

Term 2 *Elective Modules*

Note: *Students must choose TWO modules from the list of available electives, one of which CAN be from the Department of Economics. The list below is indicative only, minor changes are possible. Further information and confirmation of available electives will be provided at the end of Term 1.*

Electives (brief list, details on following pages):

IB9CR0:	Alternative Investments	AI
IB9Y20:	Behavioural Finance	BF
IB9CS0:	Big Data Analytics	BDA
IB9X70:	Derivative Securities	DS
IB9KE0:	Financial Reporting and Financial Statement Analysis	FRSA
IB95R0:	Financial Risk Management	FRM
IB9X80:	Fixed Income & Credit Risk	FICR
IB9JE0:	Forecasting Economic & Financial Time Series	FEFTS
IB9Y40:	International Financial Management	IFM
IB9AG0:	Judgement & Decision Making	JDM
IB9Y30:	Mergers and Acquisitions & Corporate Control	MACC
IB9EL0:	Practice of Investment Management	POIM
EC982:	Development Economics	
EC989:	Behavioural Economics	
EC990:	Topics in Applied Macroeconomics	
EC991:	Topics in Applied Microeconomics	
EC966:	Labour Economics	
EC981:	Topics in Public Finance	
EC941:	Game Theory	
EC943:	Industrial Economics	
EC931:	International Trade	
EC924:	Monetary Economics	
EC916:	Topics in Global Finance	

IB9CR0: Alternative Investments AI

This module will provide students with all the insights needed to make well-informed decisions with regard to today's complex investment management environment. Subjects covered will include:

Illustrative (indicative, may be subject to minor changes)
 Syllabus: The Differences between Hedge Funds and Mutual Funds
 The main Hedge Fund Databases and Indices
 The Most Typical Hedge Fund Investment Strategies
 The Statistical Properties of Hedge Fund Returns
 Hedge Fund Performance so Far and its Drivers
 The role Hedge Funds may Play in an Investment Portfolio
 Introduction to Private Equity

Assessment: 2-hour **Exam** (Term 3: April/May) counting for 75% of the module mark, and **Group Presentation** (25%).

IB9Y20: Behavioural Finance BF

The module primarily concentrates on the psychological motivations that underlie financial decisions and their aggregate implications. In some cases, these motivations could be contrasted with ethical practice with regard to stakeholders and the financial system as a whole. Topics covered include:

Illustrative (indicative, may be subject to minor changes)
 Syllabus: Introduction to Behavioural Finance
 Decision heuristics
 Limits to Arbitrage
 Style investing
 Prospect theory
 Ambiguity
 Investor overconfidence
 Investor sentiment

Assessment: 2-hour **Exam** in Term 3 (April/May) counting for 80% of the module mark, and **Individual essay** 20%.

IB9CS0:	Big Data Analytics	BDA
	<p>This module will cover a wide range of cutting-edge research in Big Data Analytics. The module has a particular focus on the extensive value of data from the Internet, much of which is freely available if students have the skills to find it. Students taking this course will strongly benefit from previous knowledge of basic statistics. The module's flexible project-based structure also caters for students who already possess more advanced knowledge of statistics.</p>	
Illustrative Syllabus:	<p>(indicative, may be subject to minor changes)</p> <ul style="list-style-type: none"> Data Science Data mining Processing large data sets Visualising data Practical programming skills in R 	
Assessment:	<p>Individual Essay (3,000 words) counting for 80% of the module mark, and 2 Coursework Exercises (2 × 10% = 20%).</p>	
IB9X70:	Derivative Securities	DS
	<p><i>This module will develop an in-depth understanding of the characteristics of different classes of derivative securities such as forwards and futures, swaps and options; the markets in which these securities are traded; their potential use as instruments for managing risk; methods for valuing these securities; and the application of these methods in other areas of finance. Topics covered include:</i></p>	
Illustrative Syllabus:	<p>(indicative, may be subject to minor changes)</p> <ul style="list-style-type: none"> Forwards and Futures Markets Futures Pricing: Using Futures to Hedge Risks Forward Rates and Interest Rate Derivatives Options Markets Strategies Involving Options Option Pricing in the Binomial Model Black-Scholes Pricing Formula and the “Greeks” Measuring and Managing the Risk of Options Portfolios. 	
Assessment:	<p>2-hour Exam (Term 3: April/May) counting for 80% of the module mark, and Class Test (20%).</p>	

