
Hedge Fund Manager Selection Course: Due Diligence, Risk and Fees

26 – 30 April 2027
Rome





Hedge Fund Manager Selection Course: Due Diligence, Risk and Fees

Ref: 733_35396 Date: 26 – 30 April 2027 Location: Rome Fees: 5500 GBP

Programme Summary

Hedge fund manager selection is the subject of this one-week training course for chief investment officers, allocators, and portfolio and risk heads at strategic level, ending in a manager selection file for one hedge fund candidate. Allocators often rank funds on past returns while operations and fee terms receive less scrutiny. The programme moves from strategy classification to due diligence, risk and performance review, fee and liquidity terms and continuing oversight. Mars Training Centre UK delivers this programme on hedge fund manager selection to mixed-organisation cohorts.

The Business Case

Investors who classify strategies consistently, test operations before they commit and read fee and liquidity terms against their own needs can explain each allocation to an investment committee and reduce the chance of surprises after funding.

- Risk Exposure: Falls as concentration, leverage and operational weaknesses are found before allocation.
- Net Return Quality: Improves as fee structures and performance sources are examined rather than headline results.
- Governance Quality: Strengthens as decisions and monitoring are recorded in a form that committees can review.

Principles and Evidence Base

- Strategy Classification: Groups long/short equity, global macro, event-driven, relative value and managed futures by how they earn returns, used in Sessions 1 and 2.
- Manager Due Diligence Review: Tests investment process, people, operations and service providers in a fixed order, used in Sessions 2 and 3.
- Performance Attribution: Separates market exposure, manager skill and fees in reported results, used in Sessions 3 and 4.
- Liquidity and Fee Term Analysis: Compares lock-ups, redemption rights and fee mechanics with the investor's own needs, used in Session 4.

Intended Participants

- Chief investment officers who decide whether hedge funds belong in a portfolio and in what size.
- Allocators who shortlist and recommend external managers to an investment committee.
- Risk heads who review exposure, leverage and liquidity across external holdings.
- Portfolio leaders who monitor managers after funding.



Typical settings include pension funds, family offices, insurers and endowments.

Learning Outcomes

1. Participants will be able to classify hedge fund strategies by return source, risk and capacity.
2. Participants will be able to construct a due diligence plan covering process, people, operations and service providers.
3. Participants will be able to diagnose weaknesses in reported performance using attribution and risk measures.
4. Participants will be able to evaluate fee, liquidity and redemption terms against an investor's own constraints.
5. Participants will be able to prioritise monitoring triggers and design an escalation path for existing managers.
6. Participants will be able to justify a manager selection file to an investment committee.

Programme Structure

Day 1: Hedge Fund Manager Selection: Strategies and Role in the Portfolio

Which strategies earn returns in ways the portfolio lacks, and how are they told apart?

- Strategy Family Map
- Return Source Breakdown
- Portfolio Role Statement
- Capacity and Crowding Check
- Manager Universe Screen

Day 2: Investment Process and Team Review

How does a manager make decisions, and is the process repeatable without one person?

- Investment Process Questionnaire
- Idea Generation Trace
- Key Person Dependency Grid
- Reference Call Guide
- Track Record Reconstruction

Day 3: Operational Due Diligence and Risk

What could fail outside the trading book, and how much risk is the manager taking?

- Operational Due Diligence Checklist
- Service Provider Review Sheet
- Valuation and Custody Test
- Exposure and Leverage Dashboard
- Stress Scenario Table



Day 4: Performance, Fees and Liquidity Terms

Is the reported result worth its cost, and can capital be recovered when needed?

- Attribution Worksheet
- Fee Mechanics Comparison
- High-Water Mark Illustration
- Redemption Terms Matrix
- Side Pocket and Gate Review

Day 5: Selection File for One Hedge Fund Candidate

Do the earlier tools support one decision that a committee can approve and monitor?

- Applying the Session 1 Portfolio Role Statement
- Testing the Session 2 Key Person Dependency Grid
- Reviewing the Session 3 Exposure and Leverage Dashboard
- Checking the Session 4 Redemption Terms Matrix
- Completing the Manager Selection File

Methodology

The programme uses a structured exercise built on one prepared hedge fund case with a presentation, a track record, a due diligence questionnaire and a draft set of fund terms. Participants record each decision and compare results in small groups before applying the same tools to a candidate from their own portfolio.

- Suggested activity: Sorting a list of funds into strategy families and naming the return source of each.
- Suggested activity: Reviewing a set of fund terms and marking clauses that restrict redemption.
- Suggested activity: Role-playing a manager meeting with a prepared list of challenge questions.

Capstone Output

Each participant completes a manager selection file for one hedge fund candidate. It holds a portfolio role statement, a due diligence record, an exposure summary, an attribution note, a fee and redemption comparison and a monitoring plan. The file is used at work to brief an investment committee and to set the first review after funding.

Frequently Asked Questions

Is hedge fund manager selection suitable for investors with no direct hedge fund experience?

Yes. Hedge fund manager selection is taught through a worked case and templates. It assumes some experience of investment or risk decisions, but no earlier role in selecting managers.



Which methods does hedge fund manager selection rest on?

Hedge fund manager selection rests on strategy classification, a manager due diligence review, performance attribution and a liquidity and fee term analysis.

How is the file from hedge fund manager selection used at work?

You use the manager selection file to brief your investment committee, record why a hedge fund was chosen and set monitoring triggers for the first review after funding.

How does hedge fund manager selection differ from general portfolio management?

Hedge fund manager selection teaches how to classify strategies, test operations and read fund terms for one external manager, while general portfolio management concentrates on asset allocation across a whole portfolio.