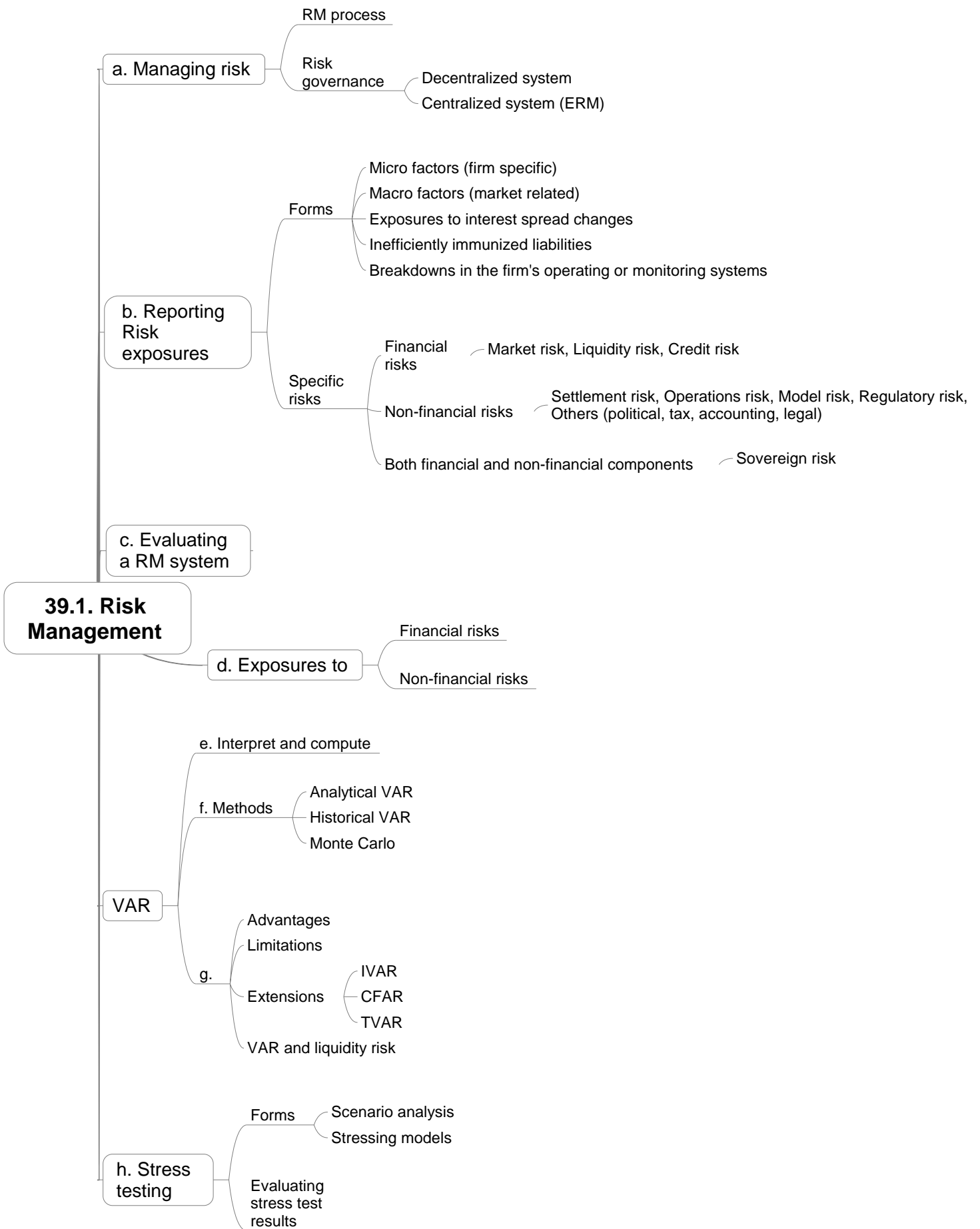
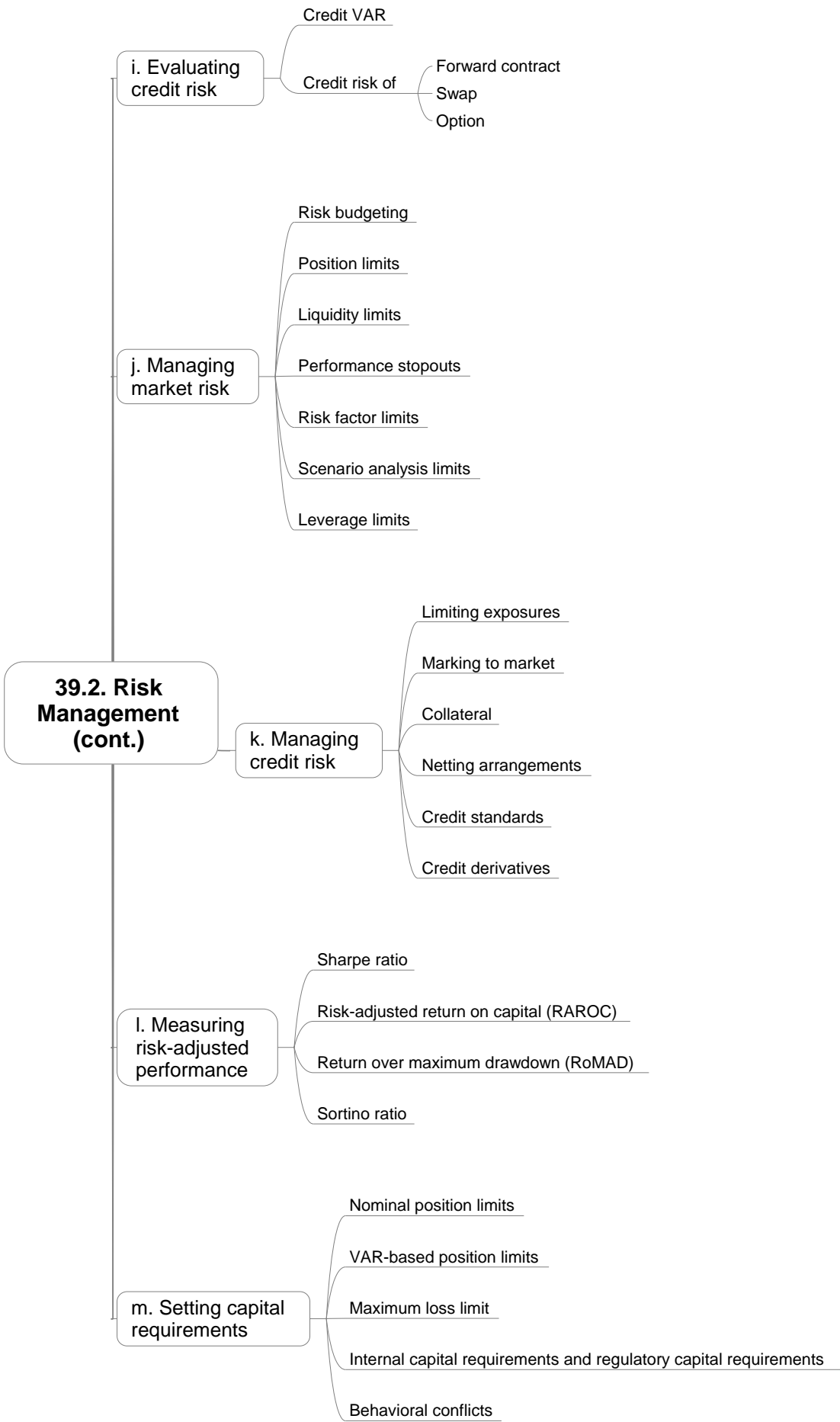


