

## OIBUSY31– Successes & failures of Innovations in Finance

---

**Professor:** Christophe Baudry  
**Contact information:** cbaudry@fideas.fr

**Department:** International Affairs  
**Semester:** 2

**Course level:** L3 undergraduate  
**Domain:** Business & Management  
**Teaching language:** English  
**Number of in-class hours:** 33  
**Number of course sessions:** 10 + Exam  
**ECTS:** 6

---

### Course description and objectives

The objective of this course is to concretely evaluate the merits and mistakes of Innovations in Finance, herein defined as alternative investments, or alternative assets. Finance is a cemetery of failures as well as a podium of successes. Based on real-life experience, it aims at (i) granting students insight into the major non-traditional techniques (i.e excluding equities, bonds and cash) in Asset Management and Capital Markets and (ii) develop students' critical sense by questioning the useful nature of past and present Innovations in Finance.

The course will analyze the contributions, both from a financial and an extra-financial standpoints, of a variety of alternative asset classes and financial instruments: Hedge Funds strategies, Algorithmic & AI-based asset management, Structured Products, Crypto & currency assets, Real Assets, Private Equity and Private Debt, ESG management & Impact finance, Climate finance.

Emphasis will be put on behavior at times of crisis, enlightened by the Lecturer's direct experience of Lehman Brothers bankruptcy. Some finance professionals such as alternative portfolio managers and capital markets' players will share their personal experience with regards specific strategies and products.

### Prerequisites

Students are expected to be interested in strongly widening their financial culture, thinking 'out-of-the-box' and actively participating in class debates. They should be motivated by forming their own informed judgement and debating it in public with a disciplined and respectful attitude.

### Learning outcomes

The purpose of the course is to raise your awareness of alternative asset classes, understand how to measure their respective performances and risks and discuss their merits in absolute and relative terms. The course will encourage you to make and express your own personal opinion. It ambitions to go beyond strict financial value contribution of alternative asset classes by evaluating their extra-financial value, such as ESG considerations and contributions to global markets such as efficiency or access. Perception and evaluations of successes and failures highly depend on the analysis prism.

### Assignments and grading

Required case study preparation, class discussion participation and independent research. Graded 30% for collaborative group presentations, 30% for participation & attendance and 40% for the individual final exam.

The numerical grade distribution will dictate the final grade. The passing grade for a course is 10/20.

**Class participation:** Active class participation – this is what makes classes lively and instructive. Come on time and prepared. Class participation is based on quality of comments, not quantity.

**Exam policy:** In the exam, students will not be allowed to bring any document (except if allowed by the lecturer). Unexcused absences from exams or failure to submit cases will result in zero grades in the calculation of numerical averages. Exams are collected at the end of examination periods.

## Course structure

Session	Topic
1	<b>Objectives</b> of the course. <b>Measures</b> (Key Performance Indicators) of financial and extra-financial value contributions, common features of alternative investments: leverage, illiquidity, asymmetric risk-return profiles... <b>Overview</b> of historical successes & failures of alternative assets. <b>Resilience</b> and operational difficulties at times of severe crisis: the example of Lehman Brothers bankruptcy and related market dislocation.
2	<b>Hedge Funds strategies:</b> comprehensive review of families of strategies, assessment of their performance contributions and risk measures. Specific merits: which strategies have returned general interest value such as market efficiency and liquidity? <i>In-person contribution of Mattia Parolari, Fixed Income Strategist at Citigroup</i>
3	<b>Algorithmic &amp; AI-based asset management, High Frequency Trading:</b> review of active strategies and funds. Class discussion on the pros and cons of such strategies, notably from a systemic risk standpoint. <i>In-person contribution of Elyes Ben Bouzid, CEO of Quantsquare</i>
4	<b>Structured Products:</b> structuring of equity-linked institutional and retail products; securitized products (CDOs, CLOs). For who, for what? <i>In-person contribution of Jean-Marc Spitalier, Partner at Clerville Investment Management</i>
5	<b>Currency assets:</b> gold and cryptos. Specific merits (Decorrelation, ...). Participation of a crypto asset manager and class discussion on the pros and cons of such strategies. <i>In-person contribution of Stéphane Reverre, CEO &amp; founder of Sun Zu Lab</i>
6	<b>Private Equity and Private Debt:</b> comprehensive review of families of strategies, performance and risk metrics & drivers, bias and specific contributions to the real economy financing. Focus on Technology funds. <i>In-person contribution of Hélène Falchier, Partner at Portage Ventures</i>
7	<b>Real assets</b> - real estate, infrastructure (including mobile infrastructure), commodities, collectibles – and their financial developments: securitization (CMBS, RMBS), collateralization. <i>In-person contribution of Jeanne Bastien, Managing Partner of Milos Capital</i>
8	<b>ESG, Sustainable &amp; religious management, Impact investing</b> : an history and review of ethical finance. Distinguishing ESG-washing from ESG-efficient financial techniques. Class discussion on the pros and cons of such strategies. <i>In-person contribution of Jeanne Gohier, Head of Finance &amp; Climate Research at Fideas Capital</i>
9	<b>Climate Finance.</b> Climate transition, Decarbonization, Biodiversity protection: objectives and tools. Attempted solutions to the “ultimate issue”: can Finance “save the world”? Participation of a climate finance asset manager & research team. <i>In-person contribution of Jeanne Gohier, Head of Finance &amp; Climate Research at Fideas Capital</i>

