



FIN 692 | Alternative Investments: Perspectives From Practitioners

Klaas P. Baks, PhD

Professor in the Practice of Finance

Executive Director and Co-Founder, Emory Center for Alternative Investments

Goizueta Business School, Emory University

www.linkedin.com/in/klaasbaks | klaasbaks.com

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Introduction

[Course welcome video.](#)

Summary

Compared to traditional investments, such as public stock, public bonds, and cash, alternative investments represent the largest and fastest growing asset class in the world. Alternative investments include venture capital, private equity, real estate, hedge funds, and distressed securities. This class was designed specifically for executive MBAs interested in (i) how to start their own business, (ii) how to buy an existing business, (iii) how to invest in real estate, and (iv) how to optimize your personal investment portfolio. In addition this class is highly suitable for those students who have significant interaction with alternative asset managers. The class is divided into seminar-like sessions discussing (i) organization and strategy of the alternative investments industry, (ii) valuation, capital structure and term sheets, (iii) new venture financing, and (iv) deal structuring. The course is in a case/discussion format and is highly interactive. Four guest speakers will join us during the semester. Grading is based on class participation, three team-based case assignments and an optional final exam (PS option). This class is a product of the Emory Center for Alternative Investments (Emory CAI), a practically-oriented and research-driven institute, and the only such academic Center in the world.

Goals of the Course

The purpose of this seminar series is to give you exposure to alternative investment asset classes that are playing an increasingly important role in today's financial markets. After completing this course, you should have a basic understanding of alternative investment industry, deal structures and valuation for a broad range of transactions. You should also know the current institutional and contractual practices in the alternative investments industry, and understand how these practices are driven by the particular information and incentive problems faced by the key players.

Besides the academic course goals described above, this class features four parallel elements designed to advance students' career opportunities and apply students' knowledge outside the classroom (indeed, several students have executed on these elements using the concepts discussed in this class):

- *Buying a business.* This class features a practical framework for buying a business with minimal out-of-pocket cash requirements that can be executed by any student in the class.
- *Funding a new venture.* This class features a practical framework for funding a new venture.
- *Investing in real estate.* A practical framework to get started in real estate to create a passive income stream.
- *Optimize your portfolio.* This class features techniques to optimize your personal investment portfolio (including effective tax minimization strategies, asset protection, and estate planning).

Format

The course is primarily in a discussion format and is highly interactive. The sessions will be seminar-like in nature and will each feature an important area of alternative investments. A number of classes feature a guest speaker to provide expertise on the material discussed in class.

Pandemic Considerations & Content Delivery

This semester is unusual in that there is a pandemic. Consequently the class is taught remotely in a synchronous manner (with accommodations made for students who are not able to participate synchronously). To prepare for this delivery, the professors and TAs have had extensive preparation in online teaching methods and are prepared to teach this class remotely. We want to make our classroom community thrive no matter the classroom delivery method or your individual methods of participating in class.

To create an optimal class environment, class attendance is required. If you cannot attend class, please inform the TAs as soon as possible. Students are required to have their video cameras turned on during the class Zoom sessions (please inform the TAs as soon as possible if you are unable to do so).

We recognize that networking is a critical part of this class. We specifically set aside time for informal networking with guest speakers. We ask all guest speakers to spend an extra 15 to 30 minutes outside of class to answer questions and connect with students.

More than before, communication is of critical importance. If your situation changes regarding health, housing, or in any other regard with respect to your ability to participate in the class, please contact the professors or TAs as soon as feasible. It is easier for us to address your needs if we know about them as soon as they arise.

Despite the changed classroom delivery method, we are confident you will have a first rate class experience. We are on this journey together and we will help you succeed.

Materials

Most of the materials used in the course are business cases and other materials from various books, journals, and newspapers. All non-copyrighted class materials are made available through the class website located at classes.emory.edu. Case studies and other copyrighted class materials are made available through study.net and the Executive MBA Program Office.

Most of the reading materials used in the course originates from the following two books

- David P. Stowell: An introduction to investment banks, hedge funds and private equity
- Andrew Metrick & Ayako Yasuda: Venture capital and the finance of innovation

The other recommended book is "Buying a Small Business" by Ruback and Yudkoff.

Deliverables and Grading

Course grades are based on each individual's cumulative score relative to the rest of the class. The following elements determine one's score:

Case Reports (45 percent of overall grade): There are three case assignments. To execute the case assignments, students form into self-selected three person teams or partnerships at the beginning of the semester. Partnerships are expected to meet (in-person or virtually) to discuss and execute each team assignment. For each case, each partnership designates one person as "managing partner" (MP). The managing partner structure allows partnerships to efficiently allocate the work within the partnership, with the managing partner taking the lead on the case and the other members of the partnership supporting the managing partner. Each student must serve at least once as a MP. Since there are three cases, each partnership cannot have more than three members. Partnerships with less than three members need to complete all cases but can select (if any) which cases will have no MP at the end of the semester (as long as each member serves at least once as a MP). For each case, each partnership is expected to turn in a two-page report (plus up to three pages of supporting calculations) at the start of the class in which the respective case discussion takes place. A case score counts twice for the managing partner on that case.

