Master of Business Administration, Postgraduate Diploma and Postgraduate Certificate in Business Administration

Module: Risk Management and Decision-making (BAM415)

Coursework: July – December 2021 study session

Submission Deadline: Monday 27 September 2021 by 13:00 (GMT)

- **Please Note:** You are permitted to upload your Coursework in the final submission area as many times as you like before the deadline. You will receive a similarity/originality score which represents what the Turnitin system identifies as work similar to another source. The originality score can take over 24 hours to generate, especially at busy times e.g. submission deadline.

- If you upload the wrong version of your Coursework, you are able to upload the correct version of your Coursework via the same submission area. You simply need to click on the 'submit paper' button again and submit your new version before the deadline.

  In doing so, this will delete the previous version which you submitted and your new updated version will replace it. Therefore your Turnitin similarity score should not be affected. If there is a change in your Turnitin similarity score, it will be due to any changes you may have made to your Coursework.

- Please note, when the due date is reached, the version you have submitted last, will be considered as your **final submission** and it will be the version that is marked.

- **Once the due date has passed, it will not be possible for you to upload a different version of your assessment. Therefore, you must ensure you have submitted the correct version of your assessment which you wish to be marked, by the due date.**

Your overall total word count should not exceed 2,000 words (Weighted at 50% of final mark for the module)

Instructions:

Assessment Criteria:

Please refer to Appendix B of the [Programme Regulations](#) for detailed Assessment Criteria.

Plagiarism:

This is cheating. Do not be tempted and certainly do not succumb to temptation. Plagiarised copies are invariably rooted out and severe penalties apply. All assignment submissions are electronically tested for plagiarism. More information may be accessed via: https://mba.elearning.london.ac.uk/course/view.php?id=5&section=1

Penalties for exceeding the word count:

The content within the main body of text comprises the overall word count, including in-text citations, references, quotes, heading and sub-headings. The cover page, reference list and any appendices do not count towards the overall word count. Full submission instructions are included in the VLE with coursework submission forms. **There are penalties for exceeding the specified word count.**

- The maximum word limit for this coursework assignment is 2,000 words (excluding the list of references).

- You may use less than 2,000 words but in so doing you may be penalising yourself as it is likely to be challenging to respond to the coursework brief.

- You MUST state an accurate word count (excluding the list of references) at the end of your work. If you do not state an accurate word count your mark will be reduced by 5 marks.

- The content within the main body of text comprises the overall word count, including in-text citations, references, quotes, heading and sub-headings. The cover page, reference list and any appendices do not count towards the overall word count.

- For coursework and project items, students should not exceed the maximum word limits by more than 10%.
    - a) **If the word count is between 10% to 20% above the maximum word limit, 5 marks will be deducted.**
    - b) **If the word count exceeds the maximum word limit by more than 20%, students will receive zero marks for their work.**

Assignment Brief

Assignment Title	Financial risk analyst at a consulting firm
Type of Submission	Individual report
Weighting of the assignment in the overall module grade	50% of the total mark
Word Count	2,000 words
Submission Date	27 September 2021 at 1pm (GMT)

Assignment Task

Students are required to work individually and prepare a report of 2,000 words (excluding tables, graphs, references, and workings of calculations). This assessment must be submitted online only via Turnitin no later than **September 27, 2021 at 1pm.**
A financial risk analyst at a consulting firm.

You are a financial risk analyst with a portfolio of equities that consists of 12 of some of the top companies of the S&P 500 and DOW 30 according to their market capitalisations (as of July 2021). You want to do an analysis of the portfolio and determine the profile of risk-return of those 12 stocks in the portfolio. You need to determine the (monthly) average returns and standard deviations for the following 12 stocks from this portfolio for the period January 2, 2012 – July 30, 2021.
The stocks you need to analyse are (in parentheses are their ticker symbols):

American Express (AXP)	McDonald's Corp (MCD)
Apple (AAPL)	Microsoft Corp (MSFT)
Boeing Co (BA)	Verizon Communications Inc (VZ)
Goldman Sachs Group Inc (GS)	Visa Inc (V)
International Business Machines Corp (IBM)	Walmart Inc (WMT)
Johnson & Johnson (JNJ)	Walt Disney Co (DIS)

Required:
1. Go to Yahoo! Finance (https://finance.yahoo.com) and download the monthly price for each stock listed above between January 2, 2012 – July 30, 2021.
    - From the monthly prices calculate the monthly returns (as a percentage change in the monthly prices you downloaded from previous question). You will need a separate worksheet in your excel file. Use the adjusted closing price (which takes into account dividends).
    - Next, compute the mean monthly returns and the corresponding standard deviations for the 12 stocks. From the monthly statistics compute also the annual statistics for easier interpretation.

- Add a column in your spread sheet with the monthly return to an equally weighted portfolio of 12 stocks. Compute the mean and standard deviation of the monthly returns of this portfolio. Calculate also the annual statistics and interpret the results.
- Based on the annual statistics that you calculated in previous questions (for individual stocks and the equally weighted portfolio), create an Excel plot with volatility on the x-axis and average return on the y-axis.
- Comment about the average of the volatilities of individual stocks compared to the volatility of the equally weighted portfolio.

