



**MHRD**  
Ministry of Human  
Resource Development  
Government of India

Course on:

# Hedge Funds and their Trading Strategies

February 19 - 23, 2018

Dept. of Management Studies  
Indian Institute of Information Technology Allahabad

[www.iiita.ac.in](http://www.iiita.ac.in)



## Overview

The course will cover institutional topics including the history and evolution of hedge funds, the differences between hedge funds and mutual funds, funds of hedge funds, and key sources of information such as databases, indices, and benchmarks. The course will evaluate and analyse popular hedge fund trading strategies such as long-short equity, merger arbitrage, relative value arbitrage, and convertible arbitrage. The course will investigate risk-return characteristics, risk management, asset allocation, and managerial compensation in the hedge fund industry.

## Course Objectives

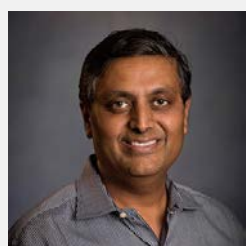
Course participants will develop a knowledge and understanding of the following areas:

- The history of hedge funds, types of investment strategies, and differences from traditional investment vehicles like mutual funds.
- Hedge fund databases and biases; hedge fund indices and investability.
- Performance evaluation; multifactor and asset-based style factor models; hedge fund alphas versus traditional alphas.4. Nonlinear and tail risks and the option-like nature of returns;
- Risk and return dynamics of popular strategies such as merger arbitrage, pairs-trading, long-short equity, and convertible arbitrage.
- Performance replication and cloning.
- Portfolio construction; funds of hedge funds.
- Compensation and contractual features of hedge funds and managers; incentive fee contracts and lockup and redemption periods; the relation between contractual features and performance.

## Coverage

<i>Day 1</i>	<b>Introduction to Hedge Funds</b>	<ul style="list-style-type: none"> <li>• History, Organization, and Current Status – Original Alfred Winslow Jones model;</li> <li>• Differences between Mutual Funds and Hedge Funds;</li> <li>• Hedge Fund Strategies/Styles – Directional versus Non-Directional, Four style categories (Tactical Trading, Equity Long/Short, Event Driven, and Relative Value Arbitrage), Funds of Hedge Funds and Multi-Strategy Funds; and</li> <li>• Hedge Fund Databases and Biases – Data Vendors, Overlap among different hedge fund databases, Biases (Self-Selection, Sample Selection, Survivorship, Backfilling, Infrequent Pricing or Illiquidity, Multiperiod Sampling)</li> </ul>
<i>Day 2</i>	<b>Long-Short Equity and Relative Value Strategies</b>	<ul style="list-style-type: none"> <li>• Mechanics of investing;</li> <li>• Sources of returns;</li> <li>• Market neutral investing;</li> <li>• Pairs trading;</li> <li>• Convertible arbitrage</li> </ul>
<i>Day 3</i>	<b>Event-Driven Strategies</b>	<ul style="list-style-type: none"> <li>• Merger/Risk Arbitrage</li> </ul>
<i>Day 4</i>	<b>Risk and Return Characteristics</b>	<ul style="list-style-type: none"> <li>• Statistics of risk and return distribution – Arithmetic and Geometric Averages, Annualization of returns, Gains, Losses, and Gain-Loss Ratio, Volatility, Skewness, and Kurtosis, Non-normality, VaR versus Expected Shortfall, Drawdown, Tracking Error;</li> <li>• Risk-Adjusted Performance Measures - Sharpe Ratio, Treynor Ratio, Jensen's Alpha, M-square, GH1 &amp; GH2 measures, downside risk measures (Sortino ratio, Sterling ratio, Burke ratio, return on VaR);</li> <li>• Asset Pricing Models for Hedge Funds – Need for factor models, Linear single-factor and multiple-factor models, Traditional Alpha versus Hedge Fund Alpha, Nonlinear Risks and Option-like Returns;</li> <li>• Risk Management for Hedge Funds</li> </ul>
<i>Day 5</i>	<b>Compensation and Liquidity issues</b>	<ul style="list-style-type: none"> <li>• Performance-based compensation – bright and dark side;</li> <li>• Impediments to capital withdrawal;</li> <li>• Implications of compensation and illiquidity for performance</li> </ul>

