

Course:

FIN 6V99: Special Topics and Alternative Assets
Spring 2015
Tuesdays/Thursdays: 5:30 P.M. – 6:45 P.M. JSOM 2.112

Course Instructor:

Dr. Arthur Selender Office: Room 14.218
Phone: 972-883-5874

Email: axs137431@utdallas.edu

Todd Senick, a local professional, will be presenting the lectures on Long/Short Hedge Funds.

Office Hours:

Office hours will be scheduled weekly in my office in the JSOM building, Room 14.218.

Special Note: I have found that email is an effective mode of communication for most questions asked. I keep up on emails and respond to them as soon as I am able to. For complicated questions however, discussion during office hours is the best way of communicating.

Course Pre-requisites/Co-requisites, and/or Other Restrictions:

Fin #6310 or Fin #6360 unless waived by the Instructor

Course Description:

The course is designed to cover a wide range of Alternative Investment strategies. Hedge fund strategies will be the primary focus; and will include some of the more traditional strategies, such as Long/Short equity, Convertible arbitrage, and event driven strategies. We will also focus on hedge fund strategies with asymmetric risk profiles; such as Carry Trading, (currency and interest rate) Fixed Income Arbitrage, CTAs (managed futures) and Macro-Fund strategies. After covering Hedge Fund Strategies, we will cover the evaluation of Hedge Fund Managers, and the formation of Fund of Funds. Finally we will cover illiquid assets with the major focus being the investment in Timberland.

Student groups will be putting together and presenting carry trade portfolios, and sold option spread portfolios.

Course Objectives:

1. Understand the risk and be able to implement a wide variety of Hedge Fund Strategies.
2. Understand the investment into Illiquid "Real" assets, focusing on Timberland.
3. Understand how Hedge Fund Managers are evaluated and how a Fund of Hedge Funds is managed.
4. Students will learn how to manage a Portfolio of Currency Carry Trades and a Portfolio of Sold S&P500 Option Spreads.

Required Textbooks and Materials

No Text book is required. Materials will be supplied by the Professor.

Grading Policy

To evaluate how well you have mastered the material, I will evaluate your performance based upon class participation, 2 portfolio assignments and three exams.

Participation:

You will be evaluated on your contribution and participation in class discussions. Exams 1, 2 and 3: Questions on these exams will be taken from the notes, homework posted on BB and my weekly lectures. Exams 1 and 2 will contain the material covered from first class lecture up till the time exam is given and exam 3 will be comprehensive.

Final Grade:

The grades will be determined as follow: 25% each for exams 1 and 2; 15% for class participation/ portfolio presentations and 35% for the final exam.

Course & Instructor Policies

Lecture Notes:

Lecture notes will be put on blackboard a day before class. These notes are to be used as a guideline for the class. I will be often discussing issues and making calculations separately on the Whiteboard.

Homework:

Homework questions will be put up on blackboard. These are not to be handed in. The answers will be provided on blackboard.

Make-up exams:

No make-up exams will be given unless pre-arranged and/or a note from a doctor is provided (or comparable evidence for car accidents, etc.).

Class attendance: Expected.

Computation Aids:

You will find it in your interest to learn how to use spreadsheets to solve financial problems, particularly if you decide to pursue a career in finance or accounting. Good books to learn such skills are: (1) *Excel Modeling in Investments*, by Craig Holden, Prentice-Hall (4th edition, 2011), or (2) *Financial Modeling*, by S. Benninga, The MIT Press (3rd edition, 2008). In addition to these skills, you should also become familiar with the use of a financial calculator. As with professional certification exams, you will be allowed only to use a calculator on your exams. I recommend that if you do not already have a financial calculator that computes the internal rate of return for a sequence of cash flows, that you consider the HP-10BII, HP-12C, TI BAII Plus, or the TI BAII plus Professional as these calculators can be used on most certification exams (e.g., CPA, CFA, etc.). If you use a calculator, then you will be responsible for knowing how to use it.

