

NoscoPartners - Course Descriptions

2019

Finance & Products

Interest and bond math

Everyone in the financial markets needs to know about interest rates. This course is our answer to what we think are the interest rate essentials. It equips the participants with the knowledge needed to understand the key characteristics, basic valuation and risk management of fixed income instruments. We start with discussing interest rate terminology and math, learn how to build and use yield curves and practice how to perform basic calculations on bonds, interest rate futures, FRAs, interest rate swaps, etc. This course will serve you well during your entire career in the financial markets. Bring a calculator along, you will get your hands dirty!

Equity markets & products

This course covers the equity markets, its participants and the products used. In particular, the course looks at what drives the equity markets, how investors and traders think about the value of a stock, the trades they do and the indicators and products they use. We discuss stock and volatility indices, derivatives, exchange traded fund notes and execution strategies.

Fixed income market & products

This class covers the drivers of fixed income markets, the key products and their usages. The discussions range from short-term money market products to longer-term fixed income products like bonds and floating-rate notes. We introduce the concepts of interest rate and credit risk and explain the basics of how derivatives (forward rate agreement, interest rate swaps, credit derivatives) can be used to trade and hedge these risks separately.

Issuers and investors

The financial markets are all about allocating capital and risk. Corporates issue shares and bonds, “investors” invest in these products, and the financial service industry facilitates this process by providing liquidity, advice, financial engineering, risk management and more. In this course we explain the inner mechanics of the financial markets. We discuss the needs of the various client segments, and how a bank’s products, services and structure reflect and address those needs. We start with corporate clients and their needs regarding financing (IPOs), M&A and risk management. We then move to the investor clients and discuss the various types of institutional clients and their needs.

FX markets & economics

Everyone involved in the financial markets needs to know about economics and foreign exchange as both impact corporate balance sheets and financial products alike. This course explains the core concepts of economics and gives a thorough introduction to the currency market. It helps you understand how macro information and central bank policies impact markets and explains the main economic indicators. Participants will get familiar with FX market practice and the various currency instruments to manage FX risk. We start the FX discussion with a brief historical summary of FX, explain the FX spot market, its jargon and drivers and finally introduce FX-derivatives.

Portfolio essentials

A good life balances ambition and lifestyle. Similarly, a good investment portfolio optimally balances expected return and risk. This is at the core of modern portfolio theory and forms the foundation upon which much of today's investment practice and risk management is based. In this course we explain the main concepts behind portfolio selection and investigate its impact on the asset management industry. We investigate the risk-return trade-off in a portfolio, explain why diversification is the only free lunch in finance, deepen participants understanding of risk-concepts like volatility and correlation. This course also provides an opportunity to review concepts and measures used every day in asset management like Alpha, Beta, Sharpe Ratio and Information Ratio.

Derivatives without maths

Derivatives – futures, forwards, swaps and options – have transformed the financial world. Virtually every area of finance – corporate issuance and hedging, institutional and private investing – have been profoundly affected. This course will explain the nature of derivatives and how they are used in a non-technical, intuitive way. The course is a gateway to the world of derivatives. We show how derivatives are used in investment strategies and we explain the main value drivers.

Derivative fundamentals

This course aims to provide participants with a conceptual understanding of options and other derivative instruments backed-up by enough quantitative support to provide a good level of comfort with derivative products. The course introduces the main types of derivative instruments and explains how they are used, valued and risk managed. We look at the trading as well as the investment side of the derivatives market, we show how derivatives are used in investment strategies and we explain how a derivatives trader manages his book. The course covers absolute and relative valuation, derivative strategies and risk measures.

Statistics for portfolio management

This course is an introduction to statistics and statistical methods. It is suitable both for the true beginner as well as those who have had statistics training in the past and wish to refresh their knowledge. The class explores key statistical concepts and techniques commonly used in portfolio management. It covers univariate and bivariate statistics, risk measures, distributions, regression and time series analysis.

