



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 over 66,000 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.

III. CHP LEVEL 2 PROGRAM TIMELINE

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.

Examinations are held online every 3 months on:

- January 10th
- April 10th
- July 10th
- October 10th

After registering for the CHP, you are welcome to schedule your examination date. *Please note that the deadline to select your exam date is the 6th of each examination month.* For example, to schedule yourself for the January 10th examination date, an email must be received by January 6th with a request to sit for the January 10th exam.

4 STEP CERTIFICATION PROCESS



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

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.

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	Expected returns
Kurtosis	Holding period
Covariance	Risk Premium
Correlation	Risk Budgeting
Diversification	Capital Asset Pricing Model
Systematic Risk	Efficient Frontier
Sharp Ratio	Risk Free Rate
Standard deviation	Capital Market line
Value at risk	Security Market line
Returns	Purchasing Power Parity
Annual returns	Arbitrage
Static returns	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
 - a. Treynor ratio and Sharp Ratio
 - b. Beta
 - c. Sharp Ratio**
 - d. 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
 - a. Positive gamma**
 - b. Positive delta
 - c. Duration risk
 - d. Volatility risk

- 3.) Which of the following are related to fixed income arbitrage trading strategies?
 - a. Inter market spread trading
 - b. Gamma trading
 - c. Break-even Inflation Trade
 - d. Both A & C**

- 4.) A portfolio manager is short selling a stock what kind of risks he is exposed too?

- a. Equity Market risk
- b. Short squeeze**
- c. Liquidity risk
- d. None of the above

5.) R-Square of a portfolio is 90%. This indicates:

- A. Portfolio moves in line with the market
- B. Portfolio deviates from the index
- C. Beta measured for portfolio is useful
- D. Beta measured for portfolio is not useful

Which of the following above statements are correct?

- a. A & D
- b. B & C
- c. B & D
- d. A & C**
- e. 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: <https://Certification.com/FAQ>

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

The Hedge Fund Group (HFG)
3300 NW 185th Ave, Suite 108
Portland, OR 97229
Office: 212-729-5067
Team@Certification.com