It is important not only to show correct calculations, but also to provide a critical discussion of your calculations. (500 words max).

(40% of the total mark; 10% calculations and 30% discussion)

2. Starting in 2007, the United States experienced the worst financial crisis since the 1930s. The crisis spread rapidly from the United States to other countries and from financial markets to the real economy. In addition, some financial institutions failed while many more had to be bailed out by national governments. Discuss the sources of the 2007 crisis and why it had such an impact on financial institutions around the world (750 words max).

(30% of the total mark)

3. Bank bailouts remains an extremely controversial topic. While some governments support the idea of bailing out large banks that are deemed "too-big-to-fail," others argue that such a practice imposes costs on society as a whole. Discuss some of the reasons why bank bailouts have happened in the past and the possible benefits and costs of such bailouts. (750 words max)

(30% of the total mark)

Discuss. Essentially this is a written debate where you are using your skill at reasoning, backed up by carefully selected evidence to make a case for and against an argument, or point out the advantages and disadvantages of a given context. You are also expected to use some academic researches/empirical studies to support your discussion. Remember to arrive at a conclusion.

Background/Context

In your report you should show that:
- There is an excellent understanding of all aspects of the report.
- The answers are complete and convincingly argued and free from any errors of fact or argument.

- All major sources are clearly referenced, well summarised and integrated in your discussion.
- Related literature has been incorporated well in your analysis.
- Clear signs of critical intelligence and independent judgement. There must be clear evidence of critical comment. The literature survey should not just include a simple description of previous studies. You should adopt a more critical view on prior literature. Don't simply mention previous studies, integrate them in your discussion. Use them as a tool to articulate, justify and support an argument. Find similarities, differences, try to explain why these similarities/differences emerge. What do prior studies find? Are there any major contradictions? Highlight these differences and compare the work of different studies. Categorise the findings based on a criterion of your choice (data used, methodology employed, geographical area covered and so on). *"Knowledge doesn't exist in a vacuum and your work only has value in relation to other people. Your work and your findings will be significant only to the extent that they're the same as, or different from, other people's work and findings"* (Jankowicz, 2005, p.162).[1]
- Use the economics of this project to illustrate and articulate your recommendations. If for example you are asked to discuss the pros and cons of an investment appraisal technique use the data from the case study to highlight your arguments. Show all the workings in a separate appendix section.
- An excellent bibliography (for example, use finance/economics textbooks and a wide range of journal articles). Use Harvard style referencing.
- The presentation of the information shows some originality in approach.
- Your discussion should avoid quoting long passages taken directly from other sources.
- Evidence of great effort on research and study.
- The report must have a clear structure with conclusions drawn. The layout of the report should be generally clear and concise. The information contained must be well understood. Intelligent presentation of source material is required. Your writing should have a good flow.
- You should demonstrate familiarity with academic and practitioner relevant literature. It is especially appreciated you can link the theme of the essay to current debates, the case given to you in question 1, or a recent piece of news (e.g. from Financial Times, Harvard Business Review, The Economist etc.).
- You must include a word count at the end
- Font size 12 (either Times Roman or Arial)
- Use paragraphs appropriately
- The coursework must be typed and *1.5 spaced*
- Do not rely solely on the internet for research
- Ensure that you answer the questions – all parts of it
- Take care with presentation
- Insert page numbers
- You should not put your name on the coursework

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[1] Jankowicz, A.D. (2005) Business Research Projects, 4th edition, London: Thomson Learning.

- Pay attention to spelling and grammar.
- Use Harvard referencing. References should appear in the body of the text as follows: "The earliest professional accountancy bodies have their roots in late nineteenth century Britain and this model of professionalization has been replicated, with mutations (Chua and Poullaos, 1998), in many other countries at various times."
- At the end of the text you will have a bibliography. Journal references should be cited in the bibliography, in alphabetical order, as follows:

Chua, W. and C. Poullaos (1998). The dynamics of 'closure' amidst the construction of market, profession, empire and nationhood: An historical analysis of an Australian accounting association, 1886-1903. *Accounting, Organisations and Society,* 23(2): 155-187.

And book references should be cited in the bibliography as follows:

Gray,R.H., Owen, D. and Maunders, K. (2010). Corporate Social Reporting. London: Prentice Hall.

Also make sure to avoid:
- substantial misunderstandings of the material covered.
- serious errors of fact and judgement. Also make sure that there are no errors in the calculations.
- unclear citing of sources
- your opinion is not a fact without supporting evidence.
- a confused summary of material from the sources used. Also, simply quoting other researchers without a sufficient explanation of how this quote advances your discussion is wrong.
- a lack of structure and poor synthesis of source material.
- Inadequate bibliography. Lecture notes and untrustworthy internet sources are not a valid reference. Your references should be of academic value (for example textbooks and scientific journals.