C30SX Risk Management and Derivatives

**COURSE DETAILS**

- **Course Code:** C30SX
- **Full Course Title:** Risk Management and Derivatives
- **SCQF Level:** 10
- **SCAF Credits:** 15
- **Available as Elective:** Yes

**DEVELOPMENT LEVEL**

- **Undergraduate:** Yes
- **Postgraduate Taught:** No
- **Postgraduate Research:** No

**Additional Information:**

**COURSE AIMS**

The aim of this course is to develop an in-depth understanding of security analysis and derivatives applications in portfolio and risk management.

**LEARNING OUTCOMES – SUBJECT MASTERY**

- understand and explain the various types of risk faced by various financial institutions;
- understand and critically appraise the various strategies involved in risk management practices (financial engineering);
- appraise the shortcomings of Black-Scholes option pricing model and master knowledge of methods of using these shortcomings;
- understand derivatives of options (the Greeks) and their uses.
- assess the effect of changing volatility in creating 'smiles' in B/S implied volatility estimates;
- describe the various uses of derivatives in dynamic asset allocation, portfolio insurance, hedging, executive compensation and banking
- critically evaluate relevant information gathered from a variety of sources.

**LEARNING OUTCOMES – PERSONAL ABILITIES**

- discuss real options (e.g., corporate capital investment projects) and their evaluations.
- discuss the determinants of portfolio performance.
- understand bond portfolio management and the determinants of bond prices.
- critically appraise security analyses (fundamental v. technical) versus asset allocation.
- define, explain, discuss and critically appraise relevant subject issues in individual and group efforts.
- write well-constructed essays using well-balanced arguments;

**SYLLABUS**
C30SX Risk Management and Derivatives

Based on a collection of articles from both academic and practitioner orientated journals covering the areas mentioned in 'subject mastery' below.

<table>
<thead>
<tr>
<th>COURSE RELATIONSHIPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Course Code</td>
</tr>
<tr>
<td>------------</td>
</tr>
<tr>
<td>C39CE</td>
</tr>
<tr>
<td>C39SN</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LOCATION AND ASSESSMENT METHODS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edi</td>
</tr>
<tr>
<td>-----</td>
</tr>
<tr>
<td>Y</td>
</tr>
<tr>
<td>Y</td>
</tr>
</tbody>
</table>