



# 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**
  
2. Managing currency risk is important in order to mitigate the impact of adverse currency movements. Outline the following:
  - a) The two main methods of managing currency risk
  - b) The techniques active managers may use to manage currency risk

**10 marks**
  
3. Pension schemes typically hold the majority of their assets in equities and bonds. Briefly describe:
  - a) how bond compares to equities in terms of risk and return
  - b) the factors that affect bond values

**10 marks**
  
4. Describe the characteristics of infrastructure investment.

**5 marks**
  
5. 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**
  
6. Briefly describe four common types of derivatives and explain why derivatives are different in nature to the main asset classes.

**10 marks**