窗体顶端



**Hedge Fund and Its Strategies)**



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| Name： |  Zhenya Liu  |
| Nationality： | China  |
| Academic Title： | Professor |
| Home University（From）： | Renmin University of China, and University of Birmingham, UK  |
| Email Address： | zhenya\_liu@hotmail.com  |



本科生    硕士生

Undergraduate    Master



English



Basic knowledge of the asset pricing, financial econometrics.



Lectures and discussions



(1) Attendance and participation 20%
(2) assignments and mini-papers 80%



2 credits



Professor Liu works on different issues related to quantitative modelling of the global financial markets; in particular, his research focuses on application of the quantitative trading strategies to stock and futures markets, such as regime switching modelling, market microstructures, and trading-rule testing; he also is involved in real-time automatic trading. He also serves as director of board of JPMorgan Futures Co. Ltd.



The course will introduce the main trading strategies used by hedge funds and provides a methodology to analyze them. It will cover individual equity markets (discretionary equity investing, short selling, quantitative equity strategies), tactical asset allocation across equity indices, currencies, fixed-income, and commodities (global macro investing, managed futures strategies), and relative-value arbitrage strategies (fixed income arbitrage, convertible bond arbitrage, event driven investments). In the lectures, the trading strategies are illustrated using real data and students learn to use "backtesting" to evaluate a strategy. The course also discusses how trading works, performance measurement, transaction costs and liquidity risk, optimal trading, margin requirements, risk management, and portfolio construction. Through a systematic treatment of these issues as well as a selection of case studies, this course aims at cultivating and enhancing the participants’ skills of theorization and making them better prepared for further working in the hedge fund or asset management companies.



1、Overview:
Introduction to hedge fund; trading strategies; understanding hedge funds and other smart money
2、Active Investment: （1）
Performance measures; finding and backtesting strategies; portfolio construction; risk management
3、Active Investment:（2）
Trading and financing a strategy
4、Equity strategies: Value Investing
Equity valuation; discretionary equity investing
5、Equity strategies: Rule-based Investing (1)
quant equity
6、Equity strategies：rule-based Investing (2)
Quant equity, continued
7、Global macro strategies:
Asset allocation and global macro investing
8、CTA strategies:
Managed futures investing
9、Arbitrage strategies:
Event driven investment
10、Conclusion:
 Summary



Lasse Heje Pedersen, Efficiently Inefficient: How Smart Money Invests and Market Prices are Determined, Princeton University Press, 2015.5

Printout of PPT files for all the lectures will be made available in the very beginning of class.



Amenc, Noël, Lionel Martellini and Mathieu Vaissié (2002), “Benefits and Risks of Alternative Investment Strategies,” working paper, Edhec Business School, Lille.
Diamond, D. W., and R. E. Verrecchia (1987), “Constraints on short-selling and asset price adjustment to private information,” Journal of Financial Economics 18, 277-311.

Eichengreen, Barry (2000), “Hedge Funds in the New International Financial Architecture, ” International Finance.

Fung, W., and D.A. Hsieh (1997) "Empirical Characteristics of Dynamic Trading Strategies: The Case of Hedge Funds," Review of Financial Studies, 10, 275-302.

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Gatev, Evan G., William N. Goetzmann and K. Geert Rouwenhorst (1999), “Pairs Trading: Performance of a Relative Value Arbitrage Rule,” working paper, School of Management, Yale University.

Harrison, J.M., and D.M. Kre p s (1979), “Martingales and Arbitrage in Multiperiod Securities Markets,” Journal of Economic Theory 20, 381-408.

Ineichen, Alexander M. (2003), Absolute Return: The Risk and Opportunities of Hedge Fund Investing, John Wiley & Sons, Hoboken, New Jersey.

Kung, Edward and Larry Pohlman (2004), “Portable Alpha,” Journal of Portfolio Management, 30:3.

Lhabitant, François-Serge (2002), Hedge Funds: Myths and Limits, John Wiley & Sons, New York, USA.

Lhabitant, François-Serg e (2003), “Evaluating Hedge Fund Investments: the Role of Pure Style Indices,” Edhec Business School.

Liang, Bing (2004), “On the Perf o rmance of Alternative Investments: CTAs, Hedge Funds and Funds-of-Funds,” forthcoming in Journal of Investment Management.

Martin, Georg e (2000), “Making Sense of Hedge Fund Returns: What Matters and What Doesn’t,” Derivatives Strategy.

Mitchell, Mark, and Todd Pulvino (2001), “Characteristics of Risk in Risk Arbitrage,” Journ a l of Finance 56, 2067-2109.

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Agarwal, Vikas and Narayan Y. Naik (2004), “Risk and Portfolio Decisions Involving Hedge Funds,” Review of Financial Studies 17, 63 – 98.

Agarwal, Vikas, Narayan Y. Naik, William Fung and Yee Cheng Loon (2004), “Risks in Hedge Fund Strategies: The Case of Convertible Arbitrage,” working paper, Georgia State U n i v e r s i t y.

Barès, Pierre-Antoine, Rajna Gibson and Sebastien Gyger (2003), “Performance in the Hedge Funds Industry: An Analysis of Short and Long-Term Persistence,” Journal of Alternative Investments, 6:3, 25-41.

Brown, J. Stephen, William N. Goetzmann (2001), “Hedge Funds With Style,” working paper, Yale School of Management, Yale University, New Haven.

Connor, Gregory and Mason Wo o (2003), “An Introduction to Hedge Funds,” working paper, Financial Markets Group, London School of Economics.

Currie, Anthony and Jennifer Morr i s (2000), “And Now for Capital Structure Arbitrage,” Euromoney Magazine, December.

de Brouwer, Gordon (2001), Hedge Funds in Emerging Markets, Cambridge University Press, Cambridge, UK.

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