



Course:

Applied Risk Management: Valuation for Stocks and Bonds

Course Description

This course explains the valuation methods for Stocks and Bonds and elaborates on Bond features, Coupon Rates and Interest Rates. As a financial instrument, a Bond represents a contractual agreement between a corporation and the bondholders. Corporations sell bonds to borrow money from the investors. Eventually the corporation has to repay the principal to the investors and pay interest to them in the meantime.

It also explains the formula to evaluate a Bond and how to get this formula. It elaborates on Perpetual Bonds and Zero-Coupon Bonds and refers to the difference between Zero-Coupons vs Savings Accounts. It describes the Yield, which is the annual return on an investment, and provides the formula for the Yield calculation. It also provides an example to understand whether it is worth investing in a Bond, as well examples on Perpetual Bonds and Yield to Maturity

This course describes the Bond Fund Yields, the Bond Yield Curves and provides different diagrams for better understanding.

It also explains the practical aspects of Valuation and elaborates on different Valuation approaches, as well as the Relative Valuation (Pricing), its advantages and disadvantages.

Furthermore, this course elaborates on Stock Valuation Methods, it explains the difference between Stockholders and Bondholders and explains the general model Formula for the value per share of stock. It also explains the Gordon Growth Model, which relates the value of a stock to its expected dividends in the next time period, the cost of equity and the expected growth rate in dividends and provides its limitation and where the Gordon Growth Model works.

In addition, this course elaborates on Stock Buybacks, calculating the Cost of Equity, the Capital Asset Pricing Model (CAPM) and how to estimate the beta, as well as it describes the Discounted Cash Flow (DCF) Model and why the DCF is useful. The DCF valuation views the intrinsic value of a security as the present value of its expected future cash flows. This course also describes the Valuation Multiples, its advantages and disadvantages.

Topics covered

The course is split into the following sections:

Section 1: Introduction

- Acquisition of Capital
- Returns
- Capital
- How to sell stock and bonds

Section 2: Bonds

- Bond Features
- The Coupon rate
- Coupon Rates and Interest Rates
- Bond Features – The Indenture
- Example – DYNEX



Section 3: Bond Valuation

- What is a bond worth?
- What is the formula about?
- How do we get the formula? - Present Value
- Perpetual Bonds
- Zero-Coupon Bond
- Zero-Coupons vs Savings Accounts
- Why buy a zero coupon bond?
- The Yield
- Yield to Maturity
- Yield to Maturity calculation
- Yield formula
- Coupon vs Discount Rate
- Par, Discount, Premium
- Example – Perpetual Bonds
- Example – Yield to Maturity

Section 4: Bond Fund Yields

- Bond Fund SEC Yields
- 30-day SEC yield
- Trailing 12-month yield (TTM yield)
- Yield to Maturity
- Yield to Worst

Section 5: Bond Yield Curves

- Yield Curves
 - Yield Curve Example
- Inverted Yield Curve
 - Inverted Yield Curve Example
- Recession predictor

Section 6: Practical Aspects of Valuation

- Misconceptions
- Valuation Approaches
- Basis for Valuation Approaches
- Discounted Cash Flow (DCF) Valuation
 - Advantages of DCF Valuation models
 - Disadvantages of DCF Valuation models
 - When does it work best?
- Relative Valuation (Pricing)
 - Advantages of Relative Valuation (Prices)
 - Disadvantages of Relative Valuation (Prices)
 - Relative Valuation works best
- Some assets can only be priced, not valued



Section 7: Stock Valuation Methods

- Stockholders vs Bondholders
- Stock Valuation
- General Model formula
- The Gordon Growth Model
 - Limitations
 - Where does it work?
 - Example – Vornado REIT
- Buybacks
 - Accounting for Buybacks
 - Example: P&G
- Valuing Markets
 - Valuing the S&P500
- Two-stage Dividend Model
 - Terminal Value of the Index
- Calculating the Cost of Equity
 - The Capital Asset Pricing Model (CAPM)
 - Estimating the beta
 - Example: NIKE
- Discounted Cash Flow (DCF) Model
 - Why is the DCF useful?
- Valuation Multiples
 - Types of Multiples
 - Equity Multiples
 - Enterprise Value Multiples
 - Advantages and Disadvantages
 - Example: P/E vs EV/EBITDA
- Careful for “adjustments”

Course Duration

This course may take up to 5 hours to be completed. However, actual study time differs as each learner uses their own training pace.

The course is addressed to:

This course is addressed to all individuals who are involved in Investment Firms (forex, brokers, etc) and Funds' industry such as:

- Executive Directors, Non-executive directors, Senior Managers, Compliance Officers, Risk Managers, Product Managers, Portfolio Managers, Investment Advisors, Dealers, Marketing Managers and in general employees of investment firms, Funds and Fund Managers.
- Fund Administrators
- Fund consultants
- Internal Auditors
- Professionals in the Funds' industry
- Lawyers

It is also suitable to professionals pursuing CPD for the renewal of CySEC Certificate (CySEC Basic and CySEC Advance Certificate) or other relevant professional certificates in other jurisdictions.



Training Method

The course is offered fully online using a self-paced approach. The learning units consist of power point presentations. Learners may start, stop and resume their training at any time.

At the end of the course, participants take a Quiz to complete the course and earn a Certificate of Completion once the quiz has been passed successfully.

Accreditation and CPD Recognition

The course may be accredited by regulators and other bodies for up 5 CPD Units, that require CPD training in financial and other regulation.

Eligibility criteria and CPD Units are verified directly by your association or other bodies in which you hold membership.

Registration and Access

To register to this course, click on the [Take this course](#) button to pay online and receive your access instantly. If you are purchasing this course on behalf of others, please be advised that you will need to create or use their personal profile before finalizing your payment.

Access to the course is valid for 90 days.

If you wish to receive an invoice instead of paying online, please [Contact us by email](#). Talk to us for our special Corporate Group rates.

Instructor

With more than 10 years of experience, Nektarios is an expert in the financial services industry, having worked in key roles at investment funds, CIFs and other service providers. His exposure to the industry allowed him to gain knowledge in a variety of vital investment functions.

Complementing his practical knowledge of the industry, Nektarios also holds a number of professional and academic qualifications, including CySEC's Advance Certification. He is currently employed by an Investment Fund.