UNIVERSITY OF MANAGEMENT AND ECONOMICS

APPROVED BY
THE STUDY COMMISSION
Minutes No. 02-12-2025-01
as of 8th January 2025

ALTERNATIVE INVESTMENTS AND DERIVATIVES

Course code	*GRAE033*
Course title	*Alternative Investments and Derivatives*
Type of course	*Compulsory*
Level of course	*Advanced*
Department in charge	*Graduate school*
Year of study	*1st*
Semester	*2nd*
Number of credits	*6 ECTS; 36 hours of class work, 124 hours of self-study, 2 hours of consultations*
Lecturers	*Assoc. Prof. Dr. Silviu Ursu; Dr. Gabriele Canna*
Course prerequisites	*Financial Econometrics, Asset Pricing*
Form of studies	*Consecutive (evening)*
Teaching language	*English*

THE AIM OF THE COURSE

The aim of the course is to learn why and how to invest in alternative investments, as well as understand how derivatives work and how they are valuated. It will cover the most interesting and most commonly used instruments within the alternative investments' universe as well principles of derivatives valuation. The intention behind the 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), ASSESMENT AND TEACHING METHODS

Course level learning outcomes (objectives)	Degree level learningobjectives (Number of LO)	Assessment methods	Teaching methods
CLO1. Assess the risk, value and performance of alternative investment assets.	LO1.1, LO1.2.	Coursework	Lectures, discussion, coursework
CLO2. Make effective investment decisions	LO1.1, LO1.2.	Coursework, final exam	Lectures, discussion, coursework
CLO3. Understand the payoff, basic principles of valuation of the derivative securities. Apply those securities to manage various financial risks.	LO1.1, LO1.2.	Coursework, final exam	Lectures, discussion, 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 and alternative investments	4	CFA Institute, 2021; Chambers, Black & Lacey, 2018; lecture notes
2	Private Capital	4	CFA Institute, 2021; Chambers, Black & Lacey, 2018; lecture notes
3	Real Estate	4	CFA Institute, 2021; Chambers, Black & Lacey, 2018; lecture notes
4	Hedge Funds	4	CFA Institute, 2021; Chambers, Black & Lacey, 2018; lecture notes
5	Introduction to the second part, review of the basics of derivatives.	4	Hull, 2021; lecture notes
6	Forwards and futures: main features, valuation.	4	Hull, 2021; lecture notes
7	Swaps: main features, valuation.	4	Hull, 2021; lecture notes
8	Options: main features, basic valuation models.	4	Hull, 2021; lecture notes
9	Options: more on valuation models. Other derivatives.	4	Hull, 2021; lecture notes
		Total: 36 hours	
	Consultations	2	
	Final Examination	2	

FINAL GRADE COMPOSITION

Type of assignment	**%**
Individual Components	**100**
Coursework (Alternative Investments)	50
Coursework (Derivatives)	10
Final Examination (Derivatives)	40
Total:	**100**

DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT

Coursework (Alternative Investments)
Coursework for the alternative investments part encompasses the topics covered in the first part of the course (Alternative Investments). It is covered by two quizzes consisting of multiple-choice questions (both theory and quantitative) and is closed book (students are allowed to bring calculators).

Coursework (Derivatives).
Coursework for derivatives includes active participation in lectures and class discussions, as well as solving exercises assigned in class.

Final examination (Derivatives).
Final examination will encompass the topics covered in the second part of the course (Derivatives). It will be a combination of both theoretical questions and practical exercises.

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 90% of the final cumulative grade. Coursework grade is not annulled.

ADDITIONAL REMARKS
It is expected that students have an access to the personal computer,have a good quality internet connection and access to spreadsheet software such as MS Excel, Numbers or Spreadsheets.

REQUIRED READINGS

Lecture notes
CFA Institute. (2022). *Alternative Investments* (1st edition). John Wiley & Sons, Inc.
Chambers, D. R., Black, K., & Lacey, N. J. (2018). *Alternative Investments A Primer for Investment Professionals*. SSRN. https://doi.org/10.2139/ssrn.3254577

ADDITIONAL READINGS
Hull, J.C. (2021). *Options, Futures and other derivatives*, Global Edition, 11th Edition, Prentice Hall.

Shreve, S. (2005). *Stochastic calculus for finance I: the binomial asset pricing model*. Springer.
Additional material (online sources, business articles, cases) may be assigned by the instructors.

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ANNEX

DEGREE LEVEL LEARNING OBJECTIVES

Learning objectives for Master of Social Science
Programme:
Financial Economics

Learning Goals	Learning Objectives
Students will be critical thinkers	LO1.1. Students will be able to identify underlying assumptions, limitations of previous research; evaluate managerial solution alternatives.
	LO1.2. Students will become **independent learners** and develop their own comprehension of scientific theories, models, and concepts.
Students will be socially responsible leaders	LO2.1. Students will be able to evaluate past and current practices in their discipline from an **ethical perspective**.
Students will be effective communicators	LO3.1. Students will develop and deliver a **coherent oral presentation**.
	LO3.2. Students will develop and deliver a **coherent written research paper**.