

INNOVATIONS IN INVESTMENT MANAGEMENT

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Course description

This course will touch upon latest advances in:

- Banking disintermediation and investors online access to new credit asset classes: digital platforms bringing borrowers and lenders together (P2P, non-bank niche lenders)
- Customization and automation of investment strategies: risk parity, smart beta, factor models
- “Copy cats” of alternative investments: cheaper proxies for hedge funds strategies, liquid alternatives
- ‘Liquification’ of private markets: PE Secondaries, private assets exchanges
- Investment management industry structural implications

Students will be expected to read all suggested materials (list will be provided for each class) as there is no single textbook to use, and work in groups and independently on several questions and case studies.

Students will need to analyze several investment situations as a part of home assignments. Focus of the class will be on class participation and quizzes, short individual assignments as well as final group project, there will be no exam.

Grading

The course grade will be based on 2 short individual home assignments (20% each), and one group assignment-project (40%), as well as class participation and in-class quizzes (20%). Home assignments and group project will be assessed based on factual correctness, analytical excellence in supporting statements and evidence of independent critical thinking, as there won't be single correct answers to questions. Students should think of completing homework as of completing typical investments or analytical tasks at an alternatives buy-side firm or at a bank/large corporate.

Course intended schedule and contents

| Class | Topic | Reading |
|-------|---|--|
| 1 | Digitalization of credit investments: Concept of non-bank lenders and P2P digital platforms, niche credit products and their pricing, and pitfalls of “low touch” unusual credit underwriting. | List to be provided for the class Homework 1 |

| Class | Topic | Reading |
|----------|---|-----------------------------------|
| 2 | Advances in portfolio construction and alpha vs beta separation: Latest investment management product developments – thematic investments, factor models, smart beta, risk parity, roboadvisory and liquid alternatives. | List to be provided for the class |
| | | Homework 2 |
| 3 | Innovations in private markets investments: Private assets online exchanges, PE Secondaries and customization of risk-reward profile for private markets. | List to be provided for the class |
| | | Group Project |

Examples of expected assignments and group projects (illustrative)

- A. Create a sustainable P2P lending underwriting platform, using available data on consumer and SME defaults, analyze what underwriting standards would give an investor best risk-reward/Sharpe ratio
- B. Define and analyze a smart beta strategy for a specific BRIC country
- C. What 3 factors would you use to mimic a specific hedge fund strategies index and why?
- D. How would you assign a discount to valuing an LP interest in a private equity fund?
- E. What are the losing and winning industries for ESG type of investments?
- F. Cite key risks in the design of ETF/passive index solutions to investments

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.