

University of Pretoria Yearbook 2021

Hedge fund design and management 816 (GIJ 816)

Qualification	Postgraduate
Faculty	Gordon Institute of Business Science
Module credits	6.00
NQF Level	09
Prerequisites	No prerequisites.
Contact time	21 Hours
Language of tuition	Module is presented in English
Department	Gordon Institute of Business Science
Period of presentation	Semester 1 or Semester 2

Module content

In contrast to a long only fund trying to beat the market, a hedge fund has the task of having its long portfolio beat its short portfolio. The benefit of being able to have a negative exposure to shares, allows for two major advantages a hedge fund has over vanilla long only funds: The first is the ability of the short portfolio to be the source of funding for the long portfolio - thus the strategies can be self-funding. The second is that by careful choice of the weights of constituent stocks, the hedge fund can be made neutral, not only to the market itself, but also to several macro-economic factors. This elective teaches students how to select stocks for both long and short portfolios, how to choose weights so as to make it market and factor neutral, and finally, how to manage the whole hedge fund, managing risk on a day to day basis.

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