



Prerequisites: FIN 2114, FIN 2227, FIN 2323

FIN 2327–100

Class: T 6:15 – 8:55 pm, Bartley 2072

Office Hours: TR 2:30 – 3:30 pm, and by appointment

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Description:

This course is intended to introduce you to Alternative Investments. This category of investments includes commodities, real estate, structured products, cryptocurrencies, and notably: hedge funds and private equity. Although we will touch on most types of alternative investments, we will focus primarily on the latter two. We will begin with a brief statistical review, and then progress to discussing hedge funds and their strategies. We will also discuss how private equity funds are managed, their structure, and their investment strategies. Lastly, we will conclude with a brief discussion on commodities and cryptocurrencies.

Prerequisites

By far the most important prerequisite is economics, mathematics, accounting, and statistics at the level seen in your previous coursework. Assignments will involve the use of personal computers (especially Excel) and/or calculators extensively. For the final exam, only a non-programmable calculator is allowed.

Important Dates:

Tuesday, February 27

Midterm Exam

Tuesday, May 7

Final Exam, 6-8:30pm

I intend to stick to these dates, unless something very unexpected happens.

What book and other materials do I need?



Textbook: CAIA Level I: An Introduction to Core Topics in Alternative Investments, 4th Edition (2020), by Donald R. Chambers, Mark J. P. Anson, Keith H. Black, Hossein B. Kazemi, CAIA Association, Wiley & Sons (ISBN: 978-1119604150). A digital version of the textbook is freely available through [Falvey Library](#).

Readings: “Cryptofinance,” Campbell Harvey. Available for free on [SSRN](#). Additional readings will be shared on Blackboard.

Case: Details will be shared later on in the semester.



FINANCIAL TIMES



Access to news sources, Students are also strongly encouraged to read financial press, such as the Wall Street Journal or Financial Times, to reinforce the applicability of the topics that we cover in class. Refer to the [Library site](#) for info on how to access your free VSB subscriptions.

Office 365: All students have free access to [Office Suite](#) products (Word, Excel, Powerpoint, Outlook), which are helpful tools for your assignments.

Calculator: A non-programmable calculator will be required for this course.

Class Methodology

The course will be a combination of lectures, discussions, case studies, and guest speakers. I will post PowerPoint slides on Blackboard to guide our discussions, but these slides may not necessarily contain all of the information discussed during class. Therefore, you should attend all classes and read the required readings for completeness.

Use of class materials and content: Students are not permitted to record, photograph, or otherwise capture any element of classes without prior, expressed permission from the course instructors. Similarly, students are not allowed to redistribute any course materials. All work submitted for any assignment or exam must be the student’s own work.

Grading information:

The final course grade will be assigned as follows:

Grade Allocation	
Problem Sets (4)	10%
Case Write-Up	8%
Presentation	5%
Best Exam Grade	40%
Second-Best Exam Grade	35%
Guest Speaker Attendance	2%

Grades will be reported and updated in the gradebook on Blackboard. At the end of the semester, I will assign letter grades according to the following scale: A: 93 to 100, A-: 90 to 92.99, B+: 87 to 89.99, B: 83 to 86.99, B-: 80 to 82.99, C+: 77 to 79.99, C: 73 to 76.99, C-: 70 to 72.99, D+: 67 to 69.99, D: 63 to 66.99, D-: 60 to 62.99, and F: 59.99 and below.

Problem Sets: Do the problem sets in groups of no more than 4 people. Each group turns in a single copy of its work with the names of all contributing members listed. Homework is due in class. Groups can change each assignment and can be formed across sections. There will be four problem sets (all posted to blackboard), which will be equally weighted when tallied for your final grade. Homework problems will be quite beneficial to you as far as your understanding of the material and in your preparation for the exams.

The assignments will be graded on the following scale:

Grade	Scale
✓+	100%
✓	85%
✓-	70%
0	0%

To earn a (✓) you do not need to have the correct answers.

