



## **FI5608 – 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:**

Lectures and tutorials.

### **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: Eleven 2-hour lectures

Tutorials: Six 1-hour tutorials

Office hours: TBC (2 hours per week)

**READING LIST:**

Hull, J. C. (2017). *Fundamentals of Futures and Options Markets*, Pearson. 8th Edition (Main Textbook)

Hull, J. C. (2018). *Risk Management and Financial Institutions*, Wiley. 5th Edition (Main Textbook)

*Organisation of courses may be subject to change without notice.*