

**Inside Hedge Funds**  
**SYLLABUS for COURSE 390-04**  
**Duke University, Economics Dept**  
**Fall, 2015**

Course: Inside Hedge Funds, Course #390-04  
Course Classroom: 327 Social Sciences Bldg  
Class time: Wednesdays from 1:25pm-3:25pm  
Professor: Linsey Lebowitz Hughes  
Professor's Office: 327E Social Sciences Bldg, 3<sup>rd</sup> Floor  
Office Hours: Mon & Tues 10:30am-12:30pm  
Email: [linsey.lebowitz.hughes@duke.edu](mailto:linsey.lebowitz.hughes@duke.edu)  
Office Phone: 919-660-0779  
Mobile: 917-626-3279

**IMPORTANT NOTES:**

- Your grade for this class will be equally weighted between: your class participation, the mid-term assignment & the final assignment.
- If you cannot make it to class, please email me in advance. Your participation is a large component of your grade, so attendance is important.
- On days when we have guest speakers, please do not wear t-shirts or flip flops – I will not ask you to come in suits, but looking polished is appreciated, THANK YOU!
- Because of the abundance of guest speakers, who all have busy schedules, some of the dates and lectures may be subject to change. I ask for your patience on this and promise to send an updated syllabus if this occurs.
- As you are all aware, all of us at Duke University take the Honor Code very seriously. I expect students in this course to understand and abide by it, which includes the expectation that you all work independently on assignments, unless I state otherwise. Here's the resource for any guidance on student conduct: <http://studentaffairs.duke.edu/conduct/about-us/duke-community-standard>
- Audio recordings of this class are not permitted and students will be asked to keep the information shared by some of our guest speakers confidential. Anyone who is on the staff of *The Chronicle* is not permitted to take this class. Let's honor this so that we can continue to get high quality visitors & information.

**INSIDE HEDGE FUNDS COURSE CURRICULUM:**

**August 26<sup>th</sup>**

**Introduction of Inside Hedge Funds class – what to expect this semester**

Our Classmates – who we are, where we've been & where we are going  
The Hedge Fund basics – learning the language, new sources (handouts)  
The History of Hedge Funds – Tiger Management, Tiger Cubs & Soros  
How Hedge Funds look now  
Overview of HF Competition

**ASSIGNMENT: Familiarize yourself with HF language, resources and news (see handout)**

**ASSIGNMENT: Pick your HF Competition Teams (3 per team), Captains & Team names, due on Sept 2<sup>nd</sup>**

**NOTE: Email me by Monday, Aug 31<sup>st</sup> if you need me to assign you to a team!**

**Sept 2nd**

**DUE: Submit a page with HF Competition Team members, designated Team Captain & unique Team Name**

**What does an HF look like on the inside?**

What makes a successful HF?

Why do HFs fail?

**ASSIGNMENT: "HF Strategy Note Card" assignment (to be handed out in class), due Sept 9th**

**Sept 9th**

**DUE: HF Strategy Note Card Assignment**

**HF Strategy Note Card Presentations**

How to launch an HF

**Discuss MID-TERM ASSIGNMENT: Top 15 HFs Globally (due Oct 7<sup>th</sup>)**

**ASSIGNMENT: Read the book's intro chapter & Mark Yusko's chapter from Katherine Burton's *Hedge Hunters* (this will be emailed to you)**

**NOTE: You must sign-up your team on the HF Challenge website by Sept 16<sup>th</sup>!**

**Sept 16<sup>th</sup>**

**DEADLINE: Sign your team up on the HF Challenge website!**

**HF Competition Educational Session**

No class today, but attendance to this event is MANDATORY (business attire)

Location: Perkins 217, 1-5pm = Educational Session, 5-5:30pm Pizza & Networking

Topics: Manager Selection, Idea Generation, Trade Structuring, Macro View

**GUEST SPEAKERS:**

**Mark Yusko, CEO & Founder of Morgan Creek Capital Management**

**Dan Magid, Portfolio Manager at Silverback Asset Management**

**David Perkins, CEO of Hatteras Funds**

**Last Speaker TBD**

**Sept 23rd**

HF Marketing & Terms

Inside the HF Presentation – verbal & written

HF Roles – What are the jobs at HFs and the HF organizational chart

HFs vs Investment Banks – Pros & Cons and getting paid

**NOTE: Don't forget that the 1 page outline for HF Competition is due Sept 30th**

**Sept 30th**

**DUE: 1 page outline for HF Competition**

The world of Investors

Building a portfolio of HFs

Who Invests in HFs – Family Offices, Funds of Funds, Pensions, Endowments, Foundations & Consultants

**FINISH YOUR MID-TERM ASSIGNMENTS, DUE Oct 7th!**

### Oct 7th

#### **MidTerm Presentations: The Top 15 HFs Globally**

**ASSIGNMENT:** Read Roger Lowenstein's *When Genius Failed*

Read LTCM HBS Case Study

Prepare notes on case questions for class discussion on Oct 28th

### Oct 14th

Managing Investors in tough times

The HF World post-2008 - Bruised but still standing

Wearing many hats at an HF

Working at a start-up fund

**GUEST SPEAKER:** Peter Nolan, Managing Principal, QMS Capital Management (Quant HF)

### Oct 21st

The relationship between HFs & Investment Banks

HF Financing via Prime Brokerage – swaps, leverage, risk & credit

The COO Role at an HF

**GUEST SPEAKER:** Peter Alpern, Director of Global Prime Services Sales, Wells Fargo Securities, NY

### Oct 28th

Discuss LTCM Case Study & *When Genius Failed*

The “Big HF Blow-ups” and what we’ve learned

The impact of “Headline Risk”

### Nov 4th

How Investors think - an inside look from DUMAC

Understanding & evaluating new vs established hedge funds (from an investor’s perspective)

**GUEST SPEAKER:** Justin Nixon (The Duke Endowment’s Co-Head of HF Portfolio)

**FINAL HF Competition Presentations due on Nov 11<sup>th</sup>**

### Nov 11th

#### **HF Competition PRESENTATIONS**

**Each team will submit a FINAL (written) Presentation and will present to the class & the panel**

**ASSIGNMENT:** Read CalPERS articles and come prepared to discuss this investor on Nov 18<sup>th</sup>

### Nov 18th

Discuss The CalPERS story, the evolution of the firm and what’s next for this behemoth

**NOTE:** HF Competition is Friday, Nov 20<sup>st</sup> at 1pm at the Washington Duke Hotel. Please make every effort to attend, even if you are not one of the finalists.

### Nov 25th

**NO CLASS – ENJOY YOUR THANKSGIVING BREAK!**

### Dec 2nd

Regulations & the future of the HF industry

Getting a job at an HF

LLH’s Final Words of Wisdom

**LDOC = Dec 4th**