



Introduction to Capital markets – Equities and their derivatives

Basic entry level training
for dealers and financial
institution / fund
management support
personnel



LYWOOD DAVID
INTERNATIONAL
LIMITED

Dates:

Please see the 'Training Calendar' page

Venue:

London First Conference Centre
Suffolk St., London, SW1

Do you need your personnel to

- understand how Fund Management companies work
- appreciate the decisions fund managers make
- understand how funds are structured to meet client needs
- realise the information and technological needs of institutions

Participant profile

This two day course is specially designed as basic entry-level training for staff who are new to fund management or who are involved in a peripheral function but need to broaden their understanding of the markets and the instruments traded. Training takes place away from the office which allows participants to concentrate on increasing their understanding of concepts discussed without the pressures of day-to-day routines.

LYWOOD DAVID INTERNATIONAL LIMITED'S Introduction to Fund Management course features sessions on the basics of financial investment, issuers of securities, Investors, how funds help investors spread their risk. The course discusses the main asset classes, Financial - Bonds, Equities, Convertibles, Warrants, Money markets, Property Other - e.g. Art, Commodities etc.

On the technical side the course considers Modern Portfolio Theory, risk and return, diversification, putting securities together to form portfolios and the efficiency of markets. The different types of funds and the investment decisions available to them together with back office procedures and settlement systems. The role of the FSA in the UK and regulation is covered in respect of compliance and legislation governing money laundering and insider dealing.

Course Presenter

Maggie Stoker, principal consultant at **MSC** uses her extensive experience as an international portfolio manager and securities analyst to deliver focused, lively and informative courses. Each course is individually tailored to meet the needs of the client. Maggie is the only trainer in her area with direct portfolio management experience and training expertise. At Capital House (formerly owned by the Royal Bank of Scotland) she was responsible for managing pension funds, mutual funds and private client portfolios. Maggie has also been a securities analyst at Clerical Medical and Robert Fleming Securities. As a result of this experience, delegates on her courses receive first-class training from someone who can put the theory into a practical context. Maggie is a Fellow of the UKSIP and is a member of the Examination and Education Committee and the IMC Panel.

Please see the 'Book on-line' page to make reservations for this training course

The two day course features the following highly participative sessions

The Markets and products

- **Overview of the equities markets** - Size of the markets, Primary issues, Secondary trading
- **The main exchanges** - London, New York, Eurex, NASDAQ
- **Different types of share capital** - Ordinary shares (equities), Preference shares, A shares, B shares, CIs, PCs etc., ADRs and GDRs, Voting vs non-voting shares, Rights of shareholders
- **Means of issuing new shares** - Rights issues, Placings, Subscriptions
- **Listing rules** - FSA's role in the UK, Greenbury and Hamper reports, Higgs Review
- **Share dealing** - Quote-driven market making (eg NASDAQ), Order-driven (eg SETS, NYSE), Floor-based vs electronic systems, Other markets eg Virt-X, Ofex, Alternative Trading Systems/ECNs (eg Instinet, Archipelago)

Examples: Looking at London Stock Exchange and NASDAQ Quote pages

- **Settlement** - Role of global custodians, Sub custodians and depots, Registration of shareholders, Nominee holdings, Crest and other settlement systems (Euroclear, Clearstream), Stock lending arrangements (equity repos)
- **Rights of shareholders - Responsibilities of directors** - Sarbanes-Oxley Act 2002 (US), Companies Acts 1985 and 1980 (UK), EU legislation, Corporate governance
- **Equity-based investment funds** - Open-ended Collective Investment Schemes (unit trusts, SICAVs, OEICs, UCITS funds), Closed-ended investment trusts, Authorised vs unauthorised funds, Hedge funds

Valuing shares

- **Looking at a company's accounts:** Profit and loss account, The Balance Sheet: What is the company worth? - Classic valuation tools
Case Study: Delegates will calculate the SVA techniques employed by companies
- Quantitative techniques, Capital Asset Pricing Model (CAPM), Multi Factor models Arbitrage Pricing Theory (APT), Charting, Classic chart patterns
- Making projections, Value drivers - what do we think is going to push the company ahead (eg competition, cost savings, unforeseen expenses, new markets, developing new products etc)
Case Study: Delegates will use a set of report and accounts and on-line charting and valuation tools to assess the current value of a company's share price.

Risk in the equity markets

- **DEFINING RISK, BETA, MARKET (SYSTEMIC) RISK, SPECIFIC RISK, VOLATILITY, STANDARD DEVIATION, VAR TOOLS, CASE STUDY: USING JP MORGAN'S RISK GRADES DATA**
- Managing risk, Correlation tools eg BARRA
Case Study: Modern Portfolio Theory (Risk and return). Delegates will calculate the expected risk and return of two securities and see how the risk is reduced when they are combined in a two-stock portfolio.

Equity derivatives

- **WARRANTS: CLASSIC WARRANTS, COVERED WARRANTS, TRADED SECURITISED DERIVATIVES. OPTIONS: CALL OPTIONS, PUT OPTIONS, STRADDLES, STRANGLES, USING OPTIONS IN EQUITY FUNDS**
Case study: Using options and securitised derivatives for income enhancement
- **Forwards and futures:** Equity index futures, contract specifications, trading, margining arrangement, settlement

Regulation

- **Regulations governing the use of derivatives by UK fund managers, FSA Regulations, UCITS Directives, UCITS III**
Case Study: Using index futures to hedge an equity portfolio

Bespoke training

LYWOOD DAVID INTERNATIONAL LIMITED's training events can be tailored to suit a financial institution's training needs and presented exclusively in-house. This becomes cost effective in London at around 6 - 7 participants, more quickly when long distance travel and accommodation costs need to be taken into consideration.

LYWOOD DAVID INTERNATIONAL LIMITED is a company dedicated to the promotion of a greater understanding of the international financial markets amongst all participants.

The company's aim is to provide high quality and affordable training and education on Treasury, Capital markets and financial issues to as wide a range of people as possible - this being achieved through offering open training courses plus in-house consultancy services to individual client institutions globally. The company has worked extensively in the EU and the developing financial markets of central and eastern Europe, the Caribbean, Africa, India, the Middle and the Far East.

Now in its twelfth year, **Lywood David International Limited** continues to offer a wide range of such training courses specifically targeted at financial markets professionals. These are presented by experienced practitioners and trainers putting great emphasis on the practical reinforcement of issues covered using the latest technology. Further details are available on the company's website: www.lywood-david.co.uk

LYWOOD DAVID INTERNATIONAL LIMITED

PO Box 405,
Sevenoaks,
TN13 2WN,
United Kingdom

Tel: +44 1732 463014

Fax: +44 1732 463015

e-mail: training@lywood-david.co.uk