



Financial Markets and Products

e-Learning Course

Financial Markets and Products

How Financial Markets really work

Course overview

This e-learning course is aimed at anyone who wants to understand even better what financial markets are and why they are so central to the functioning of our economy. We will look at the key players, their role and their motivations. Our aim is to give you an in-depth insight into the different asset classes, the associated products and the relevant jargon. You will learn about the financial market from the perspective of the investor, the issuer and the financial services industry

Course format

This is a modern self-paced e-learning course in which the learner has full control over his learning path. You are not just a passive participant; you get fully involved in teaching yourself.

Course content

The course consists of more than 30 interactive lectures and case-studies organized into 5 modules. Each lecture is about 15 minutes long (pure "click-through" time without reflection time and in-course exercises). Each module ends with a short quiz.

Following is a brief description of each module.

Module and Lecture Descriptions

<p>Module 1 - The Financial Markets We introduce you to the inner mechanisms of the financial markets. It's all about the allocation of capital and risk. On the one hand, there are the companies looking for ways to finance their business. On the other side are the investors who seek to invest their capital. In the middle is the financial industry, which connects the parties and provides liquidity, risk transformation, investment advice and investment solutions.</p>	<p>Purpose & Players We take a bird's eye view of the financial markets. Similar to watching an anthill. What are all these people doing? What are their goals? What is the purpose of it all? The result is a satellite image of the financial market.</p>
	<p>Types of Banks A brief summary explaining the different types of banks, the services they offer, and the customer segments they serve.</p>
	<p>Companies & Capital For a company, capital is an indispensable resource for its continued existence. Without capital, no company! For the investor, providing this capital is a mere investment. We discuss these different concepts of capital.</p>
	<p>Issuers vs Investors Which is riskier? A bond or a share? Don't be too quick to answer. As with many things in life, the answer is "it depends."</p>
	<p>Securities In most cases, bonds and stocks meet the needs of investors and issuers alike. But not always. That is why there are many different types of securities.</p>
	<p>Exchanges An exchange is an organized marketplace that concentrates trading in one place. We explain how exchanges bring buyers and sellers together and how market prices are negotiated.</p>
	<p>OTC Markets What are the implications if a security is not traded on an exchange? How can investors buy and sell unlisted securities? We explain the so-called OTC market and how OTC trading differs from exchange trading.</p>
	<p>The Primary Market A company that wants to raise money by issuing new shares has two options. Either it offers the new shares to a limited group of investors, or it offers them to the general public via an (initial) public offering.</p>
	<p>Knowledge Check Finally, some questions for you to advance and test your knowledge.</p>

<p>Module 2 - Equity Markets Equity capital is the lifeblood of companies. The stock market reflects the health of the economy. This module is about understanding the equity market: its practices and jargon, the motivations of equity investors and issuers, the various equity-linked investments, and of course the risk associated with equity investing.</p>	<p>Shareholders & Corporations Shareholders are the owners of a company. To understand this phrase, we need to talk about the legal aspects of a company and how the relationship between the company and its shareholders is governed.</p>
	<p>Types of Shares An ordinary share pays a dividend and carries voting rights. But not all shares are common shares. We discuss different types of shares and other equity products.</p>
	<p>Equity Risk Shareholders are last in line when it comes to the distribution of corporate profits. They are therefore exposed to considerable investment risk. We investigate how pronounced this risk is.</p>
	<p>Diversification Equity investors face a significant investment risk. Fortunately, they have a good fairy on their side: "diversification." We discuss how diversification affects risk and return.</p>
	<p>Market Risk Market risk is the risk that remains when all diversification opportunities have been exhausted. Market risk is the main risk in broad equity portfolios. But market risk is also an important source of long-term returns.</p>
	<p>Price & Value "Price is what you pay. Value is what you get." We decode the different terms related to value and price and explain how to interpret them.</p>
	<p>Knowledge Check Finally, some questions for you to advance and test your knowledge.</p>

<p>Module 3 - Fixed Income Debt financing is an important source of funding for households, governments and businesses. Fixed income markets bring borrowers and lenders together. The structure of this market and the variety of products can be overwhelming at first. Therefore, it is important to methodically learn how to read the fixed income market. Discussions range from the short-term money market to longer-term fixed income products such as bonds and floating rate notes. We introduce the concepts of yield, yield curve, interest rate risk, and credit risk.</p>	<p>The Money Market The money market is the market where financial institutions and large companies meet to borrow and lend money for short periods of time. We explain why this market is crucial to the functioning of the economy and introduce you to its players and products.</p>
	<p>Money Market Investments Money market products offer investors the opportunity to invest their capital short-term and without much risk. We show the range of unsecuritized and securitized money market investments.</p>
	<p>Yield Curves Interest rates depend on who is borrowing the money, for how long, and in what currency. Yield curves visualize these different interest rates in a graphical form. We explain the concept of yield curves and show how they are generated.</p>
	<p>Bonds For the issuer, bonds are a way to borrow money. For the investor, bonds are attractive because they promise fixed cashflows. We explain the characteristics of a bond and introduce the main types of bonds.</p>
	<p>Yield to Maturity Bonds are quoted on a price basis, but traders think in terms of yield. We explain the idea behind the yield of a bond, how it is calculated and how traders and investors use it to compare bonds.</p>

