Equity Derivatives for Asset Managers

2 Days

COURSE OVERVIEW

This program will provide participants with a rigorous and practical understanding of equity derivatives, and the benefits of using derivatives in the implementation of fund management strategies – how and why derivatives may offer specific advantages or permit the execution of strategies not achievable via the underlying cash markets.

Participants will gain insight into the operational aspects of OTC and listed derivative instruments, together with hands-on experience with a range of exercises that illustrate the use of derivatives in the implementation of active strategies.

LEVEL

Intermediate

WHAT WILL I GET OUT OF IT?

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

- Understand the key products of the equity derivative markets
- Understand the role of derivatives in yield enhancement, asset allocation, gearing and portfolio hedging strategies
- Evaluate asset allocation strategies using index derivatives
- Identify costs and benefits of synthetics in portfolio management
- Apply portfolio insurance techniques using derivatives, CPPI
- Yield enhancement opportunities with derivatives
- Use derivatives to enhance the efficiency of active portfolio management
- Expand the investment universe: exploiting volatility and correlation behavior using equity derivatives

WHO'S IT FOR?

This course should be of most interest to participants in the investment management industry, such as fund managers, trustees, marketers and wealth managers, as well as those dealing directly with the industry such as fund analysts and investment banking sales, trading and middle office personnel.

COURSE CONTENT

Derivative Markets

- Listed and OTC derivative markets
- Options and synthetics
- Derivative risks
    - Market risk
    - Credit risk
    - Operational risk

Equity Derivatives

- Delta 1.0 derivatives
- Pricing and fair value
- Arbitrage and yield enhancement
- Increased alpha availability
- Equity structured products: Market access products
- Discount certificates
- Trackers and Synthetics

Equity Options

- Single stock and index options
- Put-call parity and synthetics
- An intuitive approach to understanding option valuation
- Value drivers of option returns
- Volatility and correlation in option valuation
- Option Greeks
- Time decay: True cost of options

Portfolio Applications of Derivatives

- Applications of options in trading and portfolio management
- Directional and volatility trading strategies
- Synthetics:
    - Combinations
    - Conversions
    - Reversals

Hedging Markets and Stock-Specific Risk with Derivatives

- Costs and benefits of synthetics in portfolio hedging
- Hedging strategies using options
- Portfolio insurance strategies
- CPPI
- Capital guaranteed equity-linked notes
- Dynamic asset allocation strategies

Yield Enhancement Strategies

- Time decay and term structure consideration
- Alpha generation
- Dividend uplift
- Structured products
- Volatility strategies

Gearing Opportunities with Derivatives

- Leverage via delta 1.0 derivatives
- Leverage with options
- Structured derivatives
- Hedge fund-linked structures