

The Lhabitant Hedge Fund Seminar

State-of-the-Art Fund of Hedge Funds Management

London, April 7 – The Dorchester

Sources of Hedge Fund Performance

Mapping Hedge Fund Strategies

Hedge Fund Databases, Indices, and Benchmarks

Quantitative Tools for Hedge Fund Risk
and Performance Analysis

VaR-Based Hedge Fund Programme Management

Optimal Design of Hedge Fund Portfolios

Advanced Techniques for Risk Budgeting
and Hedge Fund Allocation

seminar



EDHEC
Asset
Management
Education

Institutional money is fuelling the explosive growth of the hedge fund industry and creating historic opportunities for the fund of hedge funds business. This shift in the source of capital is also driving the coming of age of the industry and imposing new responsibilities and challenges upon hedge funds and multimangers.

Only those who can explain their investment and risk management processes to increasingly skilled and demanding clients, and can use quantitative analyses of both relative performance and underlying risk factors to back their claims, will succeed.

Designed and delivered by one of the most respected practitioners and academics in the area, this intensive seminar offers insight into state-of-the-art practices for implementing hedge fund programmes, controlling risk, and measuring and reporting performance and risks.

Presented in a highly accessible manner, the LHABITANT Hedge Fund Seminar equips participants with a working knowledge of the techniques essential for anyone investing in hedge funds or advising private and institutional clients on the inclusion of hedge funds in their portfolios.

Drawing on the expertise developed in the EDHEC Risk and Asset Management Research Centre, this seminar surveys hedge fund databases, indices, and benchmarks; introduces advanced analysis of hedge fund performance and risks; presents novel ways of classifying funds; and discusses optimal fund of funds design, strategic and tactical allocation, and risk management of hedge fund portfolios.

Showing how to incorporate the latest results of alternative investment research into management processes and allowing participants to keep abreast of the best industry practices, the LHABITANT Hedge Fund Seminar appeals to fund of hedge funds managers and administrators; investment advisers and consultants; and institutional investors.

Contents

This intensive one-day seminar builds upon Dr Lhabitant's recent work and incorporates the latest results of alternative investment research conducted within the EDHEC Risk and Asset Management Research Centre and other leading institutions. It addresses questions such as:

- Where is the hedge fund industry headed?
- What are the biases in HF databases?
- How to choose between the various HF indices?
- How to build a representative benchmark?
- What is the state of the art for analysing hedge fund risks and returns?
- How to use advanced techniques to classify funds in a meaningful way?
- How to use Value at Risk to measure risk and manage HF portfolios?
- How much to allocate to hedge funds?
- What advanced techniques can be used for risk budgeting and HF allocation?
- How many hedge funds make a diversified portfolio?
- How to use tactical allocations to add value to funds of hedge funds?



Outline

1. Mapping Hedge Fund Strategies

- Sources of hedge fund performance
- From databases to benchmarks and peer groups:
 - Understanding the different databases
 - From databases to indices
 - From indices to benchmarks.
- How to classify hedge funds in a meaningful way:
 - Style analysis and its applications
 - Clustering and correlation-based approaches.

2. Analysing Hedge Fund Risks

- The dangers of regression-based approaches:
 - Linear factor models
 - Change of strategy
 - Multi-factor models
 - The impact of missing factors
 - Principal Components Analysis
 - Dealing with non-linearity
 - Option-based approaches.
- Risk Measurement using VaR techniques:
 - Calculating Value at Risk and understanding its sources
 - Style-based VaR vs. Monte Carlo VaR
 - Marginal VaR and Component VaR: their use in portfolio management
 - Understanding extreme risks.

3. Advanced Techniques for Risk Budgeting and Asset Allocation

- Hedge funds in traditional portfolios
- Asset allocation versus risk budgeting
- Applications to diversification: How many funds make a diversified portfolio?
 - Performance and risk attribution
 - Tactical allocations
 - Measuring the value added by funds of funds

Praise for Dr Lhabitant's latest books



François-Serge Lhabitant has created the fundamental guide to hedge fund investments. It covers a lot of ground and can truly serve as an encyclopaedia for both the entry level investors as well as those who would like to delve a little deeper into specific themes.

It also includes information on legal environments as well as operational aspects, which other recent publications are clearly lacking.
Barbara Rupf Bee, Global Head of Institutional Sales, HSBC Investments

One of the most comprehensive books about hedge funds ever written. A must read for anyone seeking a thorough understanding of the sector. The book offers a good combination of theory and practice, with the use of interesting and recent case studies. It is very useful in addressing misconceptions and throws light where light is needed.

