

TEACHING GUIDE

Course Information	
Full Name	Hedge Funds and Real Assets
Master	Master in Finance
Code	0000012222
Degree	1 year
Term	3
ECTS Credits	3
Type	Optional (Track 3)
Taught in	Advantere School of Management
Area	Finance
Professor Information	
Professor	
Name	Dr. Jorge Martín (Person in Charge)
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Name	Dr. Ricardo Pereira
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Office hours	Continuous availability via email

SPECIFIC COURSE INFORMATION

Course contextualization
Contribution to the professional profile of the degree
<p>Alternative investments, such as hedge funds or real estate, are a critical component of modern capital markets and play a critical role in portfolio management. However, they are often vaguely understood by professionals and investors in general. Investor protection rules limiting corporate disclosure have had the effect of characterising these instruments as secret and opaque. This course examines a wide range of hedge fund strategies with an emphasis on understanding their fundamental investment process. Students will gain practical knowledge regarding the creation and implementation of such trading strategies. Particular attention shall be paid to the theoretical justification for the existence of market inefficiencies and specific risks, as well as the estimation and successful extraction thereof. This course also explains the interaction between the public and private real estate market and how real estate investments and the impact of financing decisions should be analyzed. The real estate component will also cover the most fundamental concepts, principles, analytical methods and tools for making investment decisions. and finance with respect to commercial real estate assets.</p>
Objectives
<p>1 . The student will know the origin and common characteristics of hedge funds, how they are structured in terms of their operations and also legally,</p>

as well as the mechanics of management and performance fees. The student will understand the difference between absolute and relative return asset management and its implications by delving into aspects such as smart beta, alpha generation and exploitation or factor investing. The student will also learn how to measure performance and risks in the alternative investment space.

2. The student will recognize the unique characteristics of real estate that distinguish it from so-called "main" value investments, learning the basics of real estate valuation by applying corporate finance methods to real estate assets. Students will understand the nature of public and private real estate markets (debt and equity) and will be able to measure the impact of financing decisions on the risk/return profile of the asset.
3. Apply these concepts to case study practice.
4. Be able to make a comprehensive reading of the recommended texts and learn to apply them in practice. Discuss your point of view in class and defend it if necessary.

THEMES AND CONTENT

Contents-Themes
Module 1: Introduction to Hedge Funds
Topic 1: Review of basic concepts related to alternative investments
1.1 Introduction 1.2 A global outlook 1.3 Key terms and concepts 1.4 Traditional versus Alternative Investments 1.5 Establishing a Hedge Fund
MODULE 2: Risks of Managing a Hedge Fund
Topic 2: Risks and returns
2.1 Risk structure of a hedge fund 2.2 How to identify risks in a hedge fund 2.3 Performance Measures: Sharpe Ratio, Sortino Ratio, Calmar, Jensen's Alpha, Omega 2.4 Due Diligence
MODULE 3: Hedge Fund Strategies
Topic 3: Different taxonomies
3.1 Global Macro & Trading 3.2 Relative Value 3.3 Event Driven 3.4 Equity Hedge
MODULE 4: Real Estate Investment Markets
4.1 Private markets 4.2 Public Markets 4.3 Four quadrant investment strategies
MODULE 5: Real Estate Investment Valuation
5.1 Conventional valuation models 5.2 Discounted cash-flow analysis 5.3 Option pricing model
MODULE 6: Real Estate Financing
6.1 Sources of debt 6.2 Types of debt solutions 6.3 Debt guarantees, covenants and credit enhancement facilities 6.4 Impact of leverage on returns and risk 6.5 Geared cash-flows
MODULE 7: Real Estate Investment Analysis
7.1 Investment return metrics 7.2 Risk analysis 7.3 Stress testing and sensitivity analysis

Competences – Objectives

General Competences

CG.1 Learning by projects: Ability to develop and execute in their different phases collective financial projects based on real situations, proposing real solutions and making efficient all interactions with the team, clients and any other participant.

RA1 - Ability to engage in the development of experimental collective projects based on the real world, managing and aligning the needs of the client with the available resources, optimally distributing the work, communicating and projecting its different phases, proposing real solutions and making efficient all interactions with the team, customers and other stakeholders.

CG.2 Critical thinking: Use critical thinking for decision-making and problem-solving in financial management processes

RA1 - Interpret, analyze, synthesize and evaluate ideas, and do so from a critical point of view

CG.6 Capacity for global and local orientation: Analyze current financial problems, in local and global environment, taking into account complex economic aspects, cultural, social and ethical factors.

RA1 - Ability to analyze current problems in local and global environment, taking into account complex economic aspects, the cultural, social and ethical factor

CG.10 Technical Capacity: Capacity for analysis, synthesis and projection applied to situations, problems and models, in the financial field.

RA 1. It is able to deal with the analytical study of cases and scenarios, as well as to carry out synthesis of information and data.