Bespoke test preparation workshops

Preparing for certification or recertification can be a daunting task. Advanced financial topics like derivatives, structured products, portfolio math, equity valuation etc. can be hard to digest. This is especially the case if you do not use these products and concepts in your daily work. We offer bespoke preparation workshops to help demystifying the certification topics and provide an opportunity to ask all those questions you had during your self-study. The NoscoPartners are all banking professionals with a strong academic background and extensive education experience. We put great emphasis on explaining how financial concepts have impacted the investment practice and how they are reflected in financial products & markets. Our goal is to turn the 'dry' financial theory into an exciting lively story that helps you advance in your job.

More on Products

Convertible bonds

If you invest in a convertible bond you have the choice of becoming an equity or a fixed income investor. In a sense, you have the best of two worlds. But that also means you need to understand both worlds in order to spot investment opportunities. This course introduces convertibles and examines the issues associated with these unique hybrid securities. We will explain the main products and structures, identify their value drivers, investigate the convertible markets from the investor side, and finally switch to the issuer's perspective. We will also cover special structures like mandatory convertible bonds and CoCo bonds (contingent convertible bonds).

Structured products (I & II)

This course provides a good overview of the structured product markets from both an investor and issuer perspective. We will examine the rationale for these products and their underlying building blocks. The first part of the course focuses on classic structured products linked to equities, rates, and currencies. In the second part of the course we discuss the limitations of such "traditional" structured products and the reason why more "exotic" products have been developed. Participants will gain an understanding of the key ideas behind each structured product type, what factors affect its valuation, and the investor needs that are addressed: who uses (should use) the products? What are the benefits and risks? What are the most frequently asked questions by investors?

Private equity

This is a course for all those who are new to Private Equity and need to understand the Private Equity industry and Private Equity investments. We will explain how Private Equity funds operate, how they are structured, and review their value proposition. We then highlight different types of Private Equity investments, discuss their main characteristics and explain how the capital commitment process works before turning to return and risk measurement in Private Equity.

Hedge fund strategies

The Hedge Fund value proposition is to produce high returns with low volatility, low market correlation and low probability of losses. Sounds too good to be true? Well many funds are able to achieve this, but how? There is no such thing as a standard Hedge Fund and in this course we will look at the various strategies that Hedge Funds employ to generate positive returns. We review single trades to get a better understanding of the return and risk potential contained in different hedge fund strategies. Finally, we have a look at trends that the hedge fund industry has gone through, and discuss what the future may hold for this often misunderstood investment class.

Commodities

This course sets the foundation to commodity investing. All you need to know to get started fast. The course explains what makes commodity investing so different from investing in financial securities. After providing an overview of the different commodity types, it uses the crude oil market to explain future contracts, forward curves, backwardation, convenience yield etc. Our goal is to help you and your clients understand commodities as an asset class.

Credit derivatives

This course provides a solid introduction to credit default swaps and other credit derivatives. We start with the mechanics of Credit Default Swaps, the rational and historic development of the single name CDS and index products. We then investigate the value drivers of credit derivatives and how credit derivatives are used to express views in the credit market. After completing the course, participants will understand the features of credit derivatives, what factors affect its valuation and how the products are traded and applied in the markets. Participants will be confident and knowledgeable enough to have informed discussions on credit derivatives.

OTC derivatives: Credit Risk & Funding

OTC derivatives expose counterparties to credit risk, funding risk and the need to back those risks with capital. The magnitude and cost of these risk and capital needs is important for pricing, risk management and marking-to-market. This class introduces the concepts and drivers of credit, funding and capital valuation adjustments of OTC derivatives. It helps participants' transition from a world where all cash flows are discounted using the 'risk-free rate' to one where credit spreads, funding costs and collateral quality affect the value of an OTC trade. Participants should have a fundamental understanding of derivatives as can be obtained by attending the derivative fundamentals course.

Advanced Topics

Behavioural Finance

Traditional finance makes several assumptions about the rationality and consistency of market participants. Arising from the examination of anomalies in the marketplace apparently at odds with those assumptions, Behavioural Finance addresses seemingly irrational behaviour and market phenomena inconsistent with the predictions of the academic models. This talk will increase the awareness of the participants to common investor pre-dispositions, biases, and "mistakes" that are observed in the market:

- What is Behavioural Finance and how does it differ from the Theory of Modern Finance?
- What are the factors that often influence (and sometimes cloud) one's thought processes and judgment?
- How can the insights of Behavioural Finance benefit those working in the capital markets?

