

## ALTERNATIVE INVESTMENTS AND DERIVATIVES

<b>Course code</b>	<i>GRAE033</i>
<b>Course title</b>	<i>Alternative investments and Derivatives</i>
<b>Type of course</b>	<i>Compulsory</i>
<b>Level of course</b>	<i>Advanced</i>
<b>Department in charge</b>	<i>Graduate school</i>
<b>Year of study</b>	<i>1<sup>st</sup></i>
<b>Semester</b>	<i>2<sup>nd</sup></i>
<b>Number of credits</b>	<i>6 ECTS; 36 hours of class work, 124 hours of self-study, 2 hours of consultations</i>
<b>Lecturer</b>	<i>Dmitrij Katkov, CFA, PhD</i>
<b>Course prerequisites</b>	<i>Basic Finance, Economics and Statistics, Investment Management</i>
<b>Form of studies</b>	<i>Consecutive (evening)</i>
<b>Teaching language</b>	<i>English</i>

### THE AIM OF THE COURSE

The aim of the course is to learn why and how to invest in alternative investments, as well as how to manage various risks by using derivatives as a part of the portfolio. It will cover the most interesting and most commonly used instruments within the alternative investments universe as well principles of derivatives valuation. Course intention is to give students knowledge and understanding at the level they can further explore issues by themselves.

### MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESSMENT AND TEACHING METHODS

<b>Course level learning outcomes (objectives)</b>	<b>Degree level learning objectives (Number of LO)</b>	<b>Assessment methods</b>	<b>Teaching methods</b>
CLO1. Assess the risk, value and performance of alternative investment assets.	S1, S2, S6, S7, G3	Exams, written analysis, coursework	Lectures, discussion, coursework
CLO2. Make effective investment decisions	S1, S2, S3, S7, G1, G2, G4	Exams, written analysis, coursework	Lectures, discussion, coursework
CLO3. Understand the payoff, basic principles of valuation of the derivative securities. Apply those securities to manage various financial risks.	S1, S2, S3, S5, G6	Exams, written analysis, coursework	

### ACADEMIC HONESTY AND INTEGRITY

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM reminds students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

## COURSE OUTLINE

	Topic	In-class hours	Readings
1	Introduction to the course. Private Equity	4	Reading 1
2	Private Equity and Venture Capital	4	Reading 1
3	Publicly traded real estate securities	4	Reading 2
4	Hedge fund strategies, Alternative investments within the investment portfolios.	4	Reading 3
5	Structured securities	4	Reading 4
6	Derivatives, review of the basics	4	Reading 5
7	Valuation of forwards and futures	4	Reading 6
8	Valuation of contingent claims (options and exotic derivatives)	4	Reading 7
9	Derivatives strategies	4	Reading 8
		Total: 36 hours	
	Consultations	2	
	Final Examination	2	

## FINAL GRADE COMPOSITION

Type of assignment	%
<i>Group Components</i>	50
Presentation	35
Written report/exercise	15
<i>Individual Components</i>	50
Final Examination	50
<b>Total:</b>	<b>100</b>

## DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT

### Presentation.

Students will choose an alternative asset from the list given by the instructor. They will analyse it from the portfolio perspective and share the findings in class.

### Written report/exercise.

Students will be given a task to analyze an issue/topic within the financial markets and present the findings in a short report.

### Final examination.

Final examination will encompass all the topics studied in the course. It will be a combination of mini-essays, short answer questions and calculations.

## RETAKE POLICY

In case of a negative final grade, students are allowed a re-sit exam. It will cover all course material. The weight of a re-sit is 50% of the final cumulative grade. Evaluation for report and presentation is not annulled. Students have to adhere to deadlines, as no extensions will be granted.

## ADDITIONAL REMARKS

As the course is taught online, it is expected that student has an access to the personal computer/laptop with a camera, has a good quality internet connection and access to spreadsheet software such as MS Excel, Numbers or Spreadsheets.

## REQUIRED READINGS

Chambers, D. R., Anson, M. J., Black, K. H., Kazemi, H. B., & CAIA Association. (2015). *Alternative Investments: CAIA Level I*. John Wiley & Sons.  
Chambers, D. R., Black, K. H., & Lacey, N. J. (2018). *Alternative investments: a primer for investment professionals*. CFA Institute Research Foundation.

## ADDITIONAL READINGS

Hull, J.C. (2015) *Options, Futures and other derivatives*. Prentice Hall.  
Readings, case studies, and professor's lecture notes

ANNEX

## DEGREE LEVEL LEARNING OBJECTIVES

### Learning objectives for the Financial Economics Programme

<b>Special learning outcomes</b>
S1. Demonstrate knowledge and understanding of contemporary theories, their criticism and applications in the research field of financial economics; apply the modern theory of finance and economics in practice;
S2. Integrate theoretical knowledge of financial economics to develop, apply and implement original research ideas in the fields of financial management, investment management, financial risk management and financial engineering
S3. Analyse and critically evaluate the behaviour of national and international financial markets and institutions, investment environment of the company, financial engineering tools, the impact of fiscal and monetary policy to formation and management of organizations' financial flows;
S4. Analyse and assess both micro- and macroeconomic environment of private and public organizations in financial-decision making;
S5. Evaluate, choose, and systemically apply advanced mathematical statistics methods and advanced econometric models and techniques in solving complex problems of corporate finance, the management of financial markets and financial economics;
S6. Express independent opinion, formulate judgments and knowledge-based conclusions on relevant issues in financial economics, including international professional and academic literature
S7. Conceptualize, research and write a state of the art review of a chosen area of financial economics and analyze empirical data on the phenomenon under investigation; be able to evaluate the appropriateness of the use of social science research methods, both qualitative and quantitative, including a number of different econometric tools, in a particular context
<b>General learning outcomes</b>
G1. To apply modern information technologies in the data gathering, analysis and communication.
G2. To apply a systematic, critical-analytical and constructive thinking in problem identification and solving.
G3. Have abilities to communicate in English the knowledge to specialist and non-specialist audiences clearly and unambiguously
G4. Develop a range of personal skills including argumentation, evaluation, problem identification and solving, interactive and group skills, self-appraisal, cross-cultural teamwork.
G5. To prepare research papers in English according to proper language, writing style and general bibliographic citation requirements.
G6. To develop independent learning skills necessary to continue studies on a higher level.