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

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.

### COURSE RELATIONSHIPS

<table>
<thead>
<tr>
<th>Course Code</th>
<th>Level</th>
<th>Title</th>
<th>School</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>C39CE</td>
<td>9</td>
<td>Managing Corporate Value</td>
<td>School of Mgmt &amp; Languages</td>
<td>Pre-Requisite</td>
</tr>
<tr>
<td>C39SN</td>
<td>9</td>
<td>Financial Derivatives</td>
<td>School of Mgmt &amp; Languages</td>
<td>Pre-Requisite</td>
</tr>
</tbody>
</table>

### LOCATION AND ASSESSMENT METHODS

<table>
<thead>
<tr>
<th>Edi</th>
<th>SBC</th>
<th>Ork</th>
<th>Dub</th>
<th>Malay</th>
<th>IDL</th>
<th>COLL</th>
<th>ALP</th>
<th>OTH</th>
<th>Method</th>
<th>Weight</th>
<th>Exam Mins</th>
<th>Type</th>
<th>Diet</th>
<th>Synoptic Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Coursework</td>
<td>30</td>
<td>Assessment</td>
<td>Semester 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Examination</td>
<td>70</td>
<td>120</td>
<td>Assessment</td>
<td>Semester 1</td>
<td></td>
</tr>
</tbody>
</table>