IB9KE0: Financial Reporting and Financial Statement Analysis FRSA

This module aims to enable students to interpret financial statements in context and apply appropriate models and techniques for company valuation and related business issues. To enable students to gain an understanding of how accounting provides data for corporate finance analysis. Topics covered include:

Illustrative (indicative, may be subject to minor changes)
 Syllabus: Introduction to financial accounting (booster videos)
 Cash flow and profit as financial performance measures
 Reformulating financial statements for valuation analysis
 Ratio analysis and forecasting financial performance
 Cash flow and accounting valuation models: implementation issues
 Relative valuation – price multiples
 Earnings management and financial statement analysis
 Value relevance of financial statements: past, present and future

Assessment: **Individual Project** (2,500 words) counting for 65% of the module mark, **Group Class Presentation** 20% and **Video Presentation** 15%.

IB95R0: Financial Risk Management FRM

The module is designed to introduce students to the area of risk management applied to finance. It uses knowledge from quantitative methods, hedging, and financial theory in general, acquired in Term 1. Topics covered include:

Illustrative (indicative, may be subject to minor changes)
 Syllabus: Financial Risk Management regulatory framework: (Basel 11 and Solvency II)
 Risk management and risk measurement
 Market risk
 Credit risk
 Operational risk
 Firm level risk management: economic capital, capital allocation, RAROC

Assessment: 2-hour **Exam** (Term 3: April/May) counting for 80% of the module mark, and **Class Test** (20%).

IB9X80: Fixed Income & Credit Risk FICR

This module will help students get to grips with the tools for the assessment and management of fixed income and credit risk. Topics covered include:

Illustrative Syllabus: (indicative, may be subject to minor changes)
 Interest-rate and credit risk markets
 Common interest-rate and credit instruments
 The yield curve and its use in risk management
 Modelling the yield curve
 Fundamental fixed income and credit models
 Interest rate risk management
 Credit risk management

Assessment: 1.5-hour **Exam** (Term 3: April/May) counting for 70% of the module mark, **Class Test** (10%), and **Group Project** (20%).

IB9JE0: Forecasting Economic & Financial Time Series FEFTS

In this module we develop the skills required in order to produce and evaluate forecasts of economic and financial time series which can be used for decision making in government, financial markets, hedge funds and economics more generally.

Illustrative Syllabus: (indicative, may be subject to minor changes)
 Forecasting using time series models: ARMA models – trend/cycle/seasonal, ARDL models, simple conditional forecasts (Variables: stock returns, interest rates rates), VARs, scenario/contingent forecasting. (Variables: inflation, oil price changes)
 Forecast Evaluation: concepts in absolute and relative evaluation, RMSE, rolling versus recursive, pseudo out-of-sample exercises, a few tests
 Density forecasting and uncertainty
 Data science methods: including data cleaning, data visualization, with an emphasis on practical examples.

