

Professional Diploma in



Investment
Financial
Risk
Management



Investment Financial and Risk Management

THE PROGRAMME

INTRODUCTION

Globalization, particularly finance has led to short-term hot money flows (currencies and portfolio investments) which have become the transmission belts of ecological and livelihood destruction, disruption of domestic, social/economic policies in all countries and exacerbation of poverty and social exclusion – which are affecting the whole countries. Exposure to market risk, if poorly monitored can bring about huge losses.

In line with the latest development in controlling financial risks, we introduce a completely new module on “Hedge Fund Investment Strategies and Techniques”.

This programme targets executives who want to develop a deeper understanding of how the specific financial instruments work in practice, and to formulate superior market strategies to manage financial risks.

Upon completion of this programme, students will be able to understand the benefits of these specific investment vehicles taught during the course, and to use the proper investment channels for most alternative investment choices. Furthermore, students will be equipped with the necessary weapons and tools for formulating new and critical investment strategies which can secure your company's financial assets and your own wealth for the forthcoming volatile and turbulent financial times.

The programme comprises seven modules, one of which is a management report. Each module consists of 10 sessions with a total of 30 contact hours, except for the Management Report. The whole Diploma Programme constitutes 210 hours of post-experience diploma-level work, to be completed in one year.

PROGRAMME STRUCTURE

The programme consists of seven modules, divided in 3 terms by 3 payments before the start of each term. A diploma will be awarded upon successful completion of all modules.

FIRST TERM

- IF2 Derivatives, Futures and Options 
- IF3 Treasury Operations and Management 

SECOND TERM

- IF1 Foreign Exchange Operations 
- IF4 Trading Strategies, Hedging Policy and Market Calculations

THIRD TERM

- IF5 Strategies and Techniques in Hedge Fund Investment
- IF6 Risk Analysis and Portfolio Management 
- IF7 Management Report

 The course has been included in the list of reimbursable courses for CEF purposes.

ADMISSION REQUIREMENTS

Applicants should fulfil the following requirements:

1. be secondary school graduates; AND
2. possess 2 or more years' working experience; AND
3. have a reasonable command of written and spoken English

LANGUAGE MEDIUM

Cantonese (supplemented with English)

Course materials, mid-term assessments and final examinations will be in English.

YOUR ADVANCEMENT PATH

PDIF graduates are eligible to apply for the following part-time programmes offered in Hong Kong by overseas universities in association with the HKMA:

Master's Degree

- **Master of Management (Financial / Human Resource / Information Technology / International Management / Marketing / Logistics and Operations / Management)**, articulation via Postgraduate Diploma in Management (PGDip)
Macquarie Graduate School of Management, Sydney
- **Master of Business**
The University of Newcastle, Australia
- **MBA in Financial Services**
The University of Greenwich
- **Master of Business Administration**
University of Wales, UK

Bachelor's Degree

- **BA (Hons) (Human Resource Management / International Business)^a**
University of Huddersfield, UK
- **Bachelor of Business (Economics and Finance)**
RMIT University, Australia
- **Bachelor of Science in Business Administration (Business Management / Risk Management)**
Bulacan State University, Philippines

Admission is on a competitive and individual basis entirely at the discretion of the respective universities. Admission criteria and procedures are set by them and are subject to change without prior notice. The Association does not give any warranty and will not accept any liability regarding the above.

^a Registration in progress

FEE (each module)

HKMA Member: HK\$2,850

Non-member: HK\$2,980

Application Fee: HK\$200 (non-refundable)

Fees are subject to adjustment from time to time.

* Participants enrolling in module(s) / programme(s) commencing next year can enjoy the member rate only if they continue to subscribe for the HKMA membership the following year.

EXEMPTION

Applicants can apply for exemptions for up to 2 modules of the programme. For details, please contact the Customer Service Department on 2774-8501. The application form for exemption can be downloaded from our website (WWW.HKMA.ORG.HK).

COMPLETION OF A MODULE AND AWARD OF DIPLOMA

Satisfactory Completion of a Module

A minimum of 70% attendance is required for satisfactory completion of a module. Failure to do so will disqualify the student from sitting for the final written examination. Students must obtain an aggregate of 50% at least in the mid-term assessment and the final examination. For the management report, the student is required to achieve a pass grade in the report.

Completion of the Professional Diploma in Investment and Financial Risk Management Programme

Completion of the PDIF Programme requires a student after initial registration to pass the continuous assessments and final written examinations of all seven modules in three consecutive terms. A candidate who has satisfied all the requirements will be awarded the Professional Diploma in Investment and Financial Risk Management.

