




Due to the COVID-19 crisis, the information below is subject to change, in particular that concerning the teaching mode (presential, distance or in a comodal or hybrid format).

5 credits	30.0 h	Q1
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Teacher(s)	Iania Leonardo ;
Language :	English
Place of the course	Louvain-la-Neuve
Main themes	<p>The class describes some of the main strategies used by active fund managers and proprietary traders and provides a methodology to analyze them. In class and through exercises, the strategies are illustrated using real data and students learn to use “backtesting” to evaluate a strategy. The class also covers institutional issues related to how trading works, liquidity, margin requirements, risk management, and performance measurement.</p> <p>The class discusses the main strategies active fund managers use in equity markets (discretionary equity investing, short selling, quantitative equity strategies), in tactical asset allocation of equity indices, currencies, fixed-income, and commodities (global macro, managed futures), and in relative-value arbitrage strategies (fixed income arbitrage, convertible bond arbitrage, event driven investments).</p> <p>To analyze these active investment strategies, the class applies tools for performance measurement, backtesting, regression analysis, managing transaction costs, market liquidity risk, funding a strategy, margin requirements, risk management, drawdown control, and portfolio construction. Also, the class discusses the economics underlying these strategies, why certain strategies might work and why others might not.</p>
Aims	<p>During their programme, students of the LSM Master's in management or Master's in Business engineering will have developed the following capabilities'</p> <p>KNOWLEDGE AND REASONING</p> <p>2.2 Master highly specific knowledge in one or two areas of management: advanced and current research-based knowledge and methods.</p> <p>A SCIENTIFIC AND SYSTEMATIC APPROACH</p> <p>1 3.3 Consider problems using a systemic and holistic approach: recognize the different aspects of the situation and their interactions in a dynamic process.</p> <p>WORK EFFECTIVELY IN AN INTERNATIONAL AND MULTICULTURAL ENVIRONMENT</p> <p>5.2 Understand the international socio-economic dimensions of an organization and identify the associated strategic issues and operational decisions.</p> <p>TEAMWORK AND LEADERSHIP</p> <p>6.1 Join in and collaborate with team members. Be open and take into consideration the different points of view and ways of thinking, manage differences and conflicts constructively, accept diversity.</p> <p>-----</p> <p><i>The contribution of this Teaching Unit to the development and command of the skills and learning outcomes of the programme(s) can be accessed at the end of this sheet, in the section entitled "Programmes/courses offering this Teaching Unit".</i></p>
Evaluation methods	<p>Due to the COVID-19 crisis, the information in this section is particularly likely to change.</p> <p>Continuous evaluation</p> <ul style="list-style-type: none"> • Date: will be specified later • Type of evaluation: Group Exercises, Closed-book written test, Bloomberg Market Concepts (all modules) • Comments: No <p>Evaluation week</p> <ul style="list-style-type: none"> • Oral: No • Written: No • Unavailability or comments: No <p>Examination session</p> <ul style="list-style-type: none"> • Oral: No • Written: No • Unavailability or comments: No

Teaching methods	<p>Due to the COVID-19 crisis, the information in this section is particularly likely to change.</p> <ul style="list-style-type: none"> • Lectures • Teamwork • Bloomberg market concepts® test (all modules).
Content	<p>The content of the course is the following:</p> <ul style="list-style-type: none"> • Part 1: Setting the stage: <ul style="list-style-type: none"> • Financial instruments; • Risk-return relationship; • Empirical evidence of return predictability; • Efficient market hypothesis; • Portfolio formation. • Bloomberg market concepts® test (all modules). • Part 2: Active investment: <ul style="list-style-type: none"> • Mutual and hedge funds; • Evaluation of trading strategies: Performance measures; • Finding and backtesting strategies: Profiting in efficient inefficient markets; • Portfolio construction and risk management; • Trading and financing a strategy: market and funding liquidity. • Part 3: Equity strategies <ul style="list-style-type: none"> • Introduction to equity valuation and investing; • Discretionary equity investing; • Dedicated short bias; • Quantitative equity investing. • Part 4: Asset allocation and macro strategies <ul style="list-style-type: none"> • Introduction to asset allocation • Global macro investing • Managed futures: trend-following investing • Part 5: Arbitrage strategies <ul style="list-style-type: none"> • Introduction to arbitrage pricing and trading • Fixed-income arbitrage • Convertible bond arbitrage • Event driven investments.
Bibliography	<p>“Efficiently Inefficient: How Smart Money Invests and Market Prices Are Determined.” by Lasse H. Pedersen, Published by Princeton University Press, 2015, pp. 357.</p>
Faculty or entity in charge	<p>CLSM</p>

Programmes containing this learning unit (UE)				
Program title	Acronym	Credits	Prerequisite	Aims
Master [120] in Economics: General	ECON2M	5		
Master [120] : Business Engineering	INGM2M	5		
Master [120] in Actuarial Science	ACTU2M	5		
Master [120] : Business Engineering	INGE2M	5		