

# € TRAINING

Managing Equity Portfolios





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## Introduction:

This program provides advanced training in equity portfolio management, encompassing corporate valuations, fundamental analysis, asset allocation, and derivatives. It will equip professionals with the skills to excel in managing equity portfolios effectively.

## Program Objectives:

At the end of this program, participants will be able to:

- Demonstrate a thorough understanding of stocks as an asset class by comparing various models used in corporate valuations to determine the "fair value" of stocks.
- Utilize analytical skills to evaluate the significance of fundamental corporate performance analysis and stock valuation using financial information.
- Identify fundamental concepts and key insights from different approaches to asset allocation and portfolio management, including innovative strategies developed post the 2007-2008 financial crisis.
- Exhibit proficiency in equity-based derivatives and understand how to utilize them effectively as hedging instruments.

## Targeted Audience:

- Investment professionals.
- Financial advisors.
- Portfolio managers.
- Individuals.
- Institutional investors.

## Program Outline:

### Unit 1:

#### Equities Fundamentals:

- Understanding equity ownership compared to other financial claims and its position in corporate capital structure.

- Reviewing equity capital from an accounting perspective and the characteristics of different types of shares.
- Exploring primary issuance of equity securities, equity markets, trade execution, and equity-based collective investment vehicles.
- Analyzing order-driven/quote-driven platforms, warrants, covered warrants, and contracts for difference CFDs.
- Studying the structure and functions of Investment Banks IBs, financing, client facilitation, and mergers and acquisitions.

## Unit 2:

### Equity Securities Issuance and Trading:

- Exploring listing securities, the regulatory framework, and investor disclosures in primary issuance.
- Understanding the stages of an initial public offering IPO and alternative routes for going public like direct listings and SPACs.
- Analyzing the role of intermediaries, book building, pricing, and benefits for issuers and investors.
- Examining the role of exchanges in providing secondary market facilities, alternative trading venues, and multilateral trading facilities.
- Investigating High-Frequency Trading HFT, principles of Delivery versus Payment DVP, Free Delivery, and securities lending.

## Unit 3:

### Global Equities Markets:

- Examining principal indices/exchanges, emerging and frontier markets, and classification systems like MSCI and FTSE.
- Reviewing historical performance and regulatory environments of global equity markets.
- Analyzing market structure, liquidity, transparency, and trading characteristics.
- Understanding the influence of interest rates, macroeconomic factors, and geopolitical events on equity markets.
- Studying prevalence of off-exchange activities and regulatory and supervisory environments.

## Unit 4:

### Financial Statement Analysis and Corporate Actions:

- Analyzing balance sheets, income statements, and cash flow statements for financial statement analysis.

- Understanding key financial ratios, investor ratios, and accounting for corporate actions.
- Exploring stock dividends, rights issues, and their impact on share prices.
- Investigating theoretical effects of corporate actions on share prices and comparisons across sectors.
- Studying accounting methods for corporate actions and their implications for investors.

## Unit 5:

### Corporate Valuation and Risk Management:

- Applying fundamental equity valuation techniques like Discounted Cash Flow DCF and dividend discount models.
- Analyzing the determination of discount rates, multiples, and the Weighted Average Cost of Capital WACC.
- Understanding valuation methods for high-growth enterprises, sustainability of profits, and risk-adjusted valuations.
- Examining risk factors, beta, and changes in the regulatory environment on valuation forecasting.
- Exploring methodologies for forecasting expected returns and insights from behavioural finance.

## Unit 6:

### ESG Strategies:

- Exploring arguments for and against ESG in relation to investment performance.
- Analyzing how ESG factors can create both risks and opportunities for investors.
- Reviewing case studies and examples of decision-making regarding ESG considerations.

## Unit 7:

### Smart Beta Strategies:

- Reviewing the logic behind smart beta strategies and their risk factor asset allocation models.
- Examining the performance of various widely used smart beta ETFs and potential issues like crowding and herding.
- Assessing the promises provided by smart beta ETF sponsors and their warranted effectiveness.

## Unit 8:

### Risk Budgeting:

- Explaining risk premia and the allocation of exposures according to risk premia and expected returns.
- Understanding statistical distributions for modeling probability structures and benchmarks for tracking errors.
- Analyzing value at risk methodologies, expected shortfall, extreme value theory, and calculations of standard deviation and beta.

## Unit 9:

### Special Risk Factors for Emerging Market Equities:

- Examining the influence of central banks and globalization on capital flows into emerging markets.
- Analyzing differentiation between emerging market economies with trade surpluses/deficits and correlation between equities and commodities.
- Exploring challenges and strategies for hedging and managing risk in emerging market equities due to lack of depth in markets for hedging exotic currencies.

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## Unit 10:

### Techniques for Forecasting Expected Returns:

- Exploring risk factor asset allocation strategies and identifying key risk factors as drivers of asset prices.
- Applying insights from behavioral finance and analyzing long-term correlations amongst asset classes.
- Studying contrarian indicators, mean reversion, and sentiment analysis for forecasting expected returns.