

Value-Added Solutions In Wealth Management



Objectives

During this course participants will have:

- Seen how bonds give predictability to an investment portfolio
- Looked at how asset swaps can give a tailored exposure
- Explored the use of credit derivatives in changing a risk profile
- Covered equity fundamentals
- Understood the equity raising process with a view to understanding IPO investments
- Seen how equity options can be used to add or mitigate portfolio risk
- Looked at different equity option strategies
- Seen how bonds give predictability to an investment portfolio
- Looked at how asset swaps can give a tailored exposure
- Explored the use of credit derivatives in changing a risk profile
- Covered equity fundamentals

Training Methodology

The programme is highly interactive and it will encourage participation through exercises and case studies, which the delegates will solve individually or in small work-groups.

These activities are designed to allow delegates to practice and to consolidate the concepts that will be discussed during the lectured sessions of the program.

Who Should Attend:

The programme is designed for:

- Relationship Managers
- Financial Markets Sales
- Family Offices

Course Duration

3 Days

Introduction

0900 - 0915

The Role of Fixed Income Bonds in Wealth Management

0915 - 1030

The Course Director will introduce the course and what will be covered over the next three days

- Identifying opportunities for bonds in a client portfolio
 - The role of rating agencies
 - Overview of the bond markets
 - Government bonds / Corporate bonds
 - Private placements / High yield
 - Asset swaps / Structured Notes
 - Credit-Linked Notes
 - Convertibles / Exchangeables

Exercise: Review Quiz

Bond Pricing and Value

1050 - 1230

- Intuitive bond pricing
 - The relationship of price to interest rates and credit spreads
 - Quoting bond prices and yields
 - What do we mean by “Duration” and why do we need it?

Exercise: Price up bond prices and yields intuitively

Credit Derivatives

1330 - 1415

- Understanding how credit derivatives are used
 - To isolate risk
 - Gain leverage
 - Remove or add currency risk
 - Access different maturities and credit profiles
- Payout mechanisms

Exercise: Review Quiz

Credit-Linked Notes

1415 - 1515

- How do they relate to Credit Default Swaps?
 - Identify the advantages and disadvantages
 - Explore the mechanics of a CLN
- Uses as an investment tool
 - What are the risks?
- Uses for removing unwanted portfolio risk

Case Study: What investment works best for a corporate client given a set of risk parameters? Is there other information that we require to structure a suitable asset?

The Role of Equity Investments in Wealth Management

1540 - 1700

- Identifying opportunities for equity-based opportunities in a client portfolio
 - The importance of equity in a balanced portfolio
 - Overview of recent movements in the core equity markets

Equity Fundamentals

0900 - 1015

- Equity fundamentals
 - Ordinary versus Preference shares
 - Exchange traded Funds (ETFs)
 - Depository Receipts (DRs)
- The role of the Stock Exchange
- Equity derivative terminology
- The mechanics of the futures markets
 - Margin calls
 - Risk-reward of futures versus options

Exercise: Review Quiz

The Process of Raising Equity

1030 - 1130

- The equity offering process
- Due diligence overview
 - Management integrity
 - Company analysis etc.
- Should you invest?

Exercise: Develop an IPO checklist

Equity Options

1130 - 1230

1330 - 1500

- Overview of fundamental derivative structures
 - Calls, puts, look-backs, barriers, knock-ins/outs
- The importance of forward prices when introducing options
 - Why are equity options used?
 - How equity options work
- Understanding cost of carry and dividends
- Valuation fundamentals
- Pricing considerations (e.g. liquidity, borrowing ability)
 - Call versus cliquet options
 - Reverse convertibles

Exercise: Mini case studies to reflect client views

Equity-Linked Notes (ELNs) and Tailored Solutions

1515 - 1700

- How to use equity-linked notes for:
 - Capital protection
 - Currency protection
 - Multiple market access
- The mechanism of ELNs
 - How to improve participation rates
- Tailored solutions
 - Range structures
 - Reverse convertibles
 - Equity swaps

Exercise: Price up a capital guaranteed note intuitively

Day 3

Identifying Commodity Opportunities in Wealth Management

0900 - 1015

- Identifying opportunities for commodities in a client portfolio
 - Commodities as part of a balanced investment portfolio
 - Using indices such as the GSCI to adopt a broad commodity exposure
- Pricing and market drivers
- The use of ETFs to gain broad market exposure
 - (Dis)advantages of ETFs
 - 2015/2016 commodity performance
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Discussion: Should commodities be a part of a 2016 portfolio given the current state of the markets?

Commodity Futures

1030 - 1130

- Establishing forward asset prices
- Using exchanges and futures contracts to gain commodity price exposure
 - Returns from futures and the importance of leverage
 - The mechanics of the futures markets
 - Margin calls
 - Risk-reward of futures versus options

Exercise: Margin call calculation

Commodity Swaps

1130 - 1230

- Overview of fundamental derivative structures
 - Swaps, options, exotics
- Investor swap on oil
 - Intuitive swap pricing

Exercise: Mini case studies

The Role of Currency Management in Wealth Management

1330 - 1430

- Identifying opportunities for FX in a client portfolio
 - FX as an asset class
 - The role of FX solutions to mitigate loan or portfolio risk
 - Identifying various vehicles to express and FX return

Exercise: Create an FX opportunity checklist

Spot and Forward FX

1430 - 1515

- Understanding FX quotes
 - Quoting spot FX rates
 - The relationship between forward FX rates and interest rates
 - Non-deliverable forwards (NDFs)

Exercise: Calculate forward FX rate intuitively

Currency Options

1530 - 1700

- The role of FX options in Wealth Management
 - The uses of swaps and options to provide flexible hedging alternatives
 - The importance of payoff diagrams
 - Suitability and appropriateness when dealing with options
 - Strategies to reduce option premium
- Embedding options to potentially increase returns
 - Daily range accrual deposit
 - Dual currency deposit
 - Suitability and appropriateness

Exercise: Mini case studies to identify suitable strategies based on a client's opinion and risk parameters

Course Review and Close