Unsatisfactory Performance in a Module

On failing any one module at the first attempt, the student may sit once only for the remedial examination in the following term by paying a fee. Participants who fail the remedial examination are allowed to retake the module by paying full module fees.

However, the maximum time for participants to complete the whole programme is 2 years.

SYLLABUS

IF1. Foreign Exchange Operations

Aims

- Enable students to better understand the basics of Foreign Exchange and develop that knowledge into advanced areas
- Enable students to grasp basic Foreign Exchange arithmetics, trading and arbitration techniques
- Provide students with the vast array of options and strategies for trading in Foreign Exchange models, including hedges, arbitrages and multi-currency swaps
- Be able to manage Foreign Exchange risk

Contents

- Introduction to Foreign Exchange Market
- Market Conventions
- Basics of Foreign Exchange Arithmetics
- Arbitration Techniques
- Forecasting Techniques
- Trading Strategies of Foreign Exchange
- Hedging and Multi-Currency Swaps
- Forward Forward Swaps
- Fundamental and Technical Analysis
- Risk Control of Foreign Exchange
- Market Code of Conducts for Forex Transactions

IF2. Derivatives, Futures and Options

Aims

- Provide students with knowledge of Derivatives-based financial products
- Enable students to better understand the uses of these Derivatives products
- Enable students to grasp the principles and practices of Derivatives, Futures and Options, and the more critical areas of financial calculations
- Demonstrate to students trading strategies for Derivatives
- Enable students to examine the risks related to Derivatives products

Contents

- Introduction to Derivatives, Futures and Options
- How to Design Financial Objective through Derivatives Way
- Mode of Settlement for Derivatives Transactions
- Exotic Derivatives and Credit Derivatives Application
- Emerging Market Derivatives Application
- Structured Deals, and Distressed Debt Trading
- Trading Strategies for Derivatives Markets
- Market Calculations for Futures and Options
- Options Risk Profile
- Application of Futures and Options in Risk Management
- Cross Market Arbitration
- Case Studies for Derivatives Markets

IF3. Treasury Operations and Management

Aims

- Increase the awareness of students of the complexity of opportunities and challenges of today's Treasury operations
- Develop students their knowledge and understanding of the traditional Treasury functions, as well as the new tools, covering accounting and legal responsibilities, and information forecasting
- Enable students to formulate hedging strategies against interest and exchange rates exposure
- Broaden the knowledge of the students in the management of risk within the Treasury functions
- Provide students with detailed and wide-ranging case studies illustrating the practical applications of corporate treasury management

Contents

- Introduction to Treasury Operations and Management
- Treasury Management Techniques
- On Balance Sheet Traditional Approach
- Off Balance Sheet Treasury Management
- Principles of Currency and Interest Rate Hedging
- Foreign Exchange Rate Risk Management
- Derivatives Treasury Management
- Liquidity Management
- Credit Risk Management
- Quantification of Different Levels of Risk for Treasury Products
- Case Studies for Corporate Treasury
- Problems and Practices for Corporate Treasury

IF4. Trading Strategies, Hedging Policy and Market Calculations

Aims

- Enable students to master the trading strategies used to achieve optimum results in the bond, commodities, equities, derivatives and foreign exchange markets
- Demonstrate to students simple and complex trading strategies including trigger swaps, multi-currency hedging, outright positioning, and market arbitration
- Provide students with knowledge of structured notes market and exotic arrangement together with market discipline
- Enable students to learn and grasp the basic calculation techniques used in financial markets such as bonds market, foreign exchange, money market, futures and options
- Demonstrate to students the relevant calculation techniques adopted by professionals including investors, issuers, traders, arbitrageurs and hedgers operating in the financial markets

Contents

- Simple and Complex Trading Strategies
- Market Discipline
- Pricing, Yield Curve and Investment Return Measurement
- Market Arbitration and Risk Arbitrage
- Outright Positioning
- Swaps and Trigger Swaps
- Trading Strategies
 - foreign exchange markets
 - bond markets
 - equities markets
 - commodities markets
 - derivatives transactions
- Multi-Currency Hedging
- Structured Deals
- Hedging Policy
- Bond Market Calculation
 - bond price/yield convention
 - discount yield
- Futures and Options Calculation
- Foreign Exchange Calculation
 - FX mathematics on spot, forward, swap arbitration
 - basis of currency option pricing
- Money Market Calculation
 - time value of money
 - internal rate of return
 - annuity factor application
 - zero coupon yield
 - forward yield curve
 - annual money market
- Portfolio Risk Calculation
 - mean and mode
 - variance and standard deviation
 - beta, slope and coefficient of correlation
 - return and covariance
 - duration, convexity, basis point value and sensitivity
 - delta, gamma, rho, theta and vega

