

MARKET INVESTMENT STRATEGIES

Duration : One Day (10 CPE points)

KEY OBJECTIVES :

This programme has been designed to allow stock market professionals to take a broad based view of the market so that they can recommend different investment strategies to investors with varying risk-return appetites. The Participants would also have the opportunity to do a comparative analysis of stock market direct investments with other investment vehicles so that a more complete and holistic strategy to investing may be implemented. Several case studies and scenarios will be used to discuss the impact of REITs, pressure on interest rates, increase of oil prices and other market factors impacting strategies.

Topics:

Session One (9.00am – 10.30 am)

1. Investment possibilities in Malaysia – a comparative overview
 - a. Properties
 - b. Stock Markets
 - c. Unit Trusts (including REITS)
 - d. Other money market and financial investments

Session Two (11.00 am – 1.00pm)

2. Strategizing investment on Bursa Malaysia
 - a. Understanding our Market Profile – blue chips, middle market and penny stocks
 - b. Return and Risk characteristics of each
 - c. Evaluation of Risk and return characteristics of key stocks such as Maybank & Nestle (as examples of blue chips), Choo Bee and KLK as middle market stocks and MUI as a penny stock

Session Three (2.00pm – 3.30pm)

3. Workshop Session
 - a. Developing various strategies of investment on the market in terms of:
 - i. a growth portfolio
 - ii. an income portfolio
 - iii. a mixed portfolio
 - b. Setting up portfolios that meet these objectives

Session Four (4.00pm – 5.00pm)

4. Review and Presentation Session
 - a. Presentation of portfolios by each group
 - b. Estimating target returns
 - c. Conducting qualitative risk assessment for each portfolio
 - d. Drawing learning points and investment strategies

STOCK MARKET COMPUTATIONS

Module 1 - Understanding Discounted Cash Flow

Duration : Half Day (5 CPE points)

KEY OBJECTIVES :

This programme is in a series that has been designed to allow stock market professionals to touch base with key mathematical skills that they need to sharpen and apply in the analysis of investments on Bursa Malaysia. This session touches on the core skills of how to establish a Target Rate of Return (an appropriate discount rate) and how to apply it projected cash flows from an entity to determine the intrinsic value of its equity. Case studies used will showcase how such an exercise can be just as useful for portfolio building (asset allocation) as it is in a M & A situation.

Topics:

Session One

1. Before we discount, what do we want
 - a. Establishing the Target Rate of Return
 - b. Required Returns on Equity and Debt
 - i. A market income approach (WACC)
 - ii. A risk driven approach (CAPM)
 - iii. An industry outlook approach (TRR)

Session Two

2. Looking at Projected Cash Flows
 - a. Profit Projections in IPOs – how to read them
 - b. Converting profit projections to Cash Flows
 - c. Applying the discount factors to cashflows (Case study with PLUS Expressway placement document using Excel Worksheet to illustrate)
3. Review and Take-away
 - a. The value of DCF analysis on the stock market
 - b. Benefits and Caveats

STOCK MARKET COMPUTATIONS

Module 2 - Beta versus Standard Deviation

Duration : Half Day (5 CPE points)

KEY OBJECTIVES :

This programme is in a series that has been designed to allow stock market professionals to touch base with key mathematical skills that they need to sharpen and apply in the analysis of investments on Bursa Malaysia. This session will help participants to differentiate between risk analysis reports that use Beta Value as a base and those that use Standard Deviation – and the impact on their investment advice. Several caselets will be used to illustrate the risk profile of various counters such as Petdag compared with Scomi in the oil and gas industry.

Topics:

Session One

1. Defining Risk mathematically
 - a. Total Risk as measured by Standard Deviation
 - b. Market Risk as measured by Beta Value
 - c. Understanding the risk drivers on the market

Session Two

2. Applying the risk measures for Investment Analysis
 - a. Petdag and Scomi - for oil and gas
 - i. Computing expected returns for 2006
 - ii. Computing the Standard Deviation
 - iii. Applying a Beta Value
 - b. IOI and KLK - for Agri based counters
 - c. Nestle and Berjaya – cross sector analysis
3. Review and Takeaway
 - a. The value of Risk analysis on the stock market
 - b. Benefits and Caveats

STOCK MARKET COMPUTATIONS

Module 3 - Key Financial Indicators - Profitability

Duration : Half Day (5 CPE points)

KEY OBJECTIVES :

This programme is in a series that has been designed to allow stock market professionals to touch base with key mathematical skills that they need to sharpen and apply in the analysis of investments on Bursa Malaysia. This session will help participants to take a very close and thorough look at how profitability and returns are evaluated using information from the published financial statements. It will also highlight other factors that need to be considered when profiling a company. All discussions will be case study based using financial reports from diverse sectors on Bursa Malaysia.

