# Derivatives and Alternative Investments assignment Assignment task

A major political election, e.g., UK PM elections, the Brexit referendum etc., can cause drastic market

fluctuations. Prior to such an event, nobody knows the political outcome and hence nobody is sure whether the market will swing up or down. However, it is highly likely that the political outcome will impact the market significantly, either way.

In this empirical project, you are required to

* pick a historical event that you believe was significant;
* pick a particular investable security and pretend that you were holding this security prior to the event; and
* design an option strategy based on this security to turn this political event into a profitable opportunity.

Your report should at least include the following:

* Sufficient description of the political event of your choice;
* Clear description of your then existing investment position (hypothetical);
* Based on historical data, clear definition of your option strategy design, e.g., price, strikes, maturity, etc. (options can be hypothetical);
* The rationale behind your strategy design;
* Clear description, using chart, of the theoretical contingent payoffs of your strategy;
* The fair price of your strategy; and
* Based on realised historical data, the profit & loss of your strategy at your strategy maturity etc.

# Assignment title

Individual Report

# Expected Return of Feedback and Marked Work

14 days from the submission deadline

# Word count

Maximum: 2,500 words (excluding references and appendices)

# Assessment guidelines

You must strictly follow the word count and provide the relevant references using APA referencing, when necessary.

The similarity index must not exceed 30 % overall.

# Assessment structure

* Appropriate coversheet
* Title page, including the given title in full
* Executive Summary (Not part of the word limit and must not exceed more than 150 words)
* Contents page
* Introduction
* Main body
* Conclusion
* References
* Appendices, which should be numbered.

- Make sure you refer your reader to them as required.

# Layout

Your work should be presented via appropriate presentation software. Your name should appear on the submission.

Your student number should be included on every page.

# Marking Rubric

Details of the marking rubric are given in the following table.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **7007AFE CW2 rubric** |  |  |  |  |  |  |  |  |  |  |
|  |  | **Fail** | **(1-29)** | **(30-39)** | **(40-49)** | **(50-59)** | **(60-69)** | **(70-79)** | **(80-90)** | **(90-100)** |
|  |  |  | **Fail** | **Fail** | **3rd** | **2:02** | **2:01** | **1st** | **1st** | **1st** |
|  | **Weight** | **No attempt, No submission,**  **Absent** | **Poor, unsatisfactory, weak** | **Inadequate, incomplete, limited** | **Basic, satisfactory, acceptable** | **Reasonable, fair, appropriate** | **Competent, commendable, effective** | **Strong, proficient, very good** | **Articulated, highly impressive, excellent** | **Faultless, publishable, industry standard** |
| **Choice of the political event** | 10% | No attempt | very limited ability to describe the information of the  event | imcomplete and irrelevant information | Basic information without clear linkage with the rest of the  paper | Fair information | Demonstrate effective description of the event | Deonstrate strong level of ability | highly impressive | Faultless, publishable, industry standard |
| **Description of existing investment position** | 10% | No attempt | incorrect and inrrelvant | some level but insufficient use of information | Basic information with minor mistakes | Satisfactory information and use a range of ways to support your work. | Competent use of relevant, information gathered from a range of sources to support  your work. | Strong use of relevant, credible information gathered from a broad range of sources to  support your work. | highly impressive | Faultless, publishable, industry standard |
| **Data collection knowledge and skills** | 10% | No attempt | no evidence of correct understanding of the knowledge and skills | Insufficient evidence of using data collection and presentation knowledge and skills, unreliable range of sources to support the  work. | Basic evidence of using data collection and presentation knowledge and skills | Satisfactory use of relevant skills and knowledge gathered from a selected range of sources to support  your work. | Competent use of relevant, information gathered from a range of sources to support  your work. | Strong use of relevant, credible information gathered from a broad range of sources to  support your work. | highly impressive | Faultless, publishable, industry standard |
| **Option strategy** | 15% | No attempt | no evidence of correct  understanding of the knowledge and skills | Insufficient use of information gathered from a limited, unreliable range of sources to support the  work. | Basic use of information gathered from a narrow, but reliable range of sources to support  your work. | Satisfactory use of relevant skills and knowledge gathered from a selected range of sources to support  your work. | Competent use of relevant, information gathered from a range of sources to support  your work. | Strong use of relevant, credible information gathered from a broad range of sources to  support your work. | highly impressive | Faultless, publishable, industry standard |
| **Rationale behind the strategy** | 15% | No attempt | no evidence of correct understanding of the knowledge and skills | Insufficient use of information gathered from a limited, unreliable range of sources to support the  work. | Basic use of information gathered from a narrow, but reliable range of sources to support  your work. | Satisfactory use of relevant information gathered from a selected range of sources to support  your work. | Competent use of relevant, information gathered from a range of sources to support  your work. | Strong use of relevant, credible information gathered from a broad range of sources to  support your work. | highly impressive | Faultless, publishable, industry standard |
| **Description, using chart, of the theoretical contingent payoffs of your strategy** | 15% | No attempt | no evidence of correct understanding of the knowledge and skills | Insufficient use of information gathered from a limited, unreliable range of sources to support the  work. | Basic use of information gathered from a narrow, but reliable range of sources to support  your work. | Satisfactory use of relevant information gathered from a selected range of sources to support  your work. | Competent use of relevant, information gathered from a range of sources to support  your work. | Strong use of relevant, credible information gathered from a broad range of sources to  support your work. | highly impressive | Faultless, publishable, industry standard |
| **Fair Price and Realistic performance of your strategy** | 15% | No attempt | no evidence of correct understanding of the  knowledge and skills | Insufficient use of information gathered from a limited, unreliable range of sources to support the  work. | Basic use of information gathered from a narrow, but reliable range of sources to support  your work. | Satisfactory use of relevant information gathered from a selected range of sources to support  your work. | Competent use of relevant, information gathered from a range of sources to support  your work. | Strong use of relevant, credible information gathered from a broad range of sources to  support your work. | highly impressive | Faultless, publishable, industry standard |
| **Professional skills: overall presentation/quality of the report, professional style, format, citing & referencing** | 10% | No attempt | Poor ability to demonstrate the professional writing skills, styles, formating,  citing and referencing | Insufficent writing skills with many typos, errors. Incorrect referencing format.  Poor quality overall of  the report | Basic presentation of the report, complete strutures but limited supporting  informations | Satisfactory use of professional writing skills, complete structures, academic referencing and some  editing errors | Competent use of professional writing skills, complete structures, academic referencing and rarely  any editing errors | Strong use of professional writing skills, IT skills, complete structures, excellent academic referencing skills; no  editing errors | highly impressive | Faultless, publishable, industry standard |
|  | 100% |  |  |  |  |  |  |  |  |  |