	<p>Duration</p> <p>Duration is the most important risk measure for fixed income securities. We explain the intuition behind this risk measure and explain how duration is used.</p>
	<p>Credit Spreads vs Credit Ratings</p> <p>A credit rating is not the same as a credit spread. Both terms refer to the credit risk associated with lending, but the former is an assessment of credit risk, while the latter is the market price for taking on that credit risk. Sounds complicated? We'll explain.</p>
	<p>Knowledge Check</p> <p>Finally, some questions for you to advance and test your knowledge.</p>

<p>Module 4 – Foreign Exchange</p> <p>Anyone involved in the financial markets needs to know about foreign exchange, as it affects corporate profits and investment returns alike. Foreign exchange markets are no more complicated than other markets, but the fact that we are dealing with two currencies can make even simple facts seem confusing. We discuss the structure of the foreign exchange markets, their practices, their products, and the jargon associated with them.</p>	<p>What is Money?</p> <p>Money is such an obvious fact that the thought of a world without money seems strange. However, our current form of money, which is so dependent on a banking system, is a modern invention.</p>
	<p>The Foreign Exchange Market</p> <p>The foreign exchange market is the largest and most liquid market. We introduce the main players and explain how banks, companies and private investors access the FX market and what products they trade.</p>
	<p>Foreign Exchange Terminology</p> <p>Every profession has its own vocabulary. Especially foreign exchange. To avoid getting confused when talking to forex dealers and traders, you need to familiarize yourself with the terms and jargon of the forex market.</p>
	<p>Big Mac Index</p> <p>Using Big Mac prices around the world, we compare the purchasing power of two different currencies. Which currency is overvalued, which is undervalued?</p>
	<p>What Drives Foreign Exchange Rates?</p> <p>Foreign exchange will never be easy to predict, but knowing the forces that drive the market will help you better understand the dynamics behind exchange rate fluctuations.</p>
	<p>Knowledge Check</p> <p>Finally, some questions for you to advance and test your knowledge.</p>

<p>Module 5 - Asset Management</p> <p>The asset management industry is an important part of the financial system. Its goal is to help investors achieve their financial goals. So, the mission is clear, but that doesn't mean the asset management industry is easy to navigate. There are many different asset management companies offering a wide range of different services and investment strategies. In this module, we look under the hood of the asset management industry: how is it organized, what principles are used to develop good investment solutions, what are the different products offered?</p>	<p>History of Asset Management</p> <p>In this look back at 60 years of asset management, we focus on the key personalities and concepts that have shaped today's asset management industry. Get to know the pioneers Markowitz, Sharpe, Fama, French and the ideas they developed.</p>
	<p>What do Asset Managers do?</p> <p>The business of asset management explained in layman's terms. We introduce the products, show how they are packaged and made accessible to clients, and discuss the different client segments.</p>
	<p>Indices</p> <p>Portfolio theory states that the rational investor should invest in the entire market. But how can we capture this entire market and invest in it? An index is the answer: a model portfolio that captures the entire market. We discuss the different types of indices and how they are constructed.</p>
	<p>Investment Funds</p> <p>Investment funds are the most important financial wrappers for the asset management industry. We explain what a fund is, explain the typical fund structure and introduce the parties involved in the management and administration of a fund.</p>
	<p>Knowledge Check</p> <p>Finally, some questions for you to advance and test your knowledge.</p>

Certification (optional)	Apply what you have learned in a final online quiz.
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Your Educational Partner and Coaches

Nosco Partners is a Swiss based company with international finance experience, servicing banks, asset managers and institutional investors. The Nosco Partners are all banking professionals with a strong academic background and extensive education experience. They have worked for many years on the business and education side of a large international bank, where client focus and practical relevance is key.

Walter Braegger, Ph.D., Partner

Walter is an expert in developing and delivering finance & risk education. For more than 20 years, he has educated finance market professionals around the globe. His expertise includes derivatives, equities, foreign exchange, fixed income and commodities, as well as special topics such as corporate finance, equity & credit analysis, risk management & control, portfolio construction and behavioral finance.

Vincent Couson, CFA, CAIA, Partner

Vincent has more than 20 years of financial market experience. Before joining Nosco Partners he was a Senior Member of the UBS Strategic Investment Advisory team developing tailored investment solutions for institutional clients around the globe. His expertise covers portfolio construction & analysis, asset & risk management as well as derivatives and structured products.

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