Topics:

Session One

1. Defining Profitability
 - a. Profit Margins - Operating and Net
 - b. Returns on Investment - Operating and Net
 - c. Returns based on Free Cash Flows
 - d. Returns based on Value Added
 - e. Getting the information from Financial Statements (based on the new FRS 101)

Session Two

2. Computing Profitability Ratios
 - a. Financial Services Sector
 - b. Properties and Construction
 - c. Trading and Services
 - d. EPS and PER
3. Review and Take-away
 - a. The value of Profit measurement of listed corporates on the stock market – application to PER
 - b. Benefits and Caveats

STOCK MARKET COMPUTATIONS

Module 4 - Long Term Financing Strategies (Debt)

Duration : Half Day (5 CPE points)

KEY OBJECTIVES :

This programme is in a series that has been designed to allow stock market professionals to touch base with key mathematical skills that they need to sharpen and apply in the analysis of investments on Bursa Malaysia. This session takes participants through the capital structure decision as it applies to practical issues in corporate finance in Malaysia. It helps them look at a company and decisively state whether it is currently overgeared or not with regard to its current trading conditions and economic environment. A special case study has been designed to compare the impact various financing options on financials.

Topics:

Session One

1. Long Term Finance – The Options Available
 - a. Issue of Debt Securities
 - i. Rating Parameters
 - ii. What determines the interest rate (term structure, credit rating, market liquidity, BNM policy etc.)
 - b. Financing from financial institutions

Session Two

2. A Case Study - Evaluating the impact of three financing options on :
 - i. EPS
 - ii. Share Price
 - iii. Gearing & Interest Cover
3. Review and Take-away
 - a. The value of analysing impact of long term financing on operational results - Gearing and Interest Cover
 - b. Benefits and Caveats

STOCK MARKET COMPUTATIONS

Module 5 - Understanding Value Added - EVA

Duration : Half Day (5 CPE points)

KEY OBJECTIVES :

This programme is in a series that has been designed to allow stock market professionals to touch base with key mathematical skills that they need to sharpen and apply in the analysis of investments on Bursa Malaysia. This session will bring participants up to date on how to compute and interpret Economic Value Added (EVA). The TRR of sector leaders will be used to benchmark the EVA of other listed vehicles in the same grouping eg. Maybank for financials, Nestle for food, IOI for Agriculture etc.

Topics:

Session One

1. Why ROI does not do the job
 - a. Profit definition under ROI and its limitation
 - b. What is Value Added
 - c. Defining Operating Returns
 - d. Establishing the benchmark

Session Two

2. Applying the EVA to corporate results
 - a. Identifying the counter to benchmark with
 - b. Establishing fair value of shareholder funds
 - c. Comparing Required Returns with Operating Returns
 - d. Computing and interpreting the EVA
3. Review and take-away
 - a. The value of analysing impact of long term financing on operational results - Gearing and Interest Cover
 - b. Benefits and Caveats

TECHNICAL ANALYSIS

Module 1 - Japanese Candlestick Methodology

Duration : Half Day (5 CPE points)

KEY OBJECTIVES :

This programme is in a series that will allow stock market professionals to consider each aspect of Technical Analysis in considerable detail albeit on a piecemeal basis. This session will introduce the methods used to represent price data, highlighting the use of Japanese Candlesticks. Price patterns for various counters will be discussed using Winchart (similar to Metastock). By the end of this session, attendees will be able to interpret key formations and their impact on overall Technical Analysis

Topics:

Session One

1. Technical Analysis Parameters
 - a. Presenting data using charts – bar, line and candlestick
 - b. The monitoring value of candlesticks – timeframes for charting
 - c. The different symbols used for candlestick analysis
 - d. Sequences and formations - what they mean
 - e. The all important volume indicator
 - f. Other indicators to consider – MACD, Envelopes, etc.

