

## Specialized Training Programme in Portfolio Management and Investment Funds for Mongolia

**PART 1 – 14-17 December 2015**

**3.5 days**

### **1) Fundamentals of Portfolio Management**

After this course, participants will be able to:

- calculate the performance of a portfolio
- understand the relationship between risk and return
- understand what a diversified portfolio is
- understand and asset allocation based on customer profiles
- Explain the different management styles
- analyze the performance of an investment relative to another or relative to a benchmark

Content:

- Performance and Risk
  - Defining and measuring risk and return
  - Risk reduction through diversification
  - Measuring return and risk of a portfolio
- Major asset management theories
  - Markowitz
  - Sharpe's CAPM
  - Fama's efficient markets
  - Ross' APT
- Behavioral approach to portfolio management
  - Anchoring
  - Mental accounting
  - Gambler's fallacy
  - Prospect theory, etc.
- The practice of portfolio management
  - Passive management and index creation
  - Passive management and ETFs
  - Active management and asset allocation
  - Active management and portfolio construction
  - Active management process
  - Active management styles
  - Active management diversification
  - Investor styles and portfolio construction
- Risk & Performance measurement – an introduction
  - Classic risk measures in finance
  - Risk adjusted performance measures
  - Performance allocation – the basics

## 2) Fundamentals of Hedge Funds

This course complements the fundamentals of portfolio management as it describes the alternative portfolio management strategies that do not make part of passive and active management styles. After this course, participants will be able to

- Define and identify hedge funds
- Understand the principle of performance fees and equalization
- Understand the basic strategies in hedge funds
- Understand how risk measures must be adjusted for alternative investments

### Content

- Definitions and basic concepts
  - History and definitions : origin, concept, structure & legal framework
  - An asset class in its own right
  - Impact of hedge funds on the financial markets
  - Advantages and disadvantages
- Major hedge fund strategies
  - Equity Long/Short
  - Convertible arbitrage
  - Fixed income arbitrage
  - Managed futures
- Risk and performance measures for hedge funds
  - Basic concepts : risk, return, volatility and Net Asset Value
  - Risk : 5 technical risk ratios...and their shortcomings
  - Value at risk
  - Benchmarking hedge funds

### **3) Fundamentals of funds operations**

This course gives an introduction on how to set-up an investment fund and how to operate it. After this course, participants will be able to

- Have a broad understanding of the legal framework of a fund set-up
- Have a general idea of the fund industry, and fund product trends
- Understand classic fund operations and the role of the stakeholders
- Understand hedge fund operations and the role of stakeholders
- Understand the basics of globalization techniques (master-feeder, pooling)

#### Content

- Basic concepts of investment funds
  - Distinguishing criteria of investment funds
  - Net Asset Value
  - Regulation and domicile
- Fund industry map
  - World / US / Luxembourg
  - US regulatory framework- overview
  - EU regulatory framework – overview
  - Regulation and control in Luxembourg
  - Fund product trends
- Classic fund operations
  - NAV calculation
  - Valuation issues
  - Register of investor shares
  - Distribution channels
  - Depositary function
  - Fund administration function
  - Globalization techniques
- Hedge Funds operations
  - Prime broker and depositary function
  - Trade management – subscriptions & redemptions
  - Corporate actions in funds & hedge funds
  - Performance fees
  - Performance fees equalization
  - Operational risk