



CERTIFIED HEDGE FUND PROFESSIONAL

CHP LEVEL 2 – PORTFOLIO ANALYTICS STUDY GUIDE



Sponsored by the Hedge Fund Group (HFG)

CERTIFIED HEDGE FUND PROFESSIONAL (CHP) STUDY GUIDE

Please use study guide to assist in preparation for the CHP Level 2 – Portfolio Analytics designation exam. The CHP program is rigorous and continually improved to ensure that it is practical, current, and valuable to both participants and employers.

Registration for the CHP program is open year round with examinations offered every quarter. Admittance to exam dates is limited to the first 150 professionals.

The content of the CHP Level 2 – Portfolio Analytics Study Guide as follows:

- I. Hedge Fund Group (HFG) Overview**
- II. CHP Level 1 & Level 2 Details**
- III. CHP Level 2 Portfolio Analytics Timeline**
- IV. CHP Level 2 Portfolio Analytics Exam Preparation**
- V. Required Reading**
- VI. Keywords**
- VII. Sample Questions**
- VIII. Frequently Asked Questions (FAQ)**

I. HEDGE FUND GROUP (HFG) OVERVIEW



The Certified Hedge Fund Professional (CHP) exam is sponsored by the Hedge Fund Group (HFG), the largest international hedge fund association in the world with 100,000+ members. Members include multi-billion dollar hedge funds, hedge fund analysts, professors, consultants, third party marketers, prime brokerage professionals, and some of the leading hedge fund service providers in the industry.

The HFG has over 50 Hedge Funds and Fund of Hedge Funds professionals on its Advisory Board. The group continues to attract new members, some of whom will join the Board of Advisors who oversee the CHP Designation Program.

II. CHP LEVEL 1 & LEVEL 2 DETAILS



The CHP Designation Program is a 100% online continuing education course. The CHP consists of two levels of testing, Level 1 and Level 2. Level 1 certifies that you have mastered a certain breadth and depth of hedge fund industry knowledge to help you excel within your current hedge fund position or enter the hedge fund industry.

Level 2, a more advanced certification, provides coursework and training in a specific area of the hedge fund industry such as due diligence, marketing/sales, investor relations, or analytics. While completing Levels 1 & 2 is not required to be considered a CHP Alumni, you must complete Level 1 before registering for or taking the exam for any Level 2 module.

4 STEP CERTIFICATION PROCESS



III. CHP LEVEL 2 PROGRAM TIMELINE

Registration for the CHP program is open year round, and examinations are held annually on the 10th of each month.

After passing the examination for CHP Level 1, you are welcome to schedule your examination date. There is no deadline to schedule your examination, and you can take as long as you need. Simply reply to the examination results email from Level 1, or the Welcome email for Level 2 to select your examination date.

Please note that, as with Level 1, the deadline to select your exam date is the 2 weeks before the examination date. For example, to schedule yourself for the January 10th examination date, an email, phone call, or chat message must be received by December 27th with a request to sit for the January 10th exam.

Here are the examination dates and scheduling deadlines each year:

EXAM DATE:	SCHEDULING DEADLINE:
January 10th	<i>December 27th</i>
February 10th	<i>January 27th</i>
March 10th	<i>February 24th</i>
April 10th	<i>March 27th</i>
May 10th	<i>April 26th</i>
June 10th	<i>May 27th</i>
July 10th	<i>June 26th</i>
August 10th	<i>July 27th</i>
September 10th	<i>August 27th</i>
October 10th	<i>September 26th</i>
November 10th	<i>October 27th</i>
December 10th	<i>November 26th</i>

After the examination is completed, answers are graded and results are sent out within one month. Results will be sent via email on the 10th of the following month.

IV. CHP LEVEL 2 – PORTFOLIO ANALYTICS: EXAM PREPARATION



Candidates should purchase all the reading materials and follow the outline provided within this study guide. The keywords provide some additional ideas on what to pay attention to within the readings, but they do not cover everything that will be on the exam. The CHP exams are conceptual in nature and require more of an understanding than a great ability to memorize facts, figures or calculations.

Preparation time required for this exam depends on each candidate’s current knowledge, experience, reading speed and comprehension. We suggest 75-100 hours of reading /study time to prepare for the exam.

