

Economic Releases & Asset Class Adjustments

3 Days

COURSE OVERVIEW

This course represents the ideal opportunity for relationship managers in private banking/private wealth management to equip themselves with the skills to understand how various economic releases might affect their clients' investments.

The course utilizes Growth Cycle Model to illustrate the significance of various economic releases and their impacts on asset prices at different points in time. It goes on to present a framework whereby the wealth managers could utilize to decide on the assets' tactical adjustments on the basis of the latest economic releases.

The course will also address the issues of reconciling the latest releases with the in-house views so as to present a coherent picture to the clients.

LEVEL

Intermediate

WHAT WILL I GET OUT OF IT?

By the end of the course participants will be able to:

- Understand how economic releases affect clients' investment portfolios
- Know the necessary investment recommendations needed under various market conditions
- Recognizing that there will always be investments suitable for all kind of market scenarios
- Identify appropriate tactical adjustments under different market conditions
- Know how to relate to clients regarding the economic releases in view of clients' portfolios
- Making sense of in-house reports and recommendation
- Reconciling the in-house reports with the latest economic releases
- Understand the advantages and disadvantages of various asset classes in different market conditions

WHO'S IT FOR?

- Private banking relationship managers and asset managers wishing to consolidate and/or refresh their client liaison skills and product knowledge
- Investment management professionals who advise on or participants in the design and implementation of asset allocation policies and portfolio models
- Executives in legal and accountancy practices working with private bankers to improve their service to clients
- Corporate bankers requiring an overview on their transfer to the private banking function

- Senior managers responsible for planning the private wealth management function or its subsequent management
- Legal & trust staff, branch managers and credit officers who need to understand the complementary nature of private banking services

COURSE CONTENT

Part I: Asset Class Essentials

Equity Valuation

- EPS-Based Approaches and Multiples
 - Appropriate Multiples
 - Comparable Company Analysis
- Dividend Discount Model
 - Benefits and Pitfalls in Dividend Discount Model
 - The Relevance of Dividend Discount Model to Valuation
- Growth/Value Screens
 - When Would Growth Out-Perform Value and Vice Versa
- Value of Sector Rotation
 - Role of Sector Rotation in Tactical Adjustments
- Value of Equity as an Asset Class in a Client's Portfolio

Bond Valuation

- Analyzing Cash Flows
- Valuing Plain Vanilla Bond
 - Valuing Zero-Coupon Bond
- Types of Yield Measures
- Credit Risk and Quality Spreads
- Duration as Measure of Interest Rate Risk
- Using Duration and Credits for Tactical Adjustments
- Behaviour of Government and Credit Bonds in Various Phases of a Business Cycle
- Value of Bond as an Asset Class in a Client's Portfolio

REITs and Property

- Distinct Characteristics of Real Estate Investment
- Understanding REITs
- Diversification Benefits of Property Sector
- Inflation Protection Using REITs
- REITs and Property Funds
- Value of Property Investment in a Client's Portfolio

Commodities

- Commodity vs. Financial Assets
- Justification of Commodity as an Investment Asset
- Normal Expectation vs. Contango
- Understanding of Various Commodity Sectors
- Ways to Invest in Commodities
 - Commodity Stocks
 - Commodity Unit Trusts
 - Commodity ETFs
 - Commodity-Linked Notes

- Collateralized Commodity Futures Position
- Returns from Spots, Rolls and Yields

Alternative Investments and Strategies

- Common Features of Hedge Funds
- Hedge Fund Categories
- Equity Hedge Strategies
- Trading Strategies
- Arbitrage Strategies
- Event Trading
- Fund of Hedge Funds
 - Knowing Which FoHF will Out-perform By Looking at Strategy Compositions
- Private Equity
- Venture Capitals
- Value of Alternative Strategies in a Client's Portfolio

Part II: Economic Analysis Framework

Analysis Framework

- Where economy is heading
- Interest rate cycle
- What Central Bank is doing

Financial Market and Growth Cycle

- Market sequence
- Economic engines and growth cycles
 - Monetary engine
 - Inventory engine
 - Capital spending engine

Growth Cycle and Asset Performance

- Performance of equities at various phases of the cycle
- Performance of bonds at various phases of the cycle
- Performance of commodities at various phases of the cycle

Identifying Where We Are in the Cycle: Economic Releases

- Economic indicators most sensitive to stocks
- Economic indicators most sensitive to bonds
- Key economic indicators, their interpretation and their influences on asset prices
 - Composite index of leading indicators
 - Unemployment rate
 - Non-farm payroll
 - Retail sales
 - GDP
 - Durable goods order
 - Industry production
 - Capacity utilization
 - ISM manufacturing survey
 - Housing starts and building permits
 - Existing home sales and new home sales

- Consumer price index
- Producer price index
- International economic indicators
 - German industrial production
 - German IFO survey
 - German CPI
 - Japan Tankan survey
 - Japan industrial production

Identifying Where We Are in the Cycle: Yield Curve

- Yield curve and growth cycle
- Predictive records of yield curve positions

Utilizing Insights Gain from Interpreting Economic Releases and Yield Curve

- Tactical adjustments on asset classes
- Sector rotation within equities
- Sector rotation with bonds

Reconciling with In-House Reports and Recommendation

- Understand how house views are assembled
- Reconciling house views with latest economic releases
- Helping clients understand economic situations
- Helping clients understand the impacts on their investments in view of current situations