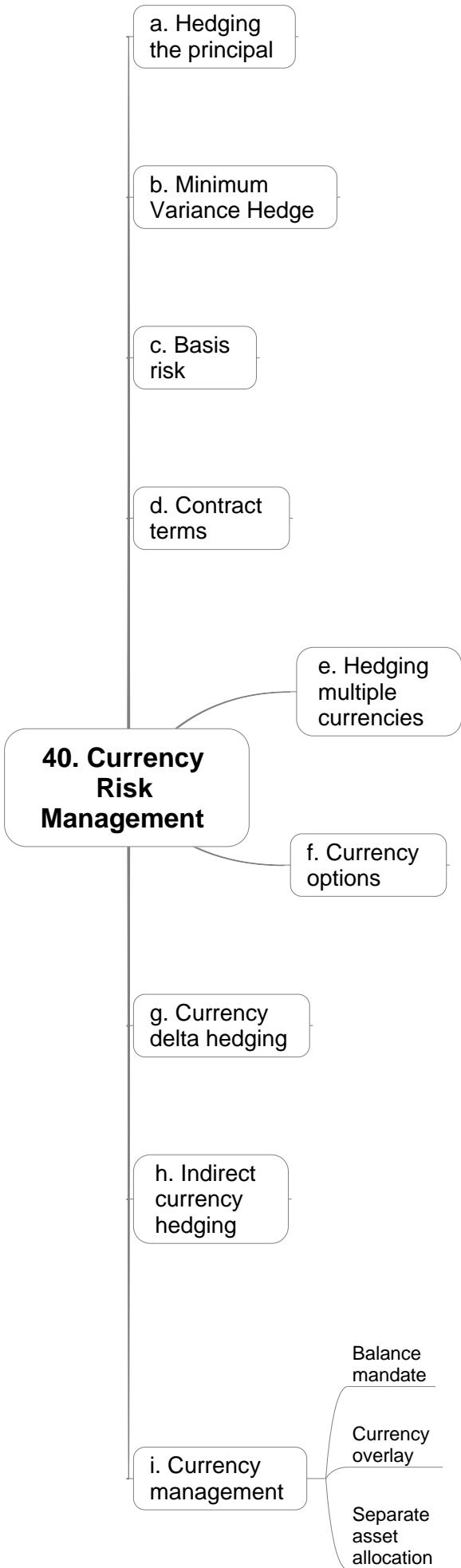
CFA LEVEL 3

STUDY SESSION 14, 15

**RISK MANAGEMENT**







Warm-up: Futures & Forwards

Futures contract

Duration

Yield

a. Adjusting the portfolio beta

The hedge isn't perfect

Index multipliers & synthetic positions

b. Synthetic stock index fund

## 41. RM Applications Of Forward & Futures Strategies

c. Synthetic cash

d. Adjusting the portfolio allocation

Target duration

Non-zero target duration

e. Adjusting the equity allocation

Changing equity allocations

Pre-investing

f. Exchange rate risk

g. Hedging limitations

Hedging market risk

Hedging currency risk

Warm-up: Basics of put options & call options

a.

Covered calls

Protective puts

b. Option spread strategies

Bull call spread

Bear call spread

Butterfly spread with calls

Butterfly spread with puts

Put-call parity

Straddle

Collar

Box spread strategy

## 42. RM Applications Of Option Strategies

c. I/R options

Interest call

Interest put

d. I/R

Caps

Floors

Collars

e. Delta hedging

f. The second-order gamma effect