The Level 2 Analytics exam is offered 100% online, allowing you to complete the exam from your place of work or from home as long as you have a reliable internet connection. To complete the exam in the allotted two hour time frame requires mastery of the core concepts covered in the required readings as well as mastery of main ideas which are tested within an essay format.

Those who have not read the required material may have difficulty in completing the exam within the 2 hour time limit and achieving a score of 80% or better on the test.

ADDITIONAL RESOURCES

A BA II Plus Professional Financial Calculator is suggested.

CHP LEVEL 2 EXAM AND COMPLETION OF THE CERTIFICATION

All CHP candidates must pass the Level 1 exam before attempting the Level 2 exam. Completion of both Level 1 and Level 2 is not required, however, to be a CHP Level 1 Designation holder.

LEVEL 2 PORTFOLIO ANALYTICS EXAM COMPOSITION

TOPIC	NUMBER OF QUESTIONS
Portfolio Characteristics of Various Hedge Fund Investment Strategies	20 Multiple Choice Questions
Risk Adjusted Performance Measures	20 Multiple Choice Questions
Asset Allocation	20 Multiple Choice Questions
Investment Risk Management	20 Multiple Choice Questions
Variable	2 Short Essay Questions

V. CHP LEVEL 2 PORTFOLIO ANALYTICS REQUIRED READING

A. REQUIRED READING LIST. Texts can be purchased anywhere and at <http://HedgeFundBookstore.com>.

1. Hedge Funds: Quantitative Insights by Francois-Serge Lhabitant, ISBN: 978-0470856673
2. Hedge Funds: An Analytical Perspective by Andrew W. Lo, ISBN: 978-0691132945
3. Investment Strategies of Hedge Funds by Filippo Stefanini, ISBN: 978-0470026274 (Already Purchased for CHP Level 1)
4. Free Supplemental Hedge fund Portfolio Analytics Notes provided by the Hedge Fund Group Upon Registration

VI. KEYWORDS

Skewness
Kurtosis
Covariance
Correlation
Diversification
Systematic Risk
Sharp Ratio
Standard deviation
Value at risk
Returns
Annual returns
Static returns
Expected returns
Holding period
Risk Premium
Risk Budgeting
Capital Asset Pricing Model
Efficient Frontier
Risk Free Rate
Capital Market line
Security Market line
Purchasing Power Parity
Arbitrage
Portfolio Optimization
Maximum Drawdown
Initial Margin
Alpha
Beta
Gamma
Omega
Sortino Ratio
Hurst Portfolio
Treyner Ratio
Calmar Ratio
Information Ratio
Liquidity Risk
Currency Risk
Reinvestment risk
Leverage risk
Parity
Delta Hedging
Call Protection
Conversion Price
Carry Trade
Forward Premium
Top Down Approach
Bottom Up Approach
Growth Investing
Value Investing
Momentum
130/30 Funds
Z-score
Gross exposure
Net exposure
Short selling
Naked Short Selling
Covered Short Selling
Stop loss
Manager Selection
Strategy Selection
Buy-Hold

VII. SAMPLE QUESTIONS

- 1.) Slope of capital allocation line is
- Treynor ratio and Sharp Ratio
 - Beta
 - Sharp Ratio**
 - Alpha
2. The risk associated when an investment manager takes a long position in convertible bonds hedged with an equivalent short position in risk free securities
- Positive gamma**
 - Positive delta
 - Duration risk
 - Volatility risk
- 3.) Which of the following are related to fixed income arbitrage trading strategies?
- Inter market spread trading
 - Gamma trading
 - Break-even Inflation Trade
 - Both A & C**
- 4.) A portfolio manager is short selling a stock what kind of risks he is exposed too?
- Equity Market risk
 - Short squeeze**
 - Liquidity risk
 - None of the above
- 5.) R-Square of a portfolio is 90%. This indicates:
- Portfolio moves in line with the market
 - Portfolio deviates from the index
 - Beta measured for portfolio is useful
 - Beta measured for portfolio is not useful

Which of the following above statements are correct?

- A & D
- B & C
- B & D
- A & C**
- None of the above

VIII. CHP PROGRAM FREQUENTLY ASKED QUESTIONS (FAQ)

Have more questions about the program? Please see our ever-expanding Frequently Asked Questions (FAQ) page of our website here:

<http://hedgefundcertification.com/FAQ.html>

Want to contact our team? You can reach us with our information below:

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