

To: Members of the GSB Curriculum Committee
From: Kevin R. Mirabile
Re: Proposed Specialization in Alternative Investing at GSB (Final Draft)
Date: September 23, 2012

The Gabelli School of Business is in a unique position to create a specialization in “Alternative Investing” that will allow our students to gain knowledge in a specialized field and compete more effectively for jobs related to the growing areas of private equity, venture capital, real estate investment management, and hedge fund investing. The specialization in Alternative Investing will be modeled along the lines of our successful value-investing program, requiring three courses including a capstone course.

The specialization will require one new course, “Alternative Investment Strategies,” which will act as a capstone experience for the specialization or will be an advanced course for interested students. It will cover Real Estate, Venture Capital, and Hedge Fund Investing differently than in our current course offerings, and it will also examine additional topics such as Commodities, Private Equity, and Hard Assets. The class will be co-taught by 4 professors who have substantial commercial experience. Students undertaking an AI Specialization will be required to take two of the basic courses described below, plus Alternative Investment Strategies, for a total of three. {Note – in the future, the finance area may offer other basic courses in the AI spectrum that do not currently exist. If so, the area may allow such a course to be one of the two that must be taken, in addition to the capstone course, to complete the Specialization. }

This specialization would be unique among area universities and offer our students a competitive advantage when interviewing for positions in the field. The metro area is one of the leading locations in the world for alternative investment firms and as such provides us with a well-established target audience for promoting our students who complete the program. Student demand for this specialization comes from students who want to learn more about the “alternative investing field” and from those who wish to satisfy potential employers who are asking for validation that they understand alternative investments in addition to traditional securities and investing concepts.

PLEASE NOTE :

In the description below of the new AI Specialization course, there is only a single course as a prereq. The reason is that since the AI initiative is beginning this month, the finance area thought that more prereqs might result in too few students. In the second year, spring 2014, the number of prereqs would likely increase to 3 courses in a logical way (where not all 3 would be in the direct AI area). Similarly, the level of the AI Strategies course will be higher in 2014. Instructors in spring 2013 will be aware that not all students will have taken some of the earlier courses. They will be sure that the material covered is different and more advanced than what was offered in earlier courses, but instructors will also review material so that students without those other courses will be able to achieve a meaningful educational experience. Enrollment for spring 2013 will be open to students, while for spring 2014 we may have an admittance procedure similar to the one used for the Value Investing Specialization. If needed, this change will be brought before the GSB Curriculum Committee next year.

The new capstone course and the specialization being proposed will be the part of a larger alternative-investing program at GSB. The broader program will be focused on exposing our students to the unique issues and opportunities related to the field of alternative investing and raising our external profile in the field. The broader program will include a student lead alternatives club, job placement support, a speaker series and perhaps some commercial opportunities for the university or our students.

The scope of the full program will include the following features and proposed time line:

- Student lead Alternative Investment Club offered as part of the Finance Society starting in fall 2012.
- New course, Alternative Investing Strategies, added for the spring 2013.
- Coordination of internships and job placement support with hedge funds, private equity, real estate and venture capital funds located in the New York Metro area, starting in the spring of 2013.
- Creation of commercial surveys and database products to brand the program and generate fees using student resources starting in the fall 2014 using current students and leveraging graduates.
- A Gabelli “Alternatives Specialization” will be available GSB students graduating in 2013 and beyond who have completed the three-course program.

The following sections provide a short description of each part of the program and some comments about the program’s overall coordination.

Student “Alternative Investing Club”

The specialization will be supported by a student run and faculty advised “Alternative Investment Society”. This club will facilitate guest speakers from each of the respective industries and will work closely with the Professors to identify additional learning and skill set training or networking in each of the alternative industries.