<b>10</b>	<b>Conclusions:</b> successes & failures of Innovations in Finance. Lessons from the past and present to innovate in the future.
<b>11</b>	<b>Final Exam</b>

## Bibliography

- Kent Baker, H. and Filbeck, Greg (2013). Alternative Investments: Instruments, Performance, Benchmarks and Strategies. John Wiley & Sons
- Bernstein, Peter L. (December 1991). Capital Ideas: The Improbable Origins of Modern Wall Street. (May 2007) Capital Ideas: Evolving.
- Taleb, Nassim Nicholas (2009). Fooled by Randomness: The Hidden Role of Chance in Life and in the Markets.
- Lowenstein, Roger (2001). When Genius Failed : The Rise And Fall Of Long-Term Capital Management
- Henderson, B. J., & Pearson, N. D. (2011). The dark side of financial innovation: A case study of the pricing of a retail financial product. Journal of Financial Economics.
- Drei, Angelo and Le Guenedal, Théo and Lepetit, Frederic and Mortier, Vincent and Roncalli, Thierry and Sekine, Takaya, ESG Investing in Recent Years: New Insights from Old Challenges (2019).
- Hand, D., Sunderji, S., Pardo, N. (2023) GIINSight 2023: Emerging Trends in Impact Investing. The Global Impact Investing Network (GIIN).
- So, I., and Staskevicius, A. (2015). Measuring the 'Impact' in Impact Investing, Harvard Business School Report.
- Coqueret, G. (2021). Perspectives in sustainable equity investing, EMLYON Business School

## Lecturer's biography

Throughout a career spanning 29 years in the financial industry, Christophe Baudry has continuously been performing in complex and multicultural environments, covering a wide spectrum of asset classes and financial instruments.

As a Managing Director and Head of Global Markets Sales for French-speaking countries within prominent investment banks such as Lehman Brothers and Nomura, he had led Capital Markets teams servicing institutional investors across nearly all asset classes. Focusing primarily on business origination, clients' relationships and team management, he developed an extensive know-how in investment management, client servicing, team and business management.

Throughout his investment banking career, Christophe has been active in Equities and Equity Derivatives, Structured Products, Private Equity funds, Hedge funds, Rates, Credit and fixed income derivatives, Islamic commodity Finance. He has witnessed throughout the unprecedented bankruptcy of Lehman Brothers each asset class resilience or dislocation in a major distressed situation.

Post his Banking career, Christophe has been active as a partner in Asset Management and Advisory, notably in the fields of Artificial Intelligence-based alternative equity, in ESG & impact finance, in Quantitative asset management and more recently in Climate finance.

Christophe holds a Master's degree in Corporate Finance and Capital Markets from the Paris Institute of Political Studies (Sciences-Po Paris), and is graduated from Sciences-Po Paris.

## Moodle

This course is on Moodle: **XXX**

## Academic integrity

Be aware of the rules at Université Paris Dauphine about plagiarism and cheating during exams. All work turned in for this course must be your own work, or that of your own group. Working as part of a group implies that you are an active participant and fully contribute to the output produced by that group.