MN5608 – Risk Management

Module Type/Semester: Option (20 credits), Semester 2

Module Co-Ordinator: Dr Song Zhang

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AIM:
The last two decades have witnessed a spectacular change and growth in financial markets (equity markets, foreign exchange markets, Euromarkets and international bond markets). This has brought a new breed of investors that see the role of managers as enhancing their shareholder value and protecting their wealth from potential risk. One of the challenging tasks of managers in recent years has been to manage the exposure to risks that arises from corporate decisions. Recent years have witnessed a resurgence of mergers, acquisitions and take-overs. This brought about new ways of financing such activities with project evaluation, funding and hedging being considered together. The principal aim of this module is to provide an introduction to managing the exposure to risk and to apply relevant theories to realistic financial decision problems. This course will also deal with risk management in private organisations and their importance in the decision making process.

Method of Teaching and Learning:
One two-hour lecture per week, and tutorials/seminars.

Learning Outcomes:
By the end of the course, participants should be able to:

- Understand the conceptual building blocks of financial derivatives
- Analyse and measure Market Risk
- To Hedge Market Risk with Derivatives
- Use Value at Risk

Indicative Topic Outline:
- Options, Futures and Other Derivatives
- Futures Markets
- Futures Valuation
- Options markets
- Option Valuation
- Swaps
• Hedging market risk with derivatives
• Analysing risk
• Value-at-Risk

ASSESSMENT:
• Exam (50%)
• Class Test (25%)
• Group Essay (25%)

DELIVERY:
Lectures: Pre-recorded lectures followed by live question & answer sessions (Eleven 2-hour sessions)
Tutorials: Live tutorials (each session: 1-hour tutorial for each group)
Office hours: TBC (2 hours per week)

READING LIST:


Course descriptions apply to the period of dual-mode delivery in the academic year 2020/21. Organisation of courses may be subject to change without notice.