## Faculty



### **Prof. Vikas Agarwal**

H. Talmage Dobbs, Jr. Chair of Finance and Professor  
Ph.D., London Business School

Vikas Agarwal is H. Talmage Dobbs, Jr. Chair and Professor of Finance at Georgia State University's J. Mack Robinson College of Business. Vikas received his Ph.D. in finance from the London Business School. He is a Research Fellow at the Centre for Financial Research, University of Cologne, Germany. He also holds a Research Associate position at EDHEC Risk and Asset Management Center, France. He currently serves as a Director on the board of the *Southeastern Hedge Fund Association* and on the academic advisory council of *Decatur Capital Management*. His broad areas of research interest include investments and asset pricing. He has done extensive research on various issues related to institutional investors including hedge funds and mutual funds. His research on hedge funds includes characterization of their risks, performance evaluation, compensation, data biases, portfolio disclosure, liquidity transformation, and investor behavior. His research on mutual funds focuses on issues such as window dressing, portfolio disclosure, managerial multitasking, and liquidity management. His research has been published both

in academic and practitioner journals including *Journal of Finance*, *Review of Financial Studies*, *Journal of Financial Economics*, *Journal of Financial and Quantitative Analysis*, *Management Science*, *Journal of Economic Dynamics & Control*, *Journal of Empirical Finance*, *Review of Derivatives Research*, *Journal of Investment Management*, *Journal of Alternative Investments*, *Foundations and Trends in Finance*, and *Journal of Asset Management*. His research has been cited and discussed in the financial press and magazines including *Euromoney*, *Financial Times*, *Forbes*, *International Herald Tribune*, *New York Times*, and *The Wall Street Journal*.

<b>Details of the Program</b>	
<b>Schedule</b>	February 19 – February 23, 2018 covering 14 hours lectures. Last date to Register: February 12, 2018 Number of participants for the course will be limited to Fifty.
<b>Who Should Attend</b>	You are a graduate/MBA/PhD student with interest in finance. You are a management faculty from an academic institution You are an industry professional with interest in finance.
<b>Registration Fee</b>	The participation fees for taking the course is as follows: Industry/ Research Organizations: INR 10,000 Faculty of an Academic Institution: INR 3000 Student of an Academic Institution: INR 1500 Participants from abroad: US \$500 <i>Onetime (Non-refundable) payment of INR 500 to register on the GIAN portal.</i>  The above fee includes all instructional material. The participants will be provided with accommodation on payment basis.
<b>Registration Process</b>	Registration for GIAN course is not automatic because of the constraints on maximum number of participants allowed to register for a course. In order to register, you have to apply online using the following steps:  <b>Stage1:</b>  Web (Portal) Registration: Visit GIAN Website at the link: <a href="http://www.gian.iitkgp.ac.in/GREGN/index">http://www.gian.iitkgp.ac.in/GREGN/index</a> and create login user ID and Password. Fill up blank registration form and do web registration by paying Rs. 500/- online through Net Banking/ Debit/ Credit Card. This provides the user with life time registration to enroll in any no. of GIAN courses offered.  <b>Stage2:</b>  1. Course Registration (Through GIAN Portal): Log in to the GIAN portal with the user ID and Password created. Click on “Course Registration” option given at the top of the registration form. Select the Course titled “ <b>Hedge Funds and their Trading Strategies</b> ” from the list and click on “Save” option. Confirm your registration by Clicking on “Confirm Course”. Save a copy of the confirmation page.  2. The Registration fee has to be paid through National Electronic Funds Transfer (NEFT) to the account of IITA.  Name of the Beneficiary : GLOBAL INITIATIVE ON ACADEMIC NETWORK Name of Bank : State Bank of India Beneficiary A/C No. : 35465510718 Bank MICR Code : 211002057 Bank IFS Code : SBIN 0010891

3. Visit <https://goo.gl/forms/aXK06HrXBpypcfV13> and fill the google form.

**Correspondence  
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**Course Coordinators**



**Dr. Shailendra Kumar**

Asst. Professor, IIIT Allahabad

He has more than 10 years of experience in academics with primary research interest in Finance. Before joining IIIT-A in year 2013, he was working with Thapar University, Patiala at L M Thapar School of Management (2008-2012). So far, he has supervised 05 doctoral research. He is the reviewer of International Journal of Emerging Markets-Inderscience. He has published around 30 research papers in various national and international journals of repute. He has also attended and presented more than 25 papers in many national and international conferences. He has also organised various workshops and conference. Presently, he is admission coordinator and DPGC Convener at Department of Management Studies IIIT-Allahabad.



**Dr. Utkarsh Goel**

Asst. Professor, IIIT Allahabad

Dr. Utkarsh Goel is PhD in from Indian Institute of Technology Roorkee and an MBA in finance from Nirma University, Ahmedabad. He is also UGC-NET and JRF qualified. Dr. Utkarsh has experience in corporate banking with IDBI Bank and has taught at Symbiosis International University. He is a life member of Indian Institute of Banking and Finance and is a first class JAIIB. He was selected for Doctoral Student Travel Grant by the prestigious American Finance Association (2014). Dr. Utkarsh has authored several research papers in journals of International repute and has presented papers at various national and international conferences. He is also on the review panel of reputed International journals. His research interests include IT & BFSI, corporate finance, working capital management, corporate banking and efficiency analysis

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