Equity valuation

This course provides a thorough introduction to equity valuation. It covers the popular valuation techniques – equity multiples, enterprise multiples and discounted cash flow methods. We introduce the main concepts behind each method, discuss their value drivers and reconcile seemingly contradictory results. In hands-on case studies and exercises participants will apply the different valuation techniques. The course is designed to make participants more efficient in reading equity research.

Equity derivatives & strategies

This course examines how derivatives are used in the equity markets to implement investment views. It builds on several case studies in which we discuss risk reduction, yield enhancement and leverage strategies. We review the main concepts behind each strategy, discuss strike and expiry selection and explain how risk measures can help investors to better understand the behavior of derivative positions.

Investing in volatility

Volatility based investments can be an effective diversifier for many portfolios. This course provides a solid introduction into this topic. We review the terminology and jargon of the volatility market by examining classic ways of trading volatility through vanilla options but then swiftly move to the more direct ways of trading volatility through volatility derivatives like VIX futures, VIX options and variance swaps. The use of volatility derivatives and the strategies to express volatility views will be an important part of this course. Participants should have a fundamental understanding of derivatives.

Derivative Master Classes

Our derivative master program is based on insights from the trading floors of large derivative houses. The courses combine academic rigour, market knowledge and reflect the newest developments in finance. The program consists of a series of demanding courses aimed at participants looking for in-depth understanding of derivatives and volatility markets as encountered in the real business world. The course content was refined over many years and applied to train thousands of investors, traders, risk managers, structures and marketers. The tailored programs include challenging homework assignments and a final exam. Topics include option valuation models, hedging and risk management techniques, volatility markets, volatility smile and term structure, volatility trading, stochastic volatility, interest rate options, exotic derivative products and uses of options in various products.

Buy-side specials – Courses for investors, wealth and asset managers

Portfolio Construction - Building efficient portfolios

Portfolio theory analyses how wealth can be optimally invested in assets, which differ in regard to their expected return and risk. It forms the foundation upon which much of today's investment practice and risk management is based. This course provides a thorough introduction to this field and explains the contributions of Markowitz, Sharpe and others. We examine the trade-off between risk and return, use our insights to identify efficient portfolios, and explain the economic conclusions on asset prices. After completing the course participants will understand the fundamental concepts and measures used every day in asset management: Efficient Frontier, CAPM, Alpha, Beta, Sharpe Ratio, Information Ratio, etc. Participants should have basic familiarity with statistics before attending this course.

Portfolio review & analysis

Risk management systems describe the exposure and potential changes to factors affecting the value of an investment portfolio. This course is all about reading and understanding such portfolio risk reports. We look at equity, fixed income and multi asset portfolios and investigate how risk systems define and analyse exposure and risk. This is a hands-on course providing practical insights into portfolio analysis. It explains the concepts, demonstrates the tools used, and describes the risk models behind the reports. Participants work through practical examples reviewing equity, fixed income and multi asset portfolios. A good understanding of modern portfolio theory is a needed to follow this course.

Behavioural Finance & Quant Investing

Behavioural economics has shown what practitioners have long maintained; markets are only partially rational. Investors are prone to systematic misjudgements, and as a consequence information is being belated or misinterpreted by the market. In this course, we examine how investor behaviour influences market prices. We describe the return drivers (factor premia) that establish themselves in the market as a consequence of psychological and structural patterns and show how systematic "quantitative" investment strategies benefit from it. Systematic strategies such as smart beta, factor allocation, and factor investing are today at the centre of many discussions in asset management. This course explains these strategies and the fundamentals behind them. A must for all those who are interested in current developments in asset management.

Managing currency risk in investment portfolios

Any foreign investment carries two exposures; the performance of the foreign asset and the movement of the foreign currency. This FX exposure is often considered to be just a by-product of the actual investment decision and its management neglected. But currency movements can significantly affect the performance of the portfolio. This class examines the risk and return impact of currency exposure and investigates how it can be hedged and managed. Participants will learn how to decompose portfolio returns into local and foreign components and how to manage the implied currency risk.

