# MARKET RISK

TOPICS OF THE COURSE

- The basis of risk management: "mark to market" principle, time horizon risk factors;
- Future scenarios: probability density functions, scenario generation (parametric methods, historical and Monte Carlo simulation, hybrid methods, e.g. bootstrapping techniques);
- Risk measures: standard deviation (volatility) & tracking error, quantiles (VaR), lower partial moments and downside risk, worst cases, sensitivities.
- Stress testing & Back testing.
- Defining and setting the appropriate risk policy.
- Risk policies for active portfolios
- Study of financial portfolios using a specific software: Definio Risk Analyzer

The seminar will be carried out using the software Definio Risk Analyzer

READING LIST:

Lecture Notes