Leverage buy-outs
- Understanding mezzanine and distressed debts

#### **Commodities**

- Differences between commodities and capital assets
- Economic exposure to commodities
- Relationship between spot and future prices
- Portfolio impact of commodity futures

#### **Real Estate Investment and REITs**

- Real estate investment
- Real estate appraisal methods
- Key characteristics of REITs
- Types & structures of REITs

### ***Part II: Alternative Strategies***

#### **Hedge fund fundamentals**

- What is a hedge fund?
- History of the hedge fund industry
- Size and growth of the industry
- Common hedge fund traits
- Rationale for hedge funds in an investor’s portfolio

#### **Investors**

- Who wants to invest in a hedge fund and why?
- Pension funds
- Insurance companies
- Private individuals

#### **Jargon Busting**

- “Alternative Investment” vs. “Alternative Strategies”
- Beta vs. alpha

- Correlation
- Leverage

### **Hedge Fund Strategies**

- Market Directional
  - Equity long/short
  - Equity market timing
  - Short selling
- Corporate Restructuring
  - Distressed securities
  - Merger arbitrage
  - Event driven
- Convergence Trading
  - Fixed income arbitrage
  - Convertible arbitrage
  - Equity market neutral
  - Statistical arbitrage
  - Relative value arbitrage
- Opportunistic
  - Global macro
  - Managed futures

### **The Good, the Bad and the Ugly**

- What makes a good hedge fund?
- What should we avoid?
- Why is one strategy better than another?

### **Fund of Hedge Funds**

- Where did they come from?
- Are the extra fees worth it?
- The benefits of a balanced portfolio
- How do they earn their fees?

### **Issues for Hedge Fund Investors**

- Who can invest in Hedge Funds
- Due Diligence
- Fees
- Portfolio Monitoring
- Benchmarks and Biases
- Leverage
- Unique Risks for Hedge Funds
- Portfolio Construction

❖ *Case Study: Comparing and contrast three Hedge Funds. The course will review a few hedge funds and try to determine the strengths and weaknesses in them, with a view to determining the most suitable investment.*