Session Two

2. Applying Technical Analysis to Bursa Malaysia
 - a. Charts for the Indices – CI, Emas, etc.
 - b. Charts for various sectors - Properties, Finance, Trading & Services, etc.
 - c. Key highlights on Bursa Malaysia – how they were reflected in the charts
3. Review and Take-away
 - a. The predictive value of charts – taken together with volume
 - b. Benefits and Caveats of using Technical Analysis for short-term price prediction

TECHNICAL ANALYSIS

Module 2 - Secondary Indicators

Duration : Half Day (5 CPE points)

KEY OBJECTIVES :

This programme is in a series that will allow stock market professionals to consider each aspect of Technical Analysis in considerable detail albeit on a piecemeal basis. This session will cover the major secondary indicators and their impact on price movement prediction. It will include discussion on Bollinger envelopes, MACD and Stochastics indicators. The impact of volume will be combined for predictive analysis. Price patterns for various counters will be discussed using Winchart (similar to Metastock).

Topics:

Session One

1. The Players Introduced – What are secondary Indicators
 - a. Market momentum indicators eg. MACD & Bollinger Envelopes
 - b. Price Variability indicators eg. Stochastics & RSI
 - c. Overbought / oversold indicators
 - d. Volume – the mother of all indicators

Session Two

2. Applying secondary indicators to market data
 - a. Data from the indices
 - b. Data from sector price movements
 - c. Data from specific counters – Petdag vs. Scomi, IOI vs. KLK, Choo Bee vs. Berjaya
3. Review and Take-away
 - a. Do secondary indicators expose Market mood - the EMH
 - b. Benefits and Caveats of using Technical Analysis as a predictive tool

FUNDAMENTAL ANALYSIS

Module 1 - Understanding the Two Components of FA

Duration : Half Day (5 CPE points)

KEY OBJECTIVES :

This programme is in a series that will allow stock market professionals to consider each aspect of Fundamental Analysis in considerable detail albeit on a piecemeal basis. This first session covers the full range of what is meant by Fundamental Analysis and distinguishes its goals and purposes from Technical Analysis and other market prediction tools. Case Studies are used extensively to illustrate the application of Quantitative and Qualitative tools for profiling and investment and computations are discussed to measure the Intrinsic Value.

Topics:

Session One

1. Components of Fundamental Analysis – Profiling the Investment
 - a. Quantitative Analysis
 - i. using key financial ratios to form a profile of the company
 - ii. compiling market data relevant to the company, eg. Beta Value
 - iii. Market movements and momentum
 - b. Qualitative Analysis
 - i. analysis of intangible data, risk profiling
 - ii. Management, patents, innovation
 - iii. Market outlook

Session Two

2. The Second Component - Computation of Intrinsic Value
 - a. Determinants and drivers of value
 - i. Expected Revenues
 - ii. Required TRRs
 - b. Intrinsic Value Computation – discounting the dollar value of expected returns with the decimal of required returns
3. Review and Take-away
 - a. Fundamental Analysis compared to Technical Analysis
 - b. Benefits and Caveats of using each method to determine investment strategies and asset allocation decisions

FUNDAMENTAL ANALYSIS

Module 2 - Profiling a Stock Market Investment

Duration : Half Day (5 CPE points)

KEY OBJECTIVES :

This programme is in a series that will allow stock market professionals to consider each aspect of Fundamental Analysis in considerable detail albeit on a piecemeal basis. This session covers in detail the tools used to profile a certain counter targeted for long term holding. Case Studies are used extensively to dissect and analyse a company from the point of view of its profitability, sustainability and investment value.

Topics:

Session One

1. Investment Profiling Methodology
 - a. Sector classification and market footprint
 - b. Key Financial Indicators for fundamental analysis
 - i. Market Capitalisation
 - ii. Revenues
 - iii. Margins
 - iv. PER, Price to Sales, Price to Book
 - v. Debt / Equity Ratios
 - vi. Working Capital and Finance Matching ratios
 - vii. PEG (Price Earnings to Growth)

Session Two

2. Application of Profiling tools to various counters from :
 - a. Oil and Gas
 - b. Trading and Services
 - c. Industrials
3. Review and Take- away
 - a. Presentation of Case Studies discussed
 - b. The use of Leverage Analysis for Risk Profiling
 - c. Benefits and caveats of Profiling on an on-going basis