

ABIZ 0730 A01 (3 CH)
Financial Risk Management
FALL 2022

138 Agricultural Building, Tue: 4.30 pm – 7:15 pm.



CONTENTS

INSTRUCTOR	1	ELECTRONIC DEVICE POLICY	4
COURSE DESCRIPTION.....	1	OUT-OF-CLASS COMMUNICATION	5
COURSE OBJECTIVES	1	CLASS SCHEDULE.....	5
COURSE FORMAT AND HEALTH & SAFETY PROTOCOLS.....	1	IMPORTANT DATES	6
TECHNOLOGICAL REQUIREMENTS.....	2	ACADEMIC INTEGRITY POLICY	7
COURSE MATERIALS.....	2	STUDENT SERVICES AND SUPPORTS.....	8
ASSESSMENT OF LEARNING	2	UNIVERSITY OF MANITOBA COVID-19 HEALTH & SAFETY POLICY	9
MISSED EXAM AND LATE SUBMISSION POLICY	4	ABOUT THE INSTRUCTOR.....	10
ATTENDANCE POLICY	4		

INSTRUCTOR

Name: Farhan Islam (he/him)
Office: TBA
Phone: TBA
Email: Farhan.Islam@umanitoba.ca
Office hours: By appointment (email me to arrange a time)

COURSE DESCRIPTION

Various approaches to managing market risk will be studied, including forward pricing, hedging using futures and options along with insurance, diversification and the use of technology to manage production risk. Prerequisite: ABIZ 0470 or pre- or corequisite: ABIZ 0450.

COURSE OBJECTIVES

1. To learn how to measure financial risk
2. To understand the tools of the financial risk management
3. To apply those skills in applications for risk management decisions

COURSE FORMAT AND HEALTH & SAFETY PROTOCOLS

This course will be taught in-person, unless there's a directive from the university that requires us to move to remote delivery. We will observe the health-related safety protocol mandated by the university. Please

check the [COVID-19 Updates](#) webpage of the university and the [COVID-19 health and safety protocols](#) to know what is expected of you. The university's policy is also provided later in this course outline.

The class will involve lectures, case discussions, quantitative exercises, and breakout activities in small groups. To ensure that you and your classmates get as much value out of this course as possible, I expect everyone to complete all readings, practice questions or other assigned preparation in advance of the class session and show up ready to discuss this material.

TECHNOLOGICAL REQUIREMENTS

In the event health mandates or the instructor falling sick for an extended period require switching to remote delivery of classes, you will need a device enabled with a camera and microphone. Further, you will have to be in a location with a stable Internet connection that is strong enough for streaming video.

For quizzes/exams that will be administered via the Respondus Lockdown browser, you will need a device (computer or iPad; note that smartphones and Chromebooks will not work) with one of the following operating systems:

- Windows 10 or 8 (note: will not work with Windows 10S)
- MacOS 11.1+ to 10.12
- iPad iOS: 11.0+ (will not work with other tablets)
- Memory: 2 GB RAM
- Hard Disk Space: 200 MB of free hard disk space for program files

You will need the Chrome browser. Other browsers such as Safari will not work.

If you do not have a laptop computer or one that meets the above specifications, please make sure you let me know as soon as possible so we can make any necessary arrangements.

COURSE MATERIALS

Exams will be based on notes given in class, but a good hedge to poor note taking is: *Agricultural Risk Management*, by B. Fleisher (1990).

Please respect copyright laws. Photocopying textbooks or other reading material is a violation of copyright laws and is unethical unless permission to copy has been obtained.

ASSESSMENT OF LEARNING

There are five graded components in this course:

Weekly Quizzes and Exercises	15%
Tests (3 Tests)	60%
Simulated Speculation	10%
Risk Management Plan	10%
Group Presentation	5%



Final grades are based on the student's weighted mark. In the event of a skewed distribution of grades, the course marks for the class may be curved up or down as necessary (the weighting of each component will remain unchanged). The following are the **tentative** grade cut-offs.

A+	92-100
A	82-91.9
B+	77-81.9
B	71-76.9
C+	67-70.9
C	61-66.9
D	51-60.9
F	0-50.9

These tentative cut-offs are subject to adjustment up or down depending on the relative performance of the current class compared to prior classes that have taken the course with the same instructor.

1) Tests (60% total)

There will be three Tests in total. Tests will be based on material covered in readings and lectures. The details of the format will be discussed closer to the first test date but are expected to involve multiple question types including multiple-choice and written responses.

2) Risk Management Plan - Presentation (5%)

Each group will be required to prepare a **12-to-15-minute** presentation of the findings and recommendations of the concluded project paper.