Risk Management Strategies

There are two important ingredients for successful long term investing – first, an efficient asset allocation to harvest risk premiums, and second, your ability to avoid extreme drawdowns when markets switch to crisis mode. Asset allocation and Risk management should be planned and implemented with a long-term focus in mind. In this seminar we investigate the pros and cons of the most popular risk management strategies – from the classic “mechanic” option based to “smart” signal based managed future strategies - and compare their success under various market conditions. No one will ever present the Holy Grail to downside risk management, but understanding the dynamics of the different strategies will help investors make the best compromises. It might even lower your blood pressure, and reduce your Post Traumatic Stress Disorder from financial crises.

Executive education for investment board members

This education program is about getting the big decisions right. It is designed for board members of institutional investors such as pension plans or endowments. Its primary goal is to provide practical guidance relating to key investment topics such as: 1) Investment beliefs and return sources 2) Investment strategy setting 3) Oversight and risk monitoring and 4) dynamic exposure management. The course focuses on promoting critical discussion, topical debates and best practice exchange, with only as much emphasis on technical investment details as needed. For more details please contact us to receive a full course description.

Hot Topics

Bitcoin & Crypto currencies

Even though the acceptance of Bitcoin has increased among investment professionals, the crypto currency remains something of a closed book for many. In this course we explain how bitcoin really works, how secure bitcoins are and in general how a crypto currencies differ from a 'normal' currency. To understand what is so special about Bitcoin, we will have to look under the hood of the crypto currency, explaining terms like block-chain, digital signatures and more. After the course you will be able to separate fiction from reality and make your own judgment of how bitcoin and related technologies might change the world of finance.

Fintech - Innovation in Finance

Artificial Intelligence, machine learning, blockchain, smart contracts, coin offerings; new terms and technologies just keep coming. This wave of digitization poses major challenges for the banking industry and the finance world. Financial intermediaries are confronted with an increasing number of new competitors (fintech companies) in all business areas. New 'disruptive' solutions fundamentally call banks' existing business models into question. This course provides a comprehensive overview of the trends in financial technologies (fintech), the challenges and opportunities they pose. The course will enable participants to have informed "fintech" discussions with customers, colleagues and specialists.

Systematic Investment Strategies & Smart Beta

Traditionally asset management considers asset classes the main building blocks of portfolio construction. But a diversification between asset classes often yields suboptimal portfolios from a risk perspective. Can we build better portfolios by considering distinctive return patterns (Risk Factors) as the basic building blocks of the investment universe? Switching from an asset allocation to a risk factor allocation framework? In this seminar we explain the concepts and jargon behind factor investing, Smart Beta and discuss different ways to implement a systematic investment approach.

Understanding banks – Banking business explained through the financial statements of a universal bank

This is a course designed for all those who work in banking, excel in their daily job and would like to better understand the big picture of how a universal banks really works. Starting from headline earning numbers, we embark on a journey through a bank's annual reports to better understand the different facets of the banking industry. We investigate how the various divisions of the bank differ in income type, balance sheet impact and capital requirements. We then use these insights to show how a bank's business model is reflected in its financial statements. In the second part of the course we investigate how the different banking businesses are managed as one firm. We discuss risk-, liquidity- and capital management of a universal bank and how key performance measures are used to balance profitability and constraints.

Navigating through the Regulation Jungle

The two main aims of financial market regulation have always been the protection of investors and the promotion of a safer, more stable financial system. While before the financial crisis the emphasis was more on harmonization, cross border efficiency and enabling competition, the regulatory focus after the crisis has shifted towards improving the robustness of the financial markets, more protection and more control. Today, investment professionals find themselves in the midst of a wide range of new regulatory initiatives. Rules are either becoming stricter or completely new rules are introduced. Professionals all over the world face the challenge to deal with seemingly endless waves of new regulations. In this talk we draft an overview map of this growing regulatory jungle. We concentrate on European regulatory initiatives but do this without losing sight of the broader context of various international initiatives.

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