Class Participation (15 percent of overall grade): Class participation is vital to the success of the course. For class participation, quality is better than quantity. You need not speak often; you need to speak thoughtfully. There are multiple opportunities for class participation, inside and outside of class. The main criteria is “Did you help other people learn?”

Methods to gain class participation include: attendance, quality of preparation and in-class responses, discussion boards on Canvas, volunteer presentations (if any), in-class exercises, and a student survey at the end of the semester in which each student can acknowledge those peers who contributed most to their learning and class experience.

Final Exam (40 percent of overall grade): There is a closed book in class exam reviewing the materials of the entire semester.

The exam is optional. For students who do take the exam, we compute a course grade both with and without the final, and then give the higher grade of the two. To prevent gaming, if the final exam is taken without serious effort we may void the final exam.

Summary: Summarizing the above, if you take the exam, your grade is based on the maximum of the two weighting schemes in the table below. If you do not take the exam, your grade is based on the right column in the table below.

Grading Element	Weights With Exam	Weights Without Exam
Class Participation	15%	25%
Case Assignments	45%	75%
Final Exam	40%	0%
<i>Maximum Grade</i>	<i>DS</i>	<i>PS</i>

Grade Distribution: The final grades in this course adhere to the Goizueta recommended grade distribution:

MBA Grade	Frequency
DS	15% - 20%
HP - DS	50% - 60%
PS	35% - 45%
LP and NC	0% - 5%

Contact Information & Office Hours

Prof. Klaas P. Baks PhD

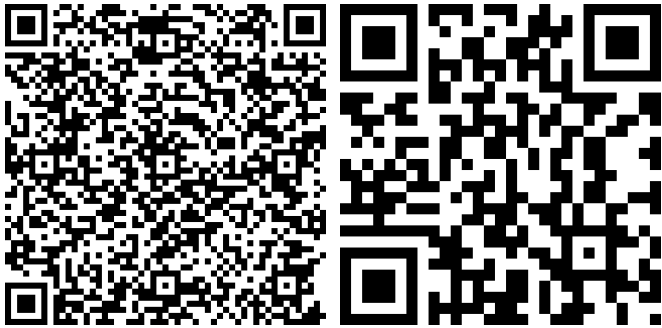
Email: financeprof@emory.edu

Phone: (404) 727-4752, Fax: (404) 727-5238

Office: GBS 506

Hours: For appointments please visit calendly.com/baks. If you are unable to find a suitable time, please contact Ms. Tanya Dickson.

Assistant: Ms. Tanya Dickson, (404) 727-7840, Office: GBS 532, tanya.dickson@emory.edu



Professor Bio

Klaas P. Baks PhD is a recognized thought-leader in the alternative investments industry. The combination of cutting-edge academic insights and leading industry practices forms the foundation of his investment ideas and research. An award-winning professor and a frequent speaker on topics related to alternative investments, investing and entrepreneurship, he is known for a unique ability to combine original and useful business content with an engaging and dynamic speaking style.

Dr. Baks is the Executive Director and Co-Founder of the Emory Center for Alternative Investments and a Professor in the Practice of Finance at Emory University's Goizueta Business School. The Emory Center for Alternative Investments is a global leader in the alternative investments industry.

Dr. Baks's research and teaching focuses on issues in alternative investments, entrepreneurial finance and investment management, and he has published papers in numerous academic and business journals, including the Wall Street Journal. He teaches courses in private equity, venture capital and entrepreneurial finance at Emory University and has been recognized by students and alumni with nine awards, including the Marc F. Adler Prize for Teaching Excellence awarded by alumni, the Donald R. Keough Award for Excellence, and the university's highest award for teaching excellence, the Emory Williams Distinguished Teaching Award.

Dr. Baks serves as director or advisor for over 13 companies and investment funds with over \$1.5 billion in assets under management, including American Virtual Cloud Technologies (NASDAQ: AVCT), Buckhead One Financial (fixed Income), Peachtree Hotel Group (real estate), TWO Capital Partners (real estate), and Vistas Media Acquisition Company (NASDAQ: VMAC). An active member of the Atlanta community, Dr. Baks serves on the board of the Michael C. Carlos Museum and the Investment Committee of the Westminster Schools Board of Trustees.

Prior to joining Emory University, Dr. Baks held positions at Fuji Bank in Tokyo, Japan, Deutsche Bank in Hong Kong and the International Monetary Fund in Washington DC.

Dr. Baks studied at the Wharton School at the University of Pennsylvania (PhD in Finance), Brown University (Master's in Economics), Groningen University (Master's in Econometrics, cum laude) and Leiden University (Diploma in Japanese Language and Business Studies). He spent two years at Harvard University as part of his doctoral research at Wharton on the performance of actively managed mutual funds.

Born and raised in the Netherlands, Dr. Baks resides with his wife and son in Atlanta, Georgia.