PPT Slide decks must be submitted through UM Learn under Assignment tab with heading named **"Group Presentation"** on or before **11:59 pm, November 28, 2022**. Only one final PPT slide file submission per group, and the group leader must download the file on the dropbox before the due date.

20% of your presentation grade will be based on a peer evaluation from your group members. The peer evaluation cannot increase your mark, it can only decrease it. Students who receive 100% on the peer evaluation will receive the grade assigned to their group. Students who receive less than 100% will receive up to 20% lower than the grade assigned to their group. If you do not submit a peer evaluation, I will assume you are giving each of your group members 100%.

3) Risk Management Plan - Paper (10%)

You will be required to prepare a report listing the most important risks a case firm will face and your plans regarding the management of one of these risks. The case firm can be any firm including the farms used for the Management Planning Project. **You can form a group of 2 to a maximum of 3 members.**

Group leader must submit the file in word .docx format through UM Learn under Assignment tab with heading named **"Group Paper"** on or before **11:59 pm, November 28, 2022**.



Late papers will receive 0 marks.

The paper must follow APA format.

4) Weekly Quizzes and Exercises (15%)

Students are expected to attend class consistently and come prepared to actively participate in class discussions. There will be weekly quizzes and exercises worth 15% of your grade in total. The quiz and or exercise will be available after most of the class lecture and must be completed in one hour.

5) Simulated Speculation (10%)

In late October, students will be required to begin their Speculation Plan. Eventually this will include at least two proposed trades in eligible commodity exchanges. All quotes will be based on prices from quotes at: <http://futures.tradingcharts.com/menu.html>. The grade for the plan will be based on:

- a) (1/3) the financial performance of your speculation relative to the rest of the class from late October to early December.
- b) (2/3) the written reasons for the trades made (these will be due in Mid November).

MISSED EXAM AND LATE SUBMISSION POLICY

If you miss quizzes for a valid reason (medical, compassionate or other as specified in University Policy on Accommodations for Missed Undergraduate Term Examinations), please notify me **within 48 hours** to schedule a makeup exam. We can adjust the weight of the quiz to other quizzes or if possible, arrange for a make up quiz.

Do not make travel plans during the quiz days. I cannot let you take the quiz earlier/later because you made bookings for an earlier date.

ATTENDANCE POLICY

For the sake of your own learning and the learning of your classmates, regular attendance and participation in the course is expected. If you are experiencing a personal matter (health or otherwise) that you expect will cause you to miss multiple classes, please reach out to me so we can figure out a plan to make sure you are able to keep up with course material.

ELECTRONIC DEVICE POLICY

For in-person classes, you may use a laptop or tablet for notetaking. If you are using a laptop, please sit towards the back of the class if feasible for you to avoid distracting those sitting behind you.



You are NOT allowed to use smart phones or any other phones and cannot audio/video record any lectures.

We will observe the protocols that would be expected during in-person classes. Avoid making or taking calls on your cellphone while class is in progress. No frivolous posting of messages in the Chat area during class. Please do not video/audio record class lectures or take pictures of the screen without permission.

OUT-OF-CLASS COMMUNICATION

I will communicate with you primarily through the Announcement feature on UM Learn. Check UM Learn frequently and read all communication thoroughly. PowerPoint slides, project guidelines and other helpful materials will also be posted on UM Learn.

I am also accessible via email, but I try to limit time spent answering emails outside of my work hours. Unless otherwise noted, I will respond to emails within 24 – 48 hours.

Whenever you email me, please include “ABIZ 0730 – A01” in the subject line. This will make it less likely for your message to get lost in my inbox.

CLASS SCHEDULE

Session	Topic & Activities	Readings
Sep 13	Outline	
Sep 20	Review Expected Return, Preferences, Events Introduce Risk premiums, Probability, Histograms, Basic Stats, Discrete vs Continuous, S.D. (Exercise 1: Probability – 3%)	
Sep 27	Probability, Histograms, Basic Stats, Discrete vs Continuous, S.D. (Contd.). Futures Markets, Hedging and Speculation	
Oct 4	Market Fundamental Vs Technical trading, Arbitrage, Simulated Speculation, Intro to Options (Exercise 2: Futures – 3%)	
Oct 11	Test 1 – 20 % Time – 4:30 PM – 5:30 PM (60-minute Test)	Test 1 topics – Based on Sep 13 to Oct 4 lectures
Oct 18	All sources and responses to risk (Chapter 15 Kay et al). Options II (Exercise 3: Sources of Risk – 3%)	
Oct 25	Insurance. Decisions under Risk. Crop Insurance. Diversification and Decision Trees (Exercise 4: Diversification and Decision Trees – 3%)	
Nov 1	Diversification and Decision Trees II	
Nov 8	No Class – Fall Term Break	



