

Undertaking Due Diligence for Hedge Funds

Investment Management

MFSA

MALTA FINANCIAL SERVICES AUTHORITY

Education Consultative Council



Venue: MFSA, Conference Hall, Notabile Road, Attard - Delivery: 27th & 28th June (9.00 am - 5.00 pm) -

14 CPEHours (ProfessionalCompetencies)



Mark Sinsheimer (CFA)

Mark is an independent expert, consultant and trainer to Asset Management firms, institutional investors and financial regulators on investment best practices. He is also an Associate Professor of Finance at ICN Business School. Previously, he had board level responsibilities with global asset management companies from 1996 to 2002 as Head of Marketing and Sales for Credit Lyonnaise Asset Management and Head of Business Development for CDC Ixis Asset Management. Previously, he was Product specialist for Paribas Asset Management and Trader for Credit Lyonnais.

Mark has an MA in International Relations, a Graduate degree in Law from Paris University and is a Chartered Financial Analyst (CFA).

He is the advocacy chair for CFA France which he founded. He is an active volunteer for the CFA Institute where he served on the Annual Conference Committee, Global Advisory Committee, European Advocacy Committee, Candidate Curriculum Committee, Standards and Practice Council and advisory Council of INSEAD's "Global Asset Management Association" where he chaired the EAMA working group on index construction best practices. He is regularly interviewed by the financial press or invited to speak in forums and conferences.

The purpose of this two day Intermediate level course is to offer a comprehensive expert analysis of the hedge funds evaluation procedures

The following topics will be covered in particular depth:

- ~ New investment and regulatory paradigms
- ~ Hedge Fund performance analysis
- ~ Style factors
- ~ Risk Measurement, analysis and management
- ~ Analysis of investment strategy and sub style
- ~ Sources of return and investment process
- ~ Capacity constraints
- ~ Organisation of the research function
- ~ Initial data gathering and filtering
- ~ Performance analysis and interpretation
- ~ Testing facts, stories and character
- ~ Fund governance
- ~ Fund stakeholders and operational risk
- ~ Defining objectives and designing the appropriate process
- ~ Construction of the target portfolio
- ~ Negotiating conditions and implementation

Level: Intermediate 

"training contains more difficult concepts and is targeted for more experienced practitioners. The pace of training and difficulty require more advanced knowledge and skills. Examples and case studies used are more complex in nature"

Objectives

The course offers a comprehensive and practical overview of hedge funds due diligence and selection issues. It is targeted towards intermediate audiences who have a general understanding of capital markets and investment matters and wish to gain the necessary knowledge of academic studies and hedge fund selection best practices in order for them to construct, manage or control hedge fund investing activities. The course is composed of two distinct sections: a first day covering all theoretical and technical matters followed by a second day covering practical issues in the due diligence process. Practical application of the knowledge and skills acquired will be emphasised through both exercises and discussions (first day) and case studies (second day).

Who should attend?

- ~ Private Bankers
- ~ Non-executive Directors
- ~ Regulators
- ~ Central Bankers
- ~ CIO's
- ~ Senior Investment Managers
- ~ Strategists
- ~ Chief Economists
- ~ Business Development Managers
- ~ Chief Marketing Officers
- ~ Compliance Officers
- ~ Back Office
- ~ Investment Consultants
- ~ Investment Bankers

Other Information

- ~ Certificates of attendance will be issued to participants in attendance
- ~ This **programme is supported by the MFSA** and qualifies for positive consideration by the Authority when establishing competence levels of staff employed by licence holders
- ~ ifs members registered for the CPD (Continuous Professional Development) programme may claim learning Category 6 (e.g. attendance at ifs regional network CPD events or at other Institute's CPD events). Further information available on: www.ifslearning.ac.uk/Alumni/ContinuingProfessionalDevelopment.aspx
- ~ Additional resource material including articles from journals and newspapers together with literature from other sources will be provided. These will further substantiate the Trainer presentations.
- ~ **ifs Malta is an active member of the ECC (Education Consultative Council)** which is a forum composed of 8 local training institutions. This group regularly meets to discuss, coordinate and share information on matters relating to training and development for employees within the local financial services industry. This training programme forms part of a series of proposed training offers proposed during the ECC.
- ~ The fee for the course is € 390 per registrant. Please be guided with the section of the Registration Form for further reductions. Registration form together with payment are to be submitted to the **Administration Secretary on the ifs address: 60, G'Mangia Hill, Pieta PTA 1316**
- ~ **14 hours of structured CPE Hours for the attainment of Professional Competencies** in terms of the MIA CPE Regulations.

