

# SGX Academy

## Research Talent Training Programme



The **Research Talent Training Programme** is designed to equip participants with the necessary knowledge and skill sets to evaluate companies and develop investment theses and analyses. This programme is applicable for both sell-side and buy-side research analysts as well as investors who are keen to develop an ability to conduct credit risk analysis and perform equity valuation for investments.

**Learn** from an award-winning analyst a model-based approach for developing market analysis frameworks and determining useful business insights.

**Discover** how to interpret key macro-economic and industry data that can influence securities prices.

**Gain** insights to financial accounting and find out how you should analyse income statements, balance sheets and cashflow statements.

Participants will be guided through discussions, hands-on exercises and case studies to understand how to apply these concepts. There are 2 modules in this programme:

- Module 1– Essentials of Credit Risk Analysis
- Module 2 – Equities Analysis Workshop: A Practical Approach to Modelling and Valuation

Individuals can sign up for this programme on a modular basis. Individuals without prior relevant work experience are strongly encouraged to complete Module 1 prior to Module 2.



### Methodology

Lecture, Hands-on Practice and Case Studies



### Prerequisite

- Basic knowledge of financial statements
- Working knowledge of Microsoft Excel (laptop with Excel required for Equities Analysis Workshop)



### Duration

- Essentials of Credit Risk Analysis – 9 classroom hours
- Equities Analysis Workshop: A Practical Approach to Modelling and Valuation – 12 classroom hours



### Programme Fee

- Essentials of Credit Risk Analysis – S\$1200
- Equities Analysis Workshop: A Practical Approach to Modelling and Valuation – S\$2240

Fees are inclusive of GST, before IBF Financial Training Scheme funding and SkillsFuture Credit

## Module 1 | Essentials of Credit Risk Analysis

Credit risk refers to the probability a borrower fails to make payment on any type of debt. Credit risk analysis considers factors such as sources of cashflow, business risk and capital structure to provide an understanding of the company's ability to repay its obligations. This module covers practical examples to illustrate key concepts of credit risk analysis and provides the foundation required for Module 2 (Equities Analysis Workshop: A Practical Approach to Modelling and Valuation).

### At the end of this module, participants will:

- Acquire skills required to evaluate credit risk of a company
- Identify early warning signals of deteriorating credit quality
- Understand key common accounting techniques used by companies to inflate assets and reported revenues

### Course Outline

<b>Business model analysis*</b>	<ul style="list-style-type: none"><li>■ Asset conversion cycle</li><li>■ How cash is generated by the firm</li><li>■ Critical success factors and risk mitigation</li><li>■ Inherent industry, business and financial risks</li><li>■ Reasons for business failure</li></ul>
<b>Industry risk analysis*</b>	<ul style="list-style-type: none"><li>■ Structure of the industry, demand and supply</li><li>■ Profitability and cost structure</li><li>■ Competition and regulatory environment</li><li>■ SWOT analysis (Strengths, Weaknesses, Opportunities and Threats)</li></ul>
<b>Business performance of the company</b>	<ul style="list-style-type: none"><li>■ Key revenue, profitability and costs drivers</li><li>■ Understanding the different performance and financial ratios</li></ul>
<b>Financial statement analysis</b>	<ul style="list-style-type: none"><li>■ Balance Sheet, Income and Cashflow Statements analysis</li><li>■ Review of key common negative accounting techniques</li><li>■ Common contingent liabilities</li></ul>
<b>Cashflow and liquidity risk analysis</b>	<ul style="list-style-type: none"><li>■ Generation and utilisation of cashflow</li><li>■ Quality and strength of operating cashflow</li><li>■ Early warning signs of cashflow crunch</li><li>■ Debt maturity profile and refinancing risk</li><li>■ Sources of liquidity for the company</li></ul>
<b>Capital structure and debt servicing capability</b>	<ul style="list-style-type: none"><li>■ Sources of funding, funding risk and sustainability</li><li>■ Interest and debt repayment evaluation</li><li>■ Debt servicing ratios</li></ul>
<b>Financial risk analysis</b>	<ul style="list-style-type: none"><li>■ Credit risk, interest rate risk, FX risk, commodity risk</li></ul>
<b>Overview of interest rate and FX risk management tools</b>	<ul style="list-style-type: none"><li>■ Interest rate swap, interest rate cap, FX forward, FX option, cross-currency interest rate swap</li></ul>
<b>Equity valuation</b>	<ul style="list-style-type: none"><li>■ Discounted cashflow valuation method</li><li>■ Other valuation methods: Price / Book Value ratio, Price / Earnings ratio, Dividend Yield, Earnings Yield</li></ul>

*\*For these sessions in this module, participants are expected to do pre-reading of study materials and perform online research prior to commencement of class. Key learning points will be discussed and reviewed during the class.*

### Trainer's Profile

Yew Jyu Lan, CFA holds 3 Master degrees: Master of Social Science (Real Estate) and a Master of Social Science (Applied Economics) from the National University of Singapore (NUS), and an MBA (Finance) with distinction from New York University. She also holds a Bachelor of Science (Mathematics) from NUS.