Specific Competences

CEOPT 3 Know the resources and solutions provided by the private equity industry and other alternative assets and how these are used for impact investing or the achievement of any of the sustainable development goals.

RA01: Knows and applies advanced asset management techniques in conjunction with behavioral finance to generate alternative strategies for managing both traditional and alternative assets using assets listed on the spot market and / or derivatives in the rental markets fixed, equities, exchange rates, private debt, real estate market or commodities

RA02: Knows and knows how to structure and manage alternative investment vehicles for business financing, as well as measure and quantify the real impact that these financing activities have on society.

RA03: Knows and knows how to apply the new concepts, methodological techniques and paradigms that directly and indirectly impact the Modern asset management.

SUMMARY OF STUDENT WORK HOURS

PRESENTIAL HOURS					
Professor Exposition	Student exhibition. Debates and group dynamics	Exercises and problem solving. Elaboration of applied work	Analysis and documentation	Tutorial sessions	Development of real projects for organizations
6,5	13	9	0	0,5	1
NON-PRESENTIAL HOURS					
Professor Exposition	Student exhibition. Debates and group dynamics	Exercises and problem solving. Elaboration of applied work	Analysis and documentation	Tutorial sessions	Development of real projects for organizations
0	0	17	41	1	1
ECTS CREDITS: 3,0 (90,00 hours)					

EVALUATION AND GRADING CRITERIA

Graded Activities	Evaluation Criteria	% of Total Grade
<p>Assessment of individual or group work carried out by students, some of them presented in class</p>	<ul style="list-style-type: none"> • Work adequacy to the objectives set • On-time delivery • Goal adequacy and focus • Results achieved • Compliance with deadlines • The participation of ALL members of each team in the presentations and elaborations is required 	<p>50</p>
<p>Performance of oral and written examinations, public defenses and multiple-choice tests, concept tests and resolution of practical cases as exams</p>	<ul style="list-style-type: none"> • Throughout the program, exams or written tests will be given to test the solidity of the concepts acquired. • In order to pass the course, the final exams and tests of each section of the course must be passed. If there are several exams in the same section or block of a course, the weighted average of them must be higher than 5.0 as a necessary condition to pass the course. 	<p>30</p>
<p>Participation and utilization of the classes</p>	<ul style="list-style-type: none"> • When we talk about participation, it is clear that both the positive and negative ones are counted and that the quality of participation is as important as the quantity. The students' participation in class, the quality and timeliness of their interventions, the quality in the preparation and presentation of their work, predisposition and commitment, initiative, attendance. 	<p>20</p>

The evaluation criteria of the course are governed by the following regulations:

1. All students must meet 100% attendance on the days set for this course. Any absence must be justified.
2. The final grade corresponds to the sum of the evaluation activities, evaluation criteria and weight described in the section Evaluation and Qualification Criteria.
3. The works, individual and group, must be delivered in the time and manner provided by the professor of the course.

4. A final grade below 5 implies the completion of an extraordinary test. The final grade in this exam may not be higher than the average of those approved in ordinary call.

Evaluation criteria to apply to the second registration

The student enrolled in the course for the second year must comply with the individual and group tasks set by the professor of the course. The same evaluation criteria expressed in the section Evaluation and Qualification Criteria will be maintained.

For those circumstances not foreseen in this Teaching Guide, the Advantere School of Management Regulations and the Comillas General Regulations shall apply.

Criteria on health alert:

The student must be permanently identified, with an identification in the classroom and with his full name remotely. Students should not change the spaces they occupy in the classroom, unless directed by a professor or program management.

Failure to comply with any of the health recommendations during class sessions can lead to a failure in the matter.

Bibliographies

Basic Bibliographies
Textbooks
<p>"Efficiently Inefficient: How Smart Money Invests and Market Prices Are Determined," Lasse H. Pedersen "Hedge Fund Strategies and Tools," Mick Swartz Amazon, Wiley Finance "Handbook of Alternative Assets", Anson, Wiley Finance "Convertible Arbitrage", Calamos, Wiley Finance "Options Markets", Cox and Rubinstein, Prentice Hall. "Derivative Securities", Jarrow and Turnbull, Second Edition, South-Western. "Derivatives Markets", McDonald Addison-Wesley. Geltner, David M., Norman G. Miller, Jim Clayton, and Piet Eichholtz. Commercial Real Estate Analysis and Investments. Cincinnati, OH: South-Western Educational Publishing, 2007. Ling, David C. and Wayne R. Archer. 2018. Real Estate Principles: A Value Approach, Fifth Edition. New York, New York: McGraw-Hill/Irwin. Peiser, Richard B with David Hamilton. 2012. Professional Real Estate Development, Third Edition. Washington, DC: Dearborn Financial Publishing and The Urban Land Institute.</p>
Further reading
They will be provided during the course based on financial news and articles .
Web pages
Additional Bibliographies
Textbooks
Chapters of books

