Core Unit 4 -Financing and Investing for Retirement Provision

Assignment 2

*(Part 2 – Risk Management)*

*Recommended Time: 1 hour*

1. In the context of equity markets, list the ways in which a company can issue shares in order to raise capital, and give a short statement regarding how each method operates.

**10 marks**

1. Managing currency risk is important in order to mitigate the impact of adverse currency movements. Outline the following:
2. The two main methods of managing currency risk
3. The techniques active managers may use to manage currency risk

**10 marks**

1. Pension schemes typically hold the majority of their assets in equities and bonds.

List 5 key differences between these asset classes.

**10 marks**

1. Describe the characteristics of infrastructure investment.

**5 marks**

1. Why might a company choose to list its shares in a different country to the one in which it is headquartered and what factors would it take account of?

**5 marks**

1. Briefly describe four common types of derivatives and explain why derivatives are different in nature to the main asset classes.

**10 marks**