With more than 24 years of banking experience at major foreign and local banks covering interest rate risk management for corporates, asset securitisation, corporate and real estate lending, infrastructure project financing, asset and liability management, distressed debt management and restructuring, Jyu Lan has extensive experience to share. In her last held position, Jyu Lan was a Senior Director with United Overseas Bank, leading a team of Interest Rate Derivative Product Specialists to assist a wide range of corporates in interest rate risk management in the Global Markets Corporate Sales and Advisory department.

## Module 2 | Equities Analysis Workshop: A Practical Approach to Modelling and Valuation

Financial modelling involves building a mathematical representation to forecast the performance of a financial portfolio or investment. Equity valuation is used to establish the fair market value for a security. This module takes participants beyond the basic theoretical valuation methodologies to achieve a holistic understanding of equity valuation and financial modelling.

### At the end of this module, participants will:

- Value a company or investment using a variety of tools
- Use basic financial modelling techniques in Excel
- Understand discounting concepts, cost of capital and discounted cashflow analysis
- Compare and contrast the various forecasting and analysis techniques
- Identify companies before they develop their economic moats and become market leaders
- Analyse sectors and markets that will grow in the next 10 years

### Course Outline

<b>Refresher of core concepts</b>	A quick recap of various theoretical valuation models, and potential pitfalls associated with each method. Participants are expected to have a reasonable understanding of these concepts, hence this is a quick review session to facilitate the rest of the workshop.	<ul style="list-style-type: none"><li>■ Key drivers to the stock price</li><li>■ Theoretical valuation models</li><li>■ Identifying potential risks</li><li>■ Valuation: Theory vs Practice</li></ul>
<b>Modelling basics</b>	This section aims to answer the question: "How does the company make money", and break down various drivers which propels the company towards this goal. Various considerations when modelling these key drivers will be discussed.	<ul style="list-style-type: none"><li>■ Understand the business model</li><li>■ Identifying key components for each financial statement</li><li>■ Assessing recurring vs non-recurring items</li><li>■ Understand various links</li></ul>
<b>Forecasting basics and additional considerations</b>	Details on actual business drivers and basis for a basic assessment of financial outlook for the entity in question are established in this section. Thereafter, dive deeper into additional issues for consideration with a practice session.	<ul style="list-style-type: none"><li>■ Determine key drivers</li><li>■ Linking key drivers to financial forecast</li><li>■ Establish basis for outlook</li><li>■ Fixed vs variable costs: operating leverage</li><li>■ Hedging, provisions, tax deferrals</li><li>■ Practice session</li></ul>
<b>Valuation basics</b>	This session covers valuation of the entity after arriving at the basic financial model and evaluates the most appropriate approach. Practical challenges when deciding on that actual valuation, such as "What discount rate should one use?" will be discussed.	<ul style="list-style-type: none"><li>■ Discounted cashflow valuation models</li><li>■ Considerations:<ul style="list-style-type: none"><li>- What discount rate to use</li><li>- Minority interest</li><li>- Non-core assets</li><li>- Off balance</li></ul></li><li>■ Valuing cyclical, growth stocks</li><li>■ Practice session</li></ul>
<b>Risk assessment</b>	After arriving at the valuation, the discussion moves on to risk dimension and possible negative outcomes. This will be covered from a qualitative perspective and ways to quantify various risk elements will be presented.	<ul style="list-style-type: none"><li>■ Establish risk dimensions<ul style="list-style-type: none"><li>- Company level, industry level, macro, others</li></ul></li><li>■ Quantifying risk using valuation models:<ul style="list-style-type: none"><li>- Single variable, Multivariate (Scenario-based), Event based</li></ul></li></ul>
<b>Valuation: Theory vs Practice</b> (reviewed with examples)	This interactive section will take the participant through learning points that have been discussed using real-world case studies.	

### Trainer's Profile

Jason Wee, CFA was Head of Research at CLSA, one of Asia's top equities research firms, overseeing the smaller companies research coverage across 11 countries. During his 13-year stint in the stock broking industry, he was consistently ranked top three within his specialty fields, ranging across technology, banking & finance, media, conglomerates and consumer sectors.

His penultimate achievement was the award of top place for research coverage of Asia