



PHBS

北京大学汇丰商学院



FIN532

Alternative Investments 3rd Module, 2020-2021

Course Information

Instructor: Srinivasan Selvam

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Office Hour: Monday 9:30 – 10:30 hours or by appointment

Teaching Assistant:

To be advised

Classes:

Lectures: Monday and Thursday, Time: 10:30 – 12:20 hours

Venue: PHBS Building, Room to be advised

Course Website:

CMS FIN532. Mandatory for students to join and upload their photos to their profile using the passcode 2021m3ai in the first lecture. Grading will only be done for students on the CMS with photos by end of second week.

1. Course Description

1.1 Context

Course overview: This is an applied course and examines alternative investments including hedge funds, private equity, venture capital, and commodities. Through this course, students will become familiar with the properties of returns of alternative investments, operations and investment strategies, and the regulatory and administrative aspects of alternative investments.

Prerequisites: Corporate Finance (FIN 530)

1.2 Textbooks and Reading Materials

Since alternative investments consist of many disparate concepts and strategies, no single book comprehensively covers them. Below are suggested reference books:

Donald R. Chambers, Mark J.P. Anson, Keith H. Black, and Hossein Kazemi. **Alternative Investments CAIA Level 1. 3rd edition**, John Wiley & Sons, 2015.

Hossein B. Kazemi, Keith H. Black and Donald R. Chambers,. **Alternative Investments CAIA Level 2. 3rd edition**, John Wiley & Sons, 2016.

Darell Jobman. **The Handbook of Alternative Investments**, John Wiley & Sons, 2002.

The syllabus will be self-contained in the lecture slides. Additionally, reading assignments and practice problems will be distributed through the CMS website periodically during the semester.

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment (YES with details or NO)
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	Yes
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	Yes
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	Yes
	2.2. Students will be able to apply leadership theories and related skills.	Yes
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	No
	3.2. Our students will practice ethics in the duration of the program.	No
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	Yes
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Yes
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	Yes
	5.3. Our students will demonstrate competency in critical thinking.	Yes

2.2 Course specific objectives

- 1) Understand the role of alternative investments in a modern portfolio
- 2) Characterize and distinguish the different classes of alternative investments
- 3) Apply valuation techniques to price alternative investments
- 4) Assess the costs and benefits of adding alternative investments, such as changes in return and risk of portfolio

2.3 Assessment/Grading Details

- 1) The final evaluation for your performance in this course will be based on a midterm exam, a final exam, a term project, and class attendance and participation with the following weightages:

Category	Weightage
Mid-term exam	25%
Final-term exam	30%
Assignments and cases	25%
Term Project	15%
Attendance	5%

2) Both the exams will have multiple choice and descriptive questions covering both numerical problems and application of concepts learned in class. For the two exams, the coverage will be till date material. However, the final exam will be comprehensive although larger weight will be on material post-midterm.

3) Makeup exams will be scheduled under extraordinary circumstance only when requested in advance for very serious reasons. Such serious circumstances must be validated in writing by an appropriately accredited professional (e.g. medical doctor etc.). If the absence is not excused according to the university guidelines, the exam grade will be recorded as zero. The make-up exam should be taken within one week after the regularly-scheduled exam time. The make-up exam will usually be tougher than the regular exam in order to balance out the advantage vis-à-vis regular exam takers. However, professional exams or interviews are not valid reasons for rescheduling the exams.

4) Exams are closed book, but you may bring one A4 sized "crib sheet" (written on both sides) for each exam. The notes on your crib sheet must be **HANDWRITTEN**.

5) Assignments and cases – The assignments and cases will be concentrated in the second half of the module and will be conducted in class by groups. Students are advised to submit the names for your groups by the midterm to the teaching assistant. Recommended number of students per group will be announced during the first two weeks in class.

6) Term project – There is a group project which should be done in the groups formed for assignment and cases. Any topic related to alternative investments can be chosen. Typical example can be a case study of a Chinese alternative investment. It is not a rigorous research topic and no report submission is required. Each group has to make a presentation in the last week in the module on their term project. The slides of the presentation should then be uploaded to the CMS Assignments Folder.

7) Attendance and class participation – Absence that is intimated in advance and for valid reasons are excusable and do not affect your grade.

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

3. Topics, Teaching and Assessment Schedule

Below is a tentative teaching agenda, but subject to change:

<u>S.No</u>	<u>Topic</u>
1	Introduction to Alternative Investments
2	Hedge funds
3	Private Equity
4	Commodity and managed futures
5	Real estate
6	Presentation of Term Project

The mid-term exam will happen during first class of week 5 during class hours. The end term exam will be conducted after the conclusion of the 9 weeks of classes. The venue for both mid-term and end-term exams, and the exact date of the end-term will be announced in due course of time.

Below is a tentative teaching schedule, but subject to change:

<u>Week</u>	<u>Topic</u>
1	Introduction to Bond Market
2	Basic Bond Pricing Concept Spot, Forward, and Par Rates
3	Term structure of Interest Rate
4	Duration, Convexity, and Other Basic Risk Measures
5	Midterm Exam Empirical Approaches to Risk Metrics and Hedges
6	Forwards and Futures
7	Interest Rate Swaps Credit risk, credit analysis, & credit default swaps0
8	Portfolio management Review
9	Presentation of Term Project

The mid-term exam will happen during first class of week 5 during class hours and the end term exam will be conducted after the conclusion of the 9 week classes. The venue for both mid-term and end-term exams and the exact date of the end term exam will be announced in due course of time.