Nov 15	Test 2 – 20 % Time – 4:30 PM – 5:30 PM (60-minute Test)	Test 2 topics – Based on Oct 18 to Oct 25 lectures
Nov 22	Chapter 14 – Building Sustainable Communities Through Market-Based Instruments (Exercise 4: Diversification and Decision Trees – 3%)	
Nov 29	Group Presentations on Risk Management Plan	
Dec 3	Two trades write up due on Dec 3rd, 2022 (before 11:30 pm) – Submit word .docx file on UM Learn drop box	
Dec 6	Test 3 – 20 % Time – 4:30 PM – 5:30 PM (60-minute Test)	Test 3 topics – Based on Nov 1 to Nov 22 lectures

IMPORTANT DATES

- Revision Period – September 7-21
- Drop Date (with Refund) – September 20
- Test 1 – October 11
- Test 2 – November 15
- Test 3 – December 6
- Voluntary Withdrawal Date – November 22
- Group Project Paper – November 29
- Individual Trade Paper – December 3



ACADEMIC INTEGRITY POLICY

Academic integrity is critical to the reputation of the Asper School of Business and for the degrees we award. As the Faculty that helps create business and government leaders, we have a special obligation to ensure that our ethical standards are beyond reproach. Therefore, the Asper School takes academic misconduct very seriously and does what it takes to uphold the highest academic integrity standards. You can find information on what constitutes academic misconduct on the University of Manitoba's [Academic Integrity webpage](#). It is your responsibility to educate yourself on what's acceptable and what's not. Ignorance is no excuse. When in doubt, talk to your instructor.

Examples of academic misconduct include, but are not limited to:

- using the exact words from a published or unpublished source without quotation marks and without referencing that source both in-text and in the Bibliography
- reproducing a table, graph, or diagram, in whole or in part, without referencing the source
- paraphrasing someone else's words without referencing the source both in-text and in the Bibliography
- using a paper (or parts of it) that was submitted in one course for an assignment in another course, without discussion with both the instructors involved
- getting your assignment done by someone else, either for payment or otherwise
- using material available on file-sharing sites such as Course Hero, Chegg, etc. Uploading material to such sites also constitutes academic misconduct depending on what is shared.
- copying the answers of another student in any exam or assignment
- providing exam answers or assignments to other students via any medium or obtaining them from other students or websites
- taking any unauthorized materials into an examination (crib notes), regardless of whether those are used during the exam
- recording exam questions using any method, regardless of whether those are shared with others
- sharing exam questions with those who are yet to take the exam, including future students or attempting to sell exam questions
- impersonating another student or getting another person to impersonate you for the purpose of attendance, earning class participation marks, submitting academic work, or writing an exam
- changing any part of test answers after that test has been graded and returned

Group Projects and Group Work

Many courses in the Asper School require group projects. All group members should exercise special care to ensure that the group project is free from plagiarism. Should a violation occur, group members are jointly accountable unless the violation can be attributed to specific individuals.

Some courses, while not requiring group projects, encourage students to work together in groups before submitting individual assignments. If it's unclear whether it is allowed, students are encouraged to seek clarification from the instructor to avoid violating the academic integrity policy.



STUDENT SERVICES AND SUPPORTS

The University of Manitoba provides many different services that can enhance learning and provide support for a variety of academic and personal concerns. You are encouraged to visit the below websites to learn more about these services and supports.

For Information on...	...follow this link
Reporting discriminatory behavior by another university member	Speak Up
Tech-related issues with UM Learn or videoconferencing	Information Services & Technology
Admission, Registration, Tuition Fees, Important Dates, Final Exams, Graduation, and Transcripts	Registrar's Office
Academic policies & procedures, regulations, Faculty-specific information, degree and major requirements	Academic Calendar
Help with research needs such as books, journals, sources of data, how to cite, and writing	Library Resources
Tutors, workshops, and resources to help you improve your learning, writing, time management, and test-taking skills	Writing and Learning Support
Support and advocacy for students with disabilities to help them in their academic work and progress	Student Accessibility Services
Copyright-related questions and resources to help you avoid plagiarism or intellectual property violations	Copyright Office
Student discipline bylaws, policies and procedures on academic integrity and misconduct, appeal procedures	Academic Integrity
Policies & procedures with respect to student discipline or misconduct, including academic integrity violations	Student Discipline
Students' rights & responsibilities, policies & procedures, and support services for academic or discipline concerns	Student Advocacy
Your rights and responsibilities as a student, in both academic and non-academic contexts	Your rights and responsibilities
Medical services for any physical or mental health issues	University Health Service
Information on health topics, including physical/mental health, alcohol/substance use harms, and sexual assault	Health and Wellness
Mental health, including anxiety, stress, depression, help with relationships or other life concerns, crisis services, and counselling.	Student Counselling Centre
Support services available for help regarding any aspect of student and campus life, especially safety issues	Student Support Case Management
Resources available on campus, for environmental, mental, physical, socio-cultural, and spiritual well-being	Live Well @ UofM
Help with any concerns of harassment, discrimination, or sexual assault	Respectful Work and Learning Environment
Concerns involving violence or threats, protocols for reporting, and how the university addresses them	Violent or Threatening Behaviour