Schedule for Fin #6V99

Weeks	Topics
1: August 25/27	Introduction to hedge funds, Global Analytical Long/short Equity Fund
2: Sept 1/3	Asymmetric risk trading strategies, Currency Carry/Fixed Income Carry
3: Sept 8/10	Continuation of asymmetric trading strategies/carry, The selling of options spreads Choose your Currency carry trading portfolio groups
4: Sept 15/17	The selling of options spreads. Review for exam 1 Currency carry trading portfolios write-ups are due
5: Sept 22/24	Test 1
6: Sept 29/Oct 1	Fixed Income Arbitrage/CTAs and Macro Strategies
7: Oct 6/8	Continuation CTA and Macro Strategies/Managing a fund of hedge funds
8: October 13/15	Continuation of Managing a fund of funds/ Timberland Investing
9: October 20/22	Continuation of Timberland Investments/ Review for Exam
10: October 27/29	Exam 2
11: Nov 3/5	Long/Short equity: Todd Senick
12: Nov 10/12	Convertible Arbitrage/event strategies
13: Nov 17/19	Presentations Carry Trading Portfolios
14: Nov 24/26	Thanksgiving Break
15: Dec 1/3	Merger arbitrage/Review for test 3
16: Dec 8	Exam 3

Field Trip Policies

Off-campus Instruction and Course Activities

Off-campus, out-of-state, and foreign instruction and activities are subject to state law and University policies and procedures regarding travel and risk-related activities. Information regarding these rules and regulations may be found at the website address http://www.utdallas.edu/BusinessAffairs/Travel_Risk_Activities.htm. Additional information is available from the office of the school dean. Below is a description of any travel and/or risk-related activity associated with this course.

Student Conduct & Discipline

The University of Texas System and The University of Texas at Dallas have rules and regulations for the orderly and efficient conduct of their business. It is the responsibility of each student and each student organization to be knowledgeable about the rules and regulations which govern student conduct and activities. General information on student conduct and discipline is contained in the UTD publication, *A to Z Guide*, which is provided to all registered students each academic year.

The University of Texas at Dallas administers student discipline within the procedures of recognized and established due process. Procedures are defined and described in the *Rules and Regulations, Board of Regents, The University of Texas System, Part 1, Chapter VI, Section 3*, and in Title V, Rules on Student Services and Activities of the university's *Handbook of Operating Procedures*. Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations (SU 1.602, 972/883-6391).

A student at the university neither loses the rights nor escapes the responsibilities of citizenship. He or she is expected to obey federal, state, and local laws as well as the Regents' Rules, university regulations, and administrative rules. Students are subject to discipline for violating the standards of conduct whether such conduct takes place on or off campus, or whether civil or criminal penalties are also imposed for such conduct.

Academic Integrity

The faculty expects from its students a high level of responsibility and academic honesty. Because the value of an academic degree depends upon the absolute integrity of the work done by the student for that degree, it is imperative that a student demonstrate a high standard of individual honor in his or her scholastic work.

Scholastic dishonesty includes, but is not limited to, statements, acts or omissions related to applications for enrollment or the award of a degree, and/or the submission as one's own work or material that is not one's own. As a general rule, scholastic dishonesty involves one of the following acts: cheating, plagiarism, collusion and/or falsifying academic records. Students suspected of academic dishonesty are subject to disciplinary proceedings.

Plagiarism, especially from the web, from portions of papers for other classes, and from any other source is unacceptable and will be dealt with under the university's policy on plagiarism (see general catalog for details). This course will use the resources of turnitin.com, which searches the web for possible plagiarism and is over 90% effective.

Email Use

The University of Texas at Dallas recognizes the value and efficiency of communication between faculty/staff and students through electronic mail. At the same time, email raises some issues concerning security and the identity of each individual in an email exchange. The university encourages all official student email correspondence be sent only to a student's U.T. Dallas email address and that faculty and staff consider email from students official only if it originates from a UTD student account. This allows the university to maintain a high degree of confidence in the identity of all individual corresponding and the security of the transmitted information. UTD furnishes each student with a free email account that is to be used in all communication with university personnel. The Department of Information Resources at U.T. Dallas provides a method for students to have their U.T. Dallas mail forwarded to other accounts.

