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

DELIVERY LEVEL
Undergraduate: Yes
Postgraduate Taught: No
Postgraduate Research: No

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
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>