Exams: There will be two exams during the semester. Exams are to be taken in-person. I recommend that you focus your studies on understanding the main concepts and ensuring that you can work out a variety of problems that resemble but are not exactly the same as the problems you've encountered in class or on homework. If you find that you have a scheduling conflict during the final exam, please let me know as soon as possible such that alternative arrangements can be made.

Formula Sheets: Formula sheets are permitted for use on the midterm and final exams. They may be no larger than one side of a standard 8.5" x 11" sheet of paper, should contain only formulas, and no definitions or example problems. I will ask students to hand in their formula sheets following each exam. Any violation of the above rules will result in a deduction of 20% of one's exam grade. No other outside resources are permitted. Exams are not collaborative and should reflect your own work.

Presentation: Each regular class day, a group of students is asked to present on an alternative investments topic of their choosing. The group should do a deep dive into a strategy, important event, or regulation, and present it in a clear manner to the class. Ten percent of the grade is determined by the performance of your classmates on a two-question multiple choice quiz that you design. Fraud or leaking of answers will result in a score of zero.

Case Write-Up: A case will be discussed towards the end of the semester. In groups, you will be required to complete a write-up that answers several questions pertaining to the case.

Attendance: Class attendance is important, both for your retention of the material and for the benefit of class discussions and questions. However, I will not give a grade for daily attendance. These problems that we work through in class are important for you as an opportunity to solve problems related to our lecture.

Regrading policy: If you think that there are grading errors on your tests or your grade on an exam (or project) does not reflect the quality of your performance, submit the entire assessment together with a written explanation of your reasoning within a week of the return of the assessment. Any work submitted for re-grading will be subject to a complete re-grade, which means that your grade could go up, stay the same, or go down.

Course Outline:

This outline is tentative and subject to change. Please refer to the course website on Blackboard for updates on readings and homework assignments. Students are expected to prepare for each class completing the assigned readings in the outline. It is the students' responsibility to check the course website for updates and announcements.

Class	Date	Topic	Readings
1	Jan 16	What are Alternative Investments? Statistical Foundations	CAIA Chapters 1, 4
2	Jan 23	Risk and Benchmarking Lab: Applying Statistical Methods	CAIA Chapters 5.1, 5.8, 7, 8
3	Jan 30	Intro to Hedge Funds	CAIA Chapter 14
4	Feb 6	Macro Hedge Funds	CAIA Chapter 15
5	Feb 13	<i>Snow Day</i>	
6	Feb 20	Managed Futures Hedge Funds Lab: Technical Trading Strategies	CAIA Chapter 15
7	Feb 27	Midterm Exam	
	Mar 5	Spring Break	
8	Mar 12	Event Driven Hedge Funds Relative Value Hedge Funds	CAIA Chapter 16 CAIA Chapter 17
9	Mar 19	Equity Hedge Funds	CAIA Chapter 18
10	Mar 26	Liquid Alts Lab: Equity Strategies	CAIA Chapter 2
11	Apr 2	Intro to Private Equity PIPEs	CAIA Chapter 20
12	Apr 9	Venture Capital & LBOs	CAIA Chapter 21
13	Apr 16	Mezzanine Debt & Distressed Debt	CAIA Chapter 22
14	Apr 23	Guest Speaker: Shane McAndrew Allocators & Endowments Case	Case
15	Apr 30	Cryptocurrencies Wrap-up	Harvey paper
16	May 7	Final Exam	

Important Policy Information

COVID-19: Since this course is designed as an in-person course, I will not be accommodating requests to join class remotely. If you cannot attend per the University Excused Absence policy, we will arrange for a way for you to make up any missed work. You are not required to wear masks in the classroom but are free to do so. Be considerate of our shared responsibility to ensure the health and safety of the community.

Academic Integrity: When students come to Villanova, they join an academic community founded on the search for knowledge in an atmosphere of cooperation and trust. Students must be honest and forthright in their academic studies. To falsify the results of one's research, to steal the words or ideas of another, to cheat on an assignment, or to allow or assist another to commit these acts corrupts the educational process. Students are expected to do their own work and neither give nor receive unauthorized assistance. Students are expected to abide by Villanova's Code of Academic Integrity. Students who violate this code will face consequences at the discretion of both the instructor and the university. Details of the code, statement of integrity, and process for violation of the code can be found in detail by [clicking here](#).

