candidates should be able to:

Demonstrate knowledge of methods for estimating value at risk (VaR). Including:

* Apply a parametric approach to estimate VaR with normally distributed returns or with normally distributed underlying factors
* Describe methods for estimating volatility as an input for VaR calculations
* Describe methods for estimating VaR for leptokurtic positions
* Describe methods for estimating VaR directly from historical data
* Describe how the Monte Carlo analysis can be used to estimate VaR
* Discuss and apply the aggregation of portfolio-component VaRs to determine the VaR for a portfolio under various assumptions (i.e., perfect correlation, zero correlation, and perfect negative correlation)