

## 3 - Day Workshop: *Alternative Investments*

### Course objectives

The 3-day workshop “Alternative Investments” is designed to provide a thorough introduction on investing in non-traditional asset classes. Such asset classes comprise, for example, real estate, commodities, commodity futures, venture capital, private equity and hedge funds, especially managed futures. Also more “non-mainstream” alternative asset classes like media, intellectual property or art are considered more and more nowadays by investors..

Starting with the basic terms in asset and risk management, the workshop provides a very brief recap of the necessary measures in order to understand how alternative investment returns behave. This is especially important in the context of portfolio diversification. All of these asset classes provide unique return and risk characteristics which will be discussed in detail. Key part of the workshop is how such asset classes can help in asset allocation to enhance returns and/or reduce risk.

### Workshop background

How to construct an investment portfolio in the best possible way is the key question of each investor, let it be a private person or an institution. In light of low interest rate environments and increased focus on drawdown management, the investors look more and more at alternative asset classes beyond equity, fixed income and cash. The workshop will present these asset classes systematically in detail.

A key lesson learned from the 2008 financial crisis is that traditional asset classes, even if the investments are diversified, can exhibit significant drawdowns. Such a situation, albeit less pronounced, occurred again in 2011. Given an equity market rally which started in March 2009 and is fueled by cheap money since then, investors start more and more looking at ways how to reduce drawdown risk by investing in low-correlated asset classes which also offer important return pick ups. Alternative investments offer such properties and each investor is well-advised to learn more about the return potential but also the embedded risk.

### Who for?

The workshop is designed for junior and middle level managers working in finance, asset and risk management who want to get a structured introduction to the Alternative Investments. Especially, investment professionals involved in asset allocation decisions will find this workshop very useful as it can expand their toolbox when optimizing their asset allocation.

The workshop is very interactive. This means that the concepts will be presented with many applications which are explained by the trainer. Case studies will be used to enhance the learning effort.

This is an introductory workshop on a basic level. No prior knowledge on the subjects is required but a sound interest in investment management is needed. Especially, no mathematical knowledge beyond simple “high school mathematics” is needed to understand workshop.

### Benefits of the workshop

The workshop will enable you to:

- Get introduced to the idea of risk and return of an asset class with focus on measures needed for alternative asset classes.
- Understand the key characteristics of important alternative asset classes which are nowadays analyzed by investors in detail.
- Get familiar with return drivers of various alternative asset classes and how the return streams behaved in the past.
- Acquire a thorough understanding of the embedded risk of alternative investments as these can be significant and are generally quite different for different alternative asset classes.
- Learn about the investment vehicles available for investing in an alternative asset class in general.
- Understand how an investment in an alternative asset class can improve overall portfolio diversification and reduce risk.
- See how alternative investments can serve as a yield enhancer in a low-yielding environment.

## Workshop agenda

The workshop covers the most important alternative asset classes investors look nowadays. During the 3 days the key characteristics of these alternative asset classes will be presented and it will be shown how they can be included in advanced asset allocation decisions to potentially improve the overall risk/return profile of the portfolio. The course is designed around many example and practical cases.

Day 1		Day 2		Day 3	
09.00 – 09.15	Introduction and course description	09.00 – 09.15	Recap of day 1	09.00 – 09.15	Recap of days 1 and 2
09.15 – 10.45	Basic prerequisites used in alternative asset management: <ul style="list-style-type: none"> <li>• Index, benchmark and market</li> <li>• Capitalization</li> <li>• Growth and value styles</li> <li>• Composite, Track record</li> <li>• etc.</li> </ul>	09.15 – 10.45	Hedge funds and hedge fund of funds (part 2): <ul style="list-style-type: none"> <li>• Corporate restructuring hedge funds</li> <li>• Convergence trading hedge funds</li> <li>• Opportunistic hedge funds</li> <li>• Overview of recent prominent hedge fund collapses</li> </ul>	09.15 – 10.45	Infrastructure <ul style="list-style-type: none"> <li>• Characteristics</li> <li>• Types of infrastructure</li> <li>• Investment opportunities</li> <li>• Investment vehicles</li> <li>• Risk characteristics</li> <li>• Infrastructure in a portfolio context</li> </ul>
10.45 – 11.15	Coffee break	10.45 – 11.15	Coffee break	10.45 – 11.15	Coffee break
11.15 – 12.45	Performance and risk measurement: <ul style="list-style-type: none"> <li>• Measures for absolute return strategies <ul style="list-style-type: none"> <li>- Return and volatility</li> <li>- Covariance, correlation</li> <li>- Sharpe ratio</li> <li>- Drawdown risk</li> </ul> </li> <li>• Measures for relative return strategies: <ul style="list-style-type: none"> <li>- Alpha</li> <li>- Tracking error</li> <li>- Information ratio</li> <li>- Beta</li> </ul> </li> </ul>	11.15 – 12.45	Case study: Failure of LTCM  Managed Futures: <ul style="list-style-type: none"> <li>• Discretionary managed futures</li> <li>• Systematic managed futures</li> </ul>	11.15 – 12.45	Venture Capital: <ul style="list-style-type: none"> <li>• General introduction</li> <li>• Investment process</li> <li>• Exit strategies</li> <li>• Venture capital in a portfolio context</li> </ul> Private Equity: <ul style="list-style-type: none"> <li>• General introduction</li> <li>• Investment process</li> <li>• Return measurement for a private equity investments</li> <li>• Private equity in a portfolio context.</li> </ul>
12.45 – 14.00	Lunch break	12.45 – 14.00	Lunch break	12.45 – 14.00	Lunch break
14.00 – 15.30	Brief overview of key asset classes one can invest in: <ul style="list-style-type: none"> <li>• Equities</li> <li>• Fixed Income</li> <li>• Currencies</li> <li>• Cash</li> </ul>	14.00 – 15.30	Commodities and Commodity Futures: <ul style="list-style-type: none"> <li>• Commodity exposures and the business cycle</li> <li>• Pricing of futures</li> <li>• Backwardation and Contango</li> <li>• Commodity indices</li> <li>• Embedded risks</li> <li>• Commodity futures in a portfolio context</li> </ul>	14.00 – 15.30	Farmland: <ul style="list-style-type: none"> <li>• General introduction</li> <li>• Investment opportunities</li> <li>• Risk characteristics</li> <li>• Farmland in a portfolio context</li> </ul> Timber: <ul style="list-style-type: none"> <li>• General introduction</li> <li>• Investment opportunities</li> <li>• Risk characteristics</li> <li>• Timber in a portfolio context</li> </ul>
15.30 – 16.00	Coffee break	15.30 – 16.00	Coffee break	15.30 – 16.00	Coffee break
16.00 – 17.00	Hedge funds and hedge fund of funds (part 1): <ul style="list-style-type: none"> <li>• History</li> <li>• General characteristics</li> <li>• Categorization</li> <li>• Market directional hedge funds</li> </ul>	16.00 – 17.00	Real Estate: <ul style="list-style-type: none"> <li>• General description</li> <li>• Investment vehicles</li> <li>• Real estate in asset management</li> <li>• Indices</li> </ul>	16.00 – 17.00	Brief overview of other alternative investments: <ul style="list-style-type: none"> <li>• Intellectual Property</li> <li>• Media</li> </ul>

### Disclaimer

The contents of this flyer and/or descriptions are for general information purposes only and are not intended as an individual recommendation or personal investment advice. All information, descriptions and calculations in the flyer were compiled with the utmost care and checked for accuracy. However, no liability can be accepted for the correctness, completeness and currentness of the information.