Florence Lombard, Executive Director, The Alternative Investment Management Association Limited (AIMA)



Lhabitant has done it again! Whereas most books on hedge funds are nothing more than glorified marketing brochures, Lhabitant's new book tells it how it is in reality. Accessible and understandable but at the same time thorough and critical.

Harry M. Kat, Ph.D., Professor of Risk Management and Director Alternative Investment Research Centre, Cass Business School, City University

Lhabitant's latest work on hedge funds yet again delivers on some ambitious promises. Successfully bridging theory and practice in a highly accessible manner, those searching for a thorough yet unintimidating introduction to the quantitative methods of hedge fund analysis will not be disappointed.

Christopher L. Culp, Ph.D., Adjunct Professor of Finance, Graduate School of Business, The University of Chicago and Principal, Chicago Partners LLC

SEMINAR LEADER



François-Serge Lhabitant is Associate Professor of Finance at EDHEC Business School, Professor of Finance at the University of Lausanne and Chief Investment Officer at Kedge Capital.

Professor Lhabitant is responsible for the investment management of the Kedge Capital Funds and investment mandates operated by the Kedge Group. Before joining Kedge, he was a senior executive at UBP where he was in charge of the quantitative analysis and the management of dedicated hedge fund portfolios. Previously, Professor Lhabitant was a director at UBS Private Banking Division and Global Asset Management where he developed quantitative models for hedge fund analysis and performance measurement.

At EDHEC Business School, Professor Lhabitant teaches the Hedge Funds, Commodities and Managed Futures course in the MSc in Risk and Asset Management programme and contributes to the work of the EDHEC Risk and Asset Management Research Centre. His research has been published in refereed academic and practitioner journals such as the *Journal of Alternative Investments*, *European Finance Review*, and the *Journal of Risk Finance*. He is a member of the Scientific Committee of the AMF, the French financial markets regulatory body.

Professor Lhabitant has authored a large number of articles on finance and economics in industry publications as well as several books on alternative investments and emerging markets, including several hedge fund bestsellers. His latest reference text is the *Handbook of Hedge Funds* (Wiley Finance). François-Serge Lhabitant is a seasoned keynote speaker at top industry events and is a member of the hedge fund industry Investor Steering Committee set up by AIMA.

Professor Lhabitant holds graduate degrees in engineering, banking and finance and a PhD in Finance from the Ecole des Hautes Etudes Commerciales of the University of Lausanne.

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Attendance Fees

One day course: €2,000 + VAT where applicable.

Fees include documentation, refreshments, lunch, and drinks.

THREE EASY WAYS TO REGISTER

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With over 110 permanent professors and researchers and some 4,700 students spread over three campuses in Lille, Nice and Paris, the EDHEC Group is the largest provider of business education in France and one of the leading business schools in Europe. EDHEC Business School has been offering management training and development programmes since 1906 and is a member of the select group of academic institutions worldwide to have earned the triple crown of international accreditations (AACSB, EQUIS, AMBA).



EDHEC Business School set up the Risk and Asset Management Research Centre to conduct world-class academic research and highlight its applications to the industry. The centre's team of 35 researchers carries out six industry-sponsored programmes focusing on asset allocation and risk management in the traditional and alternative investment universes. In keeping with its mission, the centre systematically seeks to validate the academic quality of its research through publications in leading scholarly journals, implements a multifaceted communications policy to inform investors and asset managers on state-of-the-art concepts and techniques, and develops business partnerships to launch innovative products.

To optimise exchanges between the academic and business worlds, the Risk and Asset Management Research Centre maintains a website devoted to asset management research for the industry: www.edhec-risk.com, circulates a monthly newsletter to over 145,000 practitioners, conducts regular industry surveys and consultations, and organises annual conferences for the benefit of institutional investors and asset managers.

EDHEC has also created a consultancy, EDHEC Investment Research, and an executive education arm, EDHEC Asset Management Education. EDHEC Asset Management Education helps investment professionals to upgrade their skills with advanced risk and asset management training across traditional and alternative classes.



EDHEC Asset Management Education is registered with CFA Institute as an Approved Provider of continuing education programmes. This programme is eligible for 7 CE credit hours as granted by CFA Institute. If you are a CFA Institute member, CE credit for your participation in this programme will be automatically recorded in your CE Diary.



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