UNIVERSITY OF MANITOBA COVID-19 HEALTH & SAFETY POLICY

April 8, 2022

The University of Manitoba (the “UM”) is committed to maintaining a safe learning environment for all students, faculty, and staff. Should campus operations change because of health concerns related to the COVID-19 pandemic or other campus-wide emergency, it is possible that this course will move to a fully remote delivery format. Should the instructor be required to stay at home for an extended period and an alternate instructor not be available, the course may move temporarily to a remote delivery format.

Mask Wearing

In a face-to-face environment, our commitment to safety requires students to observe all Covid guidelines set by the University (<https://umanitoba.ca/coronavirus>)

While on campus and in class, you must wear masks as stipulated in current [University policies, procedures, and guidelines](#). The University highly recommends the use of KN-95 masks; the minimum requirement is a ATSM Level 2 Medical mask. Both mask types are available at many locations on campus.

Students who fail to comply are subject to disciplinary action in accordance with the [Student Discipline Bylaw](#) and the [Non-Academic Misconduct and Concerning Behaviour Procedure](#).

If you do not follow masking requirements, you will be asked to leave the learning space and may only return to the class already in progress when you have complied with this requirement. Repeated issues will result in disciplinary action as previously noted.

Students should not eat or drink during class time.

Illness

Remember: **STAY HOME IF YOU HAVE SYMPTOMS OR ARE ILL**. If you become ill we highly recommend that you [self-isolate](#); you should notify your instructor by email so you can develop a plan to complete the course learning outcomes while you are absent.

What to do if you become ill while at UM:

1. Leave the classroom, lab, or workspace immediately. Continue to wear your mask while leaving the premises and/or while waiting for transportation.
2. Perform hand hygiene (soap and water or hand sanitizer) and avoid contact with others and minimize contact with the physical environment.
3. Once at home, complete the [MB self-assessment](#) and follow the directions that are provided.
4. Inform your instructor(s) or, if in residence, the appropriate individual.



5. Please remain off-campus and all UM facilities until cleared to return in accordance with self-assessment, testing results, and UM recommended isolation procedures.

Recommended transportation options (in order):

1. Drive yourself home.
2. Pick-up by family or friend – remember to keep your mask on and to distance as much as possible, and where possible, open a window to improve ventilation.
3. Pickup by taxi/Uber:
 - Remain masked and perform hand hygiene before entering the vehicle.
 - Avoid touching the inside of the vehicle
 - Keep your mask on for the duration of the ride
 - Where possible, open a window to improve ventilation.
4. Winnipeg Transit buses – We recommend that you do not use Winnipeg Transit in this situation.

ABOUT THE INSTRUCTOR

Farhan Islam, MA, BA, BSc. (Instructor)

Areas of Research Interest: Sustainability, Financial Derivative Modelling, Econometric Analysis, Statistical Modelling, Network Security, and Risk Management

Areas of Teaching Interest: Supply Chain Management, Leadership, Business Ethics, International Finance and Derivative Markets, Economics, Statistics, Project Management, Agribusiness Management and Economics, Sustainability, Actuarial Studies, and Computer and Network Programming.

Mr. Farhan Islam is one of the respected Instructor at Asper Business School with vast teaching experience and interests. He has extensive experience in green sustainability, risk analysis, lean systems, and economic development. He has also been involved in developing and launching start-up small companies as well as government projects.

Farhan has taught wide variety of courses in Agribusiness, Economics, Statistics, Mathematics, Marketing, Information Systems, and Management. Farhan also teaches at University of Winnipeg and Red River College Polytechnic. He is a business and Policy Consultant and runs an independent consultancy firm globally. He was a major researcher and was involved in policy consideration in University of Manitoba Transport Institute (UMTI) “GrEEEn Trucking Program” in 2011-2012 which become one of the major successful projects in UMTI.

Farhan is currently pursuing Chartered Financial Analyst (CFA), completing Project Management Professional (PMP), Actuarial designation (ASA), VMware Certification, and Lean Six Sigma Certification.

In his free time, Farhan enjoys travelling, cycling, playing soccer, cricket, tennis, basketball, badminton, singing, painting, and virtually any other outdoor activity.