Courses in the Specialization

FNBU XXX – ALTERNATIVE INVESTING STRATEGIES

The new course, “Alternative Investment Strategies” would be a 15-week course at Gabelli that incorporates a wider range of asset classes and more depth related to asset allocation than our current classes in Real Estate, Venture Capital and Hedge Funds. The course will be delivered in five modules, one related to Hedge Funds, Real Estate, Commodities, Venture Capital / PE, and Hard Assets or another alternative asset class. The class will be co-taught by 4 professors who

have substantial commercial experience. The course will include guest speakers and a research project designed to facilitate learning and pull together a student's knowledge related to alternative investments. Prior to enrolling, students will need to have taken a least one of the following 6 courses: Real Estate Finance; Venture Capital; Hedge Fund; Futures and Options Mkt's; Portfolio Mgm't or Quantitative Portfolio Mgm't.

(The proposed syllabus is included as Attachment 1)

FNBU 3447 - REAL ESTATE FINANCE

This course is in the valuation and financial structuring of real estate. It discusses the major factors affecting the real estate market, including general tax and depreciation policies. It covers the roles of principal lending institutions, mortgage banks and investment banks in real estate lending, syndications and partnerships are presented. The course also surveys the real estate-related securities and their markets.

FNBU 4456 - ST: VENTURE CAPITAL

This course introduces the cyclical venture-capital process, and examines it from the viewpoint of entrepreneurs, venture capitalists, and investors. Topics include raising venture capital, structuring venture capital partnerships, and key issues in evaluating stage companies, including exit alternatives, intellectual property, and patent issues.

FNBU 4455 - ST: HEDGE FUND

This is an introductory course designed to provide students with an overview of the alternative investment business and in particular Hedge Fund Investment Management. The course will survey the rationale for investing in Hedge Funds from an academic and a practitioner's perspective. The course will explore the benefits of including alternative investments and hedge funds in traditional portfolios and asset allocation models from both an individual and institutional investors perspective. Students will learn about building blocks of alternative investments such as leverage, short selling and derivatives. They will also learn perform detailed rate of return and risk assessment on a wide range of the most popular hedge fund strategies and styles, including long/short equity, global macro, quantitative trading, credit arbitrage, convertible arbitrage, risk arbitrage and distressed investing.

Internships and Job Placement

The specialization will be supported by individual Professor and administration efforts to communicate the objectives and content of the program to wealth, asset management and hedge fund employers. The goal will be to create some transparency around skill sets, knowledge of alternatives and competencies of our students that employers in the alternative investment will be able to relay upon.

Commercial Opportunities

A successful program that includes a specialization, a student run society and an active placement program will inevitably lead to commercial opportunities for the University to run conferences and create research projects that are desired by alternative investment market practitioners.

The program could be introduced in the fall of 2012 with a kick-off event, visits to pre-requisite core or electives in financial management, portfolio management, international investing or any of the alternative electives plus announcements at Finance Society meetings.

Overall Coordination

Initially, one coordinator for the specialization would be established to promote the specialization, approve students, to establish pre-requisites, to assist scheduling and to lead the co-teaching effort associated with the new course offering. The coordinator could be rotated every few years or each year depending on schedules.

Attachment 1 - **DRAFT Syllabus**

Alternative Investment Strategies

Week/Topic

1. Overview of Course, Discussion of the Role of Alternative Investments in Asset Allocation, and Overview of Research Project, (Professor Mirabile)
2. What are Hedge Funds and how do they work? (Professor Mirabile)
3. Advanced Concepts and Trading Strategies
4. Current Issues and Challenges / Exam 1 or Research Assignment – Hedge Funds
5. What is Commodity Investing and how does it work? (Professor Haigh)
6. Concepts and Trading Strategies
7. Current Issues and Challenges / Exam 2 or Research Assignment - Commodities
8. What is Venture Capital and Private Equity Investing and how does it work? (Professor Perlin)
9. Case Study related to VC or PE Investing
10. Current Issues and Challenges / Exam 3 or Research Assignment – Venture Capital

11. What is Real Estate Investing and how does it work? (Professor McCarthy)
12. Case Study related to Real Estate Investing
13. Current Issues and Challenges / Exam 4 or Research Assignment - Real Estate
14. Hard Assets, Art, and other Alternative asset class (Professor Mirabile)
15. Asset Allocation / Due Diligence / Exam 5 or Research Assignment Due (Professor Mirabile)

The course will have 5 exams / research assignments worth 15% each and one final team research assignment worth 25% of the course grade.