



Essentials of U.S. Capital Markets

With an emphasis on equities, fixed income, the trading function and the process of portfolio management, this course provides an introduction to the capital markets in the U.S. Participants gain insight into investment decision-making and how the trading floor operates.

Targeted Audience

Investors, research analysts, portfolio managers, traders, and new entrants to the financial services industry.

Special Offer

Clients who register for this course will receive a complimentary 4-month subscription to FT.com. The Financial Times is the world's most respected financial newspaper, providing a broad assessment on finance, business and the industrial sector. The move to the electronic version follows an ongoing review of our environmental responsibilities as a global business and as part of the Pearson group. FT.com also has features that are not available in hard copy, such as: Special Reports, Alphaville, editor blogs, education sections and much more! Subscriptions will start within 6-8 weeks of the start of class and are limited to one subscription per client. (Please note: as of May 1, 2011, the electronic subscription replaces the hard-copy 3-month Financial Times subscription.)

Advance Preparation

No advance preparation required.

Learning Objectives

Students will be able to:

- . Learn the most common terms used in the financial community
- . Distinguish between the myths and facts of finance
- . Gain a greater understanding of the investment process from the professional money

manager's perspective

- . Appreciate equities as a distinct asset class
- . Suggest a conceptual framework for equity investing
- . Understand how the trading process works and how the buy and sell sides interact
- . Understand how the trader's view differs from that of the money manager
- . Understand the difference between a bond, a stock and the relative risks and rewards
- . Gain insight into how and why investors make decisions
- . Gain an appreciation for the various options that are available to institutional and individual investors
- . Get a sense of the complexity in the bond, stock and derivatives markets and why certain assets are appropriate or inappropriate to certain investors
- . Understand how money managers are chosen and evaluated
- . Understand the relevance of economics on other factors and investing process
- . Understand how the trading process functions and the flow of securities
- . Understand the personality types and psychology of the major players
- . Grasp the interaction and competitor/cooperator nature of the trading process
- . Distinguish between buy/sell side players and functions

Alumni Comments

"Extremely thorough; good at providing both big picture and details."

"Loved the practical application of today's market environment - very helpful!"

Level: Basic

CPE Credits: 21.5

Instructional Method: Group-Live

Detailed Outline

Day 1

Overview of the Capital Markets

- . How Markets Function
- . Sell Side vs. Buy Side
- . Individuals vs. Institutions
- . Role of the Exchanges
- . Brokers & Dealers
- . Major Players: Banks, Brokerage Firms, Insurance Companies
- . Primary & Secondary Markets
- . NYSE vs. Nasdaq
- . Auction Markets vs. Dealer Markets
- . Role & Importance of the Institutional Investor

The Macroeconomic Environment

- . How Portfolio Managers View the World
- . How Economists View the World
- . How Traders View the World
- . How Analysts View the World
- . Leading Economic Indicators

Day 2

Equity Securities

- . Stocks vs. Bonds
- . The Issuers Perspective
- . The Investors Perspective
- . Performance Over Time
- . Risk Factors
- . The IPO Process

Why Invest in Stocks?

- . Dividend Discount
- . P/E Ratio
- . Price Earnings/Growth (PEG)
- . Stock Selection: A Strategy Any 80 Year Old Would Love
- . Importance of Beta
- . Measures of Risk
- . The Capital Asset Pricing Model (CAPM)
- . Value vs. Growth
- . Small Cap vs. Large Cap
- . Indexing

Fixed Income Securities

- . Size and Complexity of the Bond Market
- . A Brief History
- . Role of the Federal Reserve
- . Key Issues: Transparency
- . 7 kinds of risk
- . What is a bond
- . Bond Math I: Price Equation, present value, YTM
- . 3 Types of yield

Issuers and Instruments

- . Why are bonds issued

- . Who invests in bonds
 - . Treasuries
 - . Municipals
 - . Corporates
 - . Mortgage backed securities
 - . Convertibles
 - . Zeroes
 - . Asset backed securities
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Day 3

Investing in Fixed Income Securities

- . The Yield Curve: Theories, Shape, Use
- . Bond Math II: Duration
- . Some bond strategies
- . Diversification
- . Sector
- . Quality
- . Maturity (duration)

Portfolio Management

- . Importance of Asset Allocation
- . Setting Goals
- . Setting Time Horizons
- . Setting Risk Tolerances
- . Purchasing Power vs. Principal Risk
- . Performance measurements
- . Use of derivatives

Case Study: Review of an Actual Portfolio

- . How a Balanced Fund is Used
- . Evaluating a Money Manager