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

### COURSE RELATIONSHIPS

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<tr>
<th>Course Code</th>
<th>Level</th>
<th>Title</th>
<th>School</th>
<th>Type</th>
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<td>C39CE</td>
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<td>Managing Corporate Value</td>
<td>School of Mgmt &amp; Languages</td>
<td>Pre-Requisite</td>
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<td>Financial Derivatives</td>
<td>School of Mgmt &amp; Languages</td>
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### LOCATION AND ASSESSMENT METHODS

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<th>Edi</th>
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