Plagiarism / Copying: All work you submit for grading or academic credit is designed to reflect your knowledge and skill related to the course subject matter. Therefore, unless otherwise indicated, all work submitted is to be done on an individual basis. This includes but is not limited to all exams, quizzes, homework, papers, written assignments, and presentations. Plagiarism is claiming work as your own that you have copied from another person, whether that other person knows about it or not. This includes copying from web sites without proper source citation and using homework or papers prepared by current or past students, tutors, or online course sharing channels, whether working as an individual or working in a group / team. However, you may discuss homework questions with classmates on our Piazza page.

Students with disabilities: It is the policy of Villanova to make reasonable academic accommodations for qualified individuals who have specific learning needs and for students with disabilities. Registration is needed in order to receive accommodations. You must present verification and register with the Learning Support Office by contacting 610-519-5176 or at learning.support.services@villanova.edu or for physical access or temporary disabling conditions, please contact the Office of Disability Services at 610-519-4095. Contacts are listed on the [ODS website](#). Students must notify their faculty of accommodations by providing their letter from the Office of Disabilities or Learning support services within the first two weeks of the class.

University Diversity Statement: Villanova University, as a Catholic Augustinian institution of higher education, recognizes diversity as an integral component of the teaching and learning experience and as an essential element of the ongoing intellectual, social and spiritual development of every member of the Villanova community. Accordingly, Villanova University will be a diverse community. We commit ourselves to cultivating an academic environment marked by genuine curiosity about different perspectives, ardent receptivity to knowledge generated through intercultural connections and a genuine sensitivity to the variety of human experiences marked by domestic and global differences.

Resources: Successful people access support from others as needed. Villanova University has many supportive services that can help you as you strive to achieve your goals. I encourage you to reach out to me or make use of other resources on campus.

Your Professor	Message me on Teams , e-mail me at raisa.velthuis@villanova.edu , set up a zoom call, or stop by my office at Bartley 2085.
Librarians	The Library staff assist students with critical and evaluative use of information. Furthermore, Course Reserve materials can be requested at the circulation desk on the first floor. Visit the library at Falvey Hall or call (610) 519-4270.
Learning Strategies	Learning Support Services provides learning and study skills resources for all students who wish to enhance their academic experience in preparing to meet their educational goals. These services include study skill workshops, study groups and homework help sessions for selected courses, academic coaching, accommodation support for students with disabilities, and study skills consultation. They are located in the Learning Commons in Falvey Suite 212 or call 610.519.5176.
Disability Counselors	The Office of Disability Services (ODS) is the primary office at Villanova University with specialized knowledge and experience in physical disability issues.
Tutoring	Several resources are available for students seeking support with a challenging course or to enhance achievement in areas in which the student already excels. Among others, the Writing Center and the Center for Speaking and Presentation are available to help you develop important skills that are part of your class assignments.
Counseling	The University Counseling Center provides services that help students function optimally with regard to emotional, academic, social and psychological issues. The Center is well used by our student leaders and academically most talented students. For students who encounter a more difficult condition such as depression, anxiety, panic, or disordered eating, the staff is also experienced in diagnosis, crisis intervention, and treatment of these conditions. Visit at Room 206, Health Services Building or call (610) 519-4050.
Academic and Career Advisors	The VSB advising team facilitates the exploration and development of academic and career goals, including advising on internships and study abroad opportunities, and empowers students to be responsible decision-makers and active participants in defining their futures. Visit at Bartley Hall 1054 or call (610) 519-5532.
Underrepresented students	The Center for Access, Success and Achievement aims to recruit, retain, and graduate underrepresented, first generation, and Pell Eligible students through holistic support in a culturally diverse and academically excellent environment. Visit at Falvey Hall, Room 211 or call 610.519.4075.
International students	The International Students Services Office provides assistance with Immigration rights and responsibilities, Educational, social and personal counseling, Cultural adjustment issues, and Campus and community activities. Visit at Connelly Center 2nd Floor or call 610.519.7827.