Day 1 - PART ONE

27th June (9.00am - 5.00pm)

Introduction to the NewWorld of Hedge Funds

- Regulation, registration, transparency?
- Managed accounts, NEWCITS, feeders
- New systematic risk factors, new alpha
- Fat tails, black sea sand blow ups

ClassDiscussion: the evolving role of alternative assets in investors' portfolios

Performance Analysis

- Performance live and simukates, GIPS
- Risk: dispersion, downside, extrem, runs
- Synthetic ratios: Sharpe, Sortino, Calmar, Pain, Omega ...
- Style analysis and systematic return
- Definition of alpha

Exercise: the relative importance of ratios and how may be gamed

Assessing the Investment Process

- Investment objective and philosophy
- Investment process and universe
- Fundamental rationale for performance
- Implementation issues and capacity constraints
- Discipline and opportunism

Case Study: competitive advantages and the fundamental law of active management

Risk Management

- Definition of risks and their measurement
- Leverage
- Liquidityconstraints, beta expansion
- Internal organisation and outsourcing
- Risk of being wrong, when to doubt strategy

Group Work: operational risk

Day 2 - PART TWO

28th June (9.00am - 5.00pm)

Request for Information

- Databases, media
- ADV, presentation material
- Request for information
- Fund structure and general characteristics
- Return and style

Case Studies: model questionnaire, database structure and screening procedure

Interview and On-Site Visit

- In depth performance and portfolio review
- Professional biographies and background
- Face to face case review
- Behind story telling
- Verifications

Case Study: preparing, conducting and utilising interviews

Governance, Stakeholders, Background

- Governance: board composition and operations
- Prime Brokers and Custodians
- Administrator and pricing procedures
- Auditor

Case Studies: recent fund blow-ups and regulation issues

Decision Making, Integration and Negotiation

- Fund style characterisation: research universe
- Summing it up: assessment procedure
- Diversification: portfolio instruction
- Structure: investment negotiation
- Control: reporting procedure and early warning signals

Case Study: value chain of a fund of hedge fund

Undertaking Due Diligence for Hedge Funds Investment Management Registration Form

Programme Fee: € 390 per registrant
(if registered from the 11th June onwards)

€ 360 per registrant
(if registered by the 10th June)

*Group reductions of 4 registrants or more considered

Registrant Name & Surname: _____

Organisation: _____

Registrant Job Role: _____

Billing Address: _____

Contact No.: _____ E-Mail: _____

Payment Details:

- Cash
- Cheque

Cheque No: _____ Bank: _____ Drawn On: _____

Registration entitles you to become a full registered local member of the Institute of Financial Services - Malta. This membership is free of charge and valid for a maximum period of 12 months, after which the Committee will evaluate and consider whether to extend such membership for another fixed period or for an indefinite period of time. Renewal of membership is valid for an additional period of twelve months. The local membership is subject to review by the Committee at any time.

Data Protection Notice: The Institute of Financial Services - Malta, known as "ifs Malta", holds and processes your personal data in order to give you the full benefits of being a student; for administrative purposes and to inform you of any future ifs events, services and other related information. In instances where employers sponsor their employees for all or parts of the course/s, ifs is bound to inform such employers upon the performance and results of their relevant employees if any assessments parts are carried out. ifs Malta does not sell or give your personal data to any other third party. In the eventuality that ifs would need to give any personal data to a third party, you will on a case by case basis, be duly informed of this and you will also be given the opportunity to refuse that such data is given. You have the right to request access to, and rectification of, the personal data concerning you that is held by the ifs.