IF5. Strategies and Techniques in Hedge Fund Investment

Aims

- Provide students with thorough knowledge of understanding what is a hedge fund
- Enable students to weigh the benefits and setbacks of a hedge fund
- Demonstrate to students how to critically review and assess hedge fund strategies
- Enable students to master the techniques of successfully selecting a winning hedge fund
- Assist students in constructing and managing a profitable portfolio of hedge funds

Contents

- Introducing Hedge Funds
 - common misconceptions
 - defining hedge funds
 - classifying hedge funds
 - attributes of a typical hedge fund
 - hedge fund indices
- Hedge Funds : Pros and Cons
 - correlation
 - absolute return
 - costs and benefits of hedging
 - risks of leverage and derivatives
 - transparency issue
 - lack of regulation
- Techniques in Selecting a Hedge Fund
 - strategy assessment
 - sourcing hedge funds
 - qualitative analysis
 - quantitative analysis
 - operational due diligence
 - monitoring
 - organizing hedge fund research
- Review and Assessment of Hedge Fund Strategies
 - equities long – short
 - regional
 - single country
 - managed futures
 - convertible arbitrage
 - fixed income arbitrage
 - distressed securities
 - global macro and CTAS
- Other Hedge Fund Strategies
 - energy hedge fund
 - fund of hedge funds
- Portfolio Construction and Management
 - objectives
 - theory and practice
 - diversification and management
 - mechanism
 - foreign exchange hedging

IF6. Risk Analysis and Portfolio Management

Aims

- Provide students with a complete knowledge of risk and its application to key areas of financial activity
- Enable students to evaluate the political, fundamental and technical natures of risk
- Enable students to effectively manage and analyze risk, and examine trading strategies, value at risk, interest rate conversions, bond valuation, fixed income, capital asset pricing
- Provide students with the knowledge of modern portfolio theory
- Enable students to perform portfolio optimization calculations

Contents

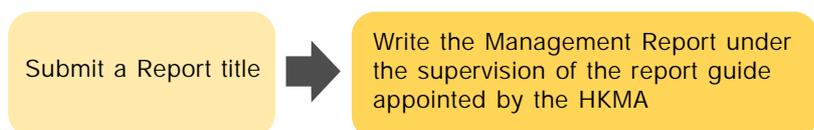
Management and Control of Financial Risk

- Types of Financial Risks
- Measures of Financial Risks
- Psychology of Risk
- Value at Risk and Latest Development in Value-at-Risk Management
- Use of Hedging Instruments in Risk Management
- Risk Management of Bonds
- Risk Management of Interest Rates
- Risk Management of Currencies
- Credit Risk, Liquidity Risk and System Risk
- Manipulating Risk Using Risk-Free Assets
- Efficient Market Hypothesis
- Design of an Integrated Risk Management System

Portfolio Management

- Modern Portfolio Theory
- Diversification for Risk Management
- Capital Asset Pricing Model
- Other Asset Pricing Models/Theories
- Portfolio Optimization Techniques and Heuristics
- Portfolio Performance Measurement

IF7. Management Report



The management report allows students to demonstrate their ability in applying their knowledge and skills to a real situation, usually within their own organization or based on a new business idea. Under the guidance of a supervisor, students are required to complete a comprehensive management plan including a logical sequence of analysis, decision rationale, steps of implementation, control and financial projection.

Course contents of all modules may be subject to change if required without prior notice.

REIMBURSABLE BY CONTINUING EDUCATION FUNG (CEF)

Name of Institution: HKMA **CEF Institution Code:** 300 **CEF Course Code:** 23Z075670
CEF Course Title: Foreign Exchange Operations; Derivatives, Futures & Options; Treasury Operations & Management; Risk Analysis & Portfolio Management (modules of the Professional Diploma in Investment and Financial Risk Management)

These four modules have been included to be reimbursable under the CEF. Participants MUST submit their applications directly to the Office of the CEF before the commencement of the programme. For details, please visit the website: <http://www.info.gov.hk/sfaa/cef> or contact the CEF enquiry hotline: 3142 2277.

ENQUIRIES

To make enquiries, please call 2774-8501/2774-8500 (Customer Service Department) during normal office hours. For course details, please contact Ms Shirley Chan on 2774-8569.