

EF5058: ASSET MANAGEMENT AND HEDGE FUND STRATEGIES

Effective Term

Semester A 2025/26

Part I Course Overview

Course Title

Asset Management and Hedge Fund Strategies

Subject Code

EF - Economics and Finance

Course Number

5058

Academic Unit

Economics and Finance (EF)

College/School

College of Business (CB)

Course Duration

One Semester

Credit Units

3

Level

P5, P6 - Postgraduate Degree

Medium of Instruction

English

Medium of Assessment

English

Prerequisites

EF5052 Investments and EF5070 Financial Econometrics

Precursors

Nil

Equivalent Courses

Nil

Exclusive Courses

Nil

Part II Course Details

Abstract

The course describes some of the main trading strategies used by active traders and provides a methodology to analyze them. The course covers individual equity markets (discretionary equity investing, short selling, quantitative equity strategies), tactical asset allocation across equity indices, currencies, fixed-income, and commodities (global macro investing, managed futures strategies), and relative-value arbitrage strategies (fixed income arbitrage, convertible bond arbitrage, event driven investments).

Course Intended Learning Outcomes (CILOs)

CILOs		Weighting (if app.)	DEC-A1	DEC-A2	DEC-A3
1	Explain different strategies in the active asset management industry.	20	x	x	
2	Explain and apply the concepts of performance evaluation of trading strategies.	15	x	x	x
3	Explain and apply the concepts of portfolio construction and risk management.	15		x	x
4	Apply the key active equity strategies – discretionary and quantitative.	20		x	x
5	Apply macro strategies - asset allocation.	15		x	x
6	Explain arbitrage strategies – fixed income arbitrage and event-driven.	15		x	x

A1: Attitude

Develop an attitude of discovery/innovation/creativity, as demonstrated by students possessing a strong sense of curiosity, asking questions actively, challenging assumptions or engaging in inquiry together with teachers.

A2: Ability

Develop the ability/skill needed to discover/innovate/create, as demonstrated by students possessing critical thinking skills to assess ideas, acquiring research skills, synthesizing knowledge across disciplines or applying academic knowledge to real-life problems.

A3: Accomplishments

Demonstrate accomplishment of discovery/innovation/creativity through producing /constructing creative works/new artefacts, effective solutions to real-life problems or new processes.

Learning and Teaching Activities (LTAs)

LTAs	Brief Description	CILO No.	Hours/week (if applicable)	
1	Lectures, in-class discussions	Students will engage in lectures including case studies, videos, various learning aids, etc., to learn and apply the key concepts in real-world situations.	1, 2, 3, 4, 5, 6	3 hours lecture per week
2	Assignments, Group projects/ Case studies	Students will participate in group projects/case studies and assignments to discover and innovate through the use and evaluation of asset management strategies.	1, 2, 3, 4, 5, 6	

Assessment Tasks / Activities (ATs)

	ATs	CILO No.	Weighting (%)	Remarks ("-" for nil entry)	Allow Use of GenAI?
1	Assignments	1, 2, 3, 4	20	For Assignments and Group Project, students can use Generative Artificial Intelligence Tools to help them understand the concepts/ questions/ problems, or analyze data. But the final version must be their own work, e.g., students cannot copy and paste the AI answers as their own answers.	Yes
2	Group projects/ Case studies	1, 2, 3, 4, 5, 6	30	For Assignments and Group Project, students can use Generative Artificial Intelligence Tools to help them understand the concepts/ questions/ problems, or analyze data. But the final version must be their own work, e.g., students cannot copy and paste the AI answers as their own answers.	Yes

Continuous Assessment (%)

50

Examination (%)

50

Examination Duration (Hours)

2

Additional Information for ATs

Assignments: To enhance students' understanding of the key concepts and theories covered in the lectures.

Students will discover the basics of active asset management strategies and tools to evaluate performance and manage risk.

Group projects/Case studies: Students will implement and analyze a particular investment strategy based on real data. This is the key step in developing students' abilities and skills to discover and innovate.

The final examination: It covers topics in lectures and in-class discussions, will reveal students' accomplishments in discovery and innovation.

Students are not allowed to use Generative Artificial Intelligence Tools in the final examination.

Assessment Rubrics (AR)

Assessment Task

Assignments (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

Based on performance on take-home problem sets.

Excellent

(A+, A, A-) Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.

Good

(B+, B, B-) Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.

Fair

(C+, C, C-) Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.

Marginal

(D) Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.

Failure

(F) Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited or irrelevant use of literature.

Assessment Task

Group projects / case studies (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

Based on project write-up.

Excellent

(A+, A, A-) Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.

Good

(B+, B, B-) Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.

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Marginal

(D) Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.

Failure

(F) Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited or irrelevant use of literature.

Assessment Task

Final Examination (for students admitted before Semester A 2022/23 and in Semester A 2024/25 & thereafter)

Criterion

Based on 2-hour final exam.

Excellent

(A+, A, A-) Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.

Good

(B+, B, B-) Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.

Fair

(C+, C, C-) Student who is profiting from the university experience; understanding of the subject; ability to develop solutions to simple problems in the material.

Marginal

(D) Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.

Failure

(F) Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited or irrelevant use of literature.

Assessment Task

Assignments (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

Based on performance on take-home problem sets.

Excellent

(A+, A, A-) Strong evidence of original thinking; good organization, capacity to analyse and synthesize; superior grasp of subject matter; evidence of extensive knowledge base.

Good

(B+, B) Evidence of grasp of subject, some evidence of critical capacity and analytic ability; reasonable understanding of issues; evidence of familiarity with literature.

Marginal

(B-, C+, C) Sufficient familiarity with the subject matter to enable the student to progress without repeating the course.

Failure

(F) Little evidence of familiarity with the subject matter; weakness in critical and analytic skills; limited or irrelevant use of literature.

Assessment Task

Group projects / case studies (for students admitted from Semester A 2022/23 to Summer Term 2024)

Criterion

Based on project write-up.

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Part III Other Information

Keyword Syllabus

Active Asset Management, Portfolio Construction, Performance Evaluation, Backtesting Strategies, Equity Valuation and Discretionary Equity Investing, Quantitative Equity Strategies, Macro Strategies, Event-Driven Arbitrage, Fixed-Income Arbitrage, Managed Futures

Reading List

Compulsory Readings

Title	
1	Efficiently Inefficient: How Smart Money Invests and Market Prices are Determined, by Lasse H. Pedersen, Princeton University Press.

Additional Readings

Title	
1	Investments, by Zvi Bodie, Alex Kane, and Alan J. Marcus, McGraw-Hill.
2	Fixed Income Securities: Tools for Today' s Markets, 3rd Edition, University Edition, by Bruce Tuckman and Angel Serrat, Wiley.
3	Asset Management: A Systematic Approach to Factor Investing, by Andrew Ang, Oxford University Press.