Withdrawal from Class

The administration of this institution has set deadlines for withdrawal of any college-level courses. These dates and times are published in that semester's course catalog. Administration procedures must be followed. It is the student's responsibility to handle withdrawal requirements from any class. In other words, I cannot drop or withdraw any student. You must do the proper paperwork to ensure that you will not receive a final grade of "F" in a course if you choose not to attend the class once you are enrolled.

Student Grievance Procedures

Procedures for student grievances are found in Title V, Rules on Student Services and Activities, of the university's *Handbook of Operating Procedures*.

In attempting to resolve any student grievance regarding grades, evaluations, or other fulfillments of academic responsibility, it is the obligation of the student first to make a serious effort to resolve the matter with the instructor, supervisor, administrator, or committee with whom the grievance originates (hereafter called "the respondent"). Individual faculty members retain primary responsibility for assigning grades and evaluations. If the matter cannot be resolved at that level, the grievance must be submitted in writing to the respondent with a copy of the respondent's School Dean. If the matter is not resolved by the written response provided by the respondent, the student may submit a written appeal to the School Dean. If the grievance is not resolved by the School Dean's decision, the student may make a written appeal to the Dean of Graduate or Undergraduate Education, and the dean will appoint and convene an Academic Appeals Panel. The decision of the Academic Appeals Panel is final. The results of the academic appeals process will be distributed to all involved parties.

Copies of these rules and regulations are available to students in the Office of the Dean of Students, where staff members are available to assist students in interpreting the rules and regulations.

Incomplete Grade Policy

As per university policy, incomplete grades will be granted only for work unavoidably missed at the semester's end and only if 70% of the course work has been completed. An incomplete grade must be resolved within eight (8) weeks from the first day of the subsequent long semester. If the required work to complete the course and to remove the incomplete grade is not submitted by the specified deadline, the incomplete grade is changed automatically to a grade of **F**.

Disability Services

The goal of Disability Services is to provide students with disabilities educational opportunities equal to those of their non-disabled peers. Disability Services is located in room 1.610 in the Student Union. Office hours are Monday and Thursday, 8:30 a.m. to 6:30 p.m.; Tuesday and Wednesday, 8:30 a.m. to 7:30 p.m.; and Friday, 8:30 a.m. to 5:30 p.m.

The contact information for the Office of Disability Services is:
The University of Texas at Dallas, SU 22
PO Box 830688
Richardson, Texas 75083-0688
(972) 883-2098 (voice or TTY)

Essentially, the law requires that colleges and universities make those reasonable adjustments necessary to eliminate discrimination on the basis of disability. For example, it may be necessary to remove classroom prohibitions against tape recorders or animals (in the case of dog guides) for students who are blind. Occasionally an assignment requirement may be substituted (for example, a research paper versus an oral presentation for a student who is hearing impaired). Classes enrolled students with mobility impairments may have to be rescheduled in accessible facilities. The college or university may need to provide special services such as registration, note-taking, or mobility assistance.

It is the student's responsibility to notify his or her professors of the need for such an accommodation. Disability Services provides students with letters to present to faculty members to verify that the student has a disability and needs accommodations. Individuals requiring special accommodation should contact the professor after class or during office hours.

Religious Holy Days

The University of Texas at Dallas will excuse a student from class or other required activities for the travel to and observance of a religious holy day for a religion whose places of worship are exempt from property tax under Section 11.20, Tax Code, Texas Code Annotated.

The student is encouraged to notify the instructor or activity sponsor as soon as possible regarding the absence, preferably in advance of the assignment. The student, so excused, will be allowed to take the exam or complete the assignment within a reasonable time after the absence: a period equal to the length of the absence, up to a maximum of one week. A student who notifies the instructor and completes any missed exam or assignment may not be penalized for the absence. A student who fails to complete the exam or assignment within the prescribed period may receive a failing grade for that exam or assignment.

If a student or an instructor disagrees about the nature of the absence [i.e., for the purpose of observing a religious holy day] or if there is similar disagreement about

whether the student has been given a reasonable time to complete any missed assignments or examinations, either the student or the instructor may request a ruling from the chief executive officer of the institution, or his or her designee. The chief executive officer or designee must take into account the legislative intent of TEC 51.911(b), and the student and instructor will abide by the decision of the chief executive officer or designee.