Assessment: **Individual assignment** (3,500 words) counting for 100%

IB9Y40:	International Financial Management	IFM
	<p><i>This module aims to extend students' knowledge and understanding of the fundamental concepts of international finance, emphasizing the operation of the spot and forward foreign exchange markets. It will provide first-hand experience with forex markets via empirical data and trading contest, and develop students' critical reasoning skills in the context of international financial risk management. Topics covered include:</i></p>	
Illustrative Syllabus:	<p>(indicative, may be subject to minor changes)</p> <p>International Parity Conditions Exchange Rates and Inflation Balance of Payments Exchange Rate Determination and Forecasting International Capital Markets.</p>	
Assessment:	<p>2-hour Exam (Term 3: April/May) counting for 80% of the module mark Group Project (20%).</p>	
IB9AG0:	Judgement & Decision Making	JDM
	<p><i>This module outlines the key principles and phenomena underlying human judgement and decision making. It aims to encourage students to see how the insights from this work can (i) Understand the origins of rational and irrationality in financial decision makers, and financial markets. (ii) Help improve their own financial decision-making, judgements and predictions, by providing an awareness of biases and pitfalls. Provide a broader understanding of decision-making throughout the finance industry, including strategic and managerial decision-making. Topics covered include:</i></p>	
Illustrative Syllabus:	<p>(indicative, may be subject to minor changes)</p> <p>The Nature of Rationality Theoretical Perspective on Human Judgement The Psychology of Value and Utility Decision-Making under Certainty Decision-Making under Risk Judgement Confidence and Expertise Decision-Making in Markets, Groups and Society</p>	
Assessment:	<p>Individual Essay (3,000 words) counting for 80% of the module mark, and Group Presentation (20%).</p>	

IB9Y30:	Mergers and Acquisitions & Corporate Control	MACC
	<p><i>This module is designed to introduce students to the basic issues in mergers and acquisitions from corporate finance point of view. The module will be based on the main research papers in the field. Topics covered will include:</i></p>	
Illustrative Syllabus:	<p>(indicative, may be subject to minor changes)</p> <p>Value Creation in Takeovers Abnormal Returns Merger Waves: Main Characteristics of Individual Waves, and Theoretical Explanations for Cyclical Patterns Private Equity Ownership Structure: Costs and Benefits of Concentrated versus Dispersed Ownership, Empirical Evidence, and Law and Finance (Shareholder Protection) Modelling the Takeover Process</p>	
Assessment:	<p>1.5-hour Exam (Term 3: April/May) counting for 60% of the module mark, and 2 Group Assignments plus 3 Weekly Coursework (altogether 40%).</p>	
IB9ELO:	Practice of Investment Management	POIM
	<p><i>This module aims to give students a realistic experience of the responsibilities involved in managing money for clients. It provides an introduction to practical investment management techniques, building on the work of the modules of the first term and requires that each student run a simulated portfolio on a real portfolio management system. Concurrently, it encourages students to engage with current topics in the financial news and understand what effect such news may have for the securities they manage. This module provides continuity, context and a contemporary angle. Topics covered include:</i></p>	
Illustrative Syllabus:	<p>(indicative, may be subject to minor changes)</p> <p>How to Structure a Beta Portfolio Risk Management from a Practical Perspective: Stop Loss Management, Macro Risk, and Value-at-Risk (VaR) Analysis Pre and Post Transaction Cost Analysis: Breaking Even in the Real World</p>	
Assessment:	<p>Individual Coursework counting for 60% of the module mark, and Group Project (40%).</p>	

EC982: Development Economics –

<https://warwick.ac.uk/fac/soc/economics/current/modules/ec982/>

EC989: Behavioural Economics –

<https://warwick.ac.uk/fac/soc/economics/current/modules/ec989/>

EC990: Topics in Applied Macroeconomics –

<https://warwick.ac.uk/fac/soc/economics/current/modules/ec990/>

EC991: Topics in Applied Microeconomics

<https://warwick.ac.uk/fac/soc/economics/current/modules/ec991/>

EC966: Labour Economics –

<https://warwick.ac.uk/fac/soc/economics/current/modules/ec966/>

EC981: Topics in Public Finance –

<https://warwick.ac.uk/fac/soc/economics/current/modules/ec981/>

EC941: Game Theory –

<https://warwick.ac.uk/fac/soc/economics/current/modules/ec941/>

EC943: Industrial Economics –

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EC931: International Trade –

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EC924: Monetary Economics –

<https://warwick.ac.uk/fac/soc/economics/current/modules/ec924/>

EC916: Topics in Global Finance –

<https://warwick.ac.uk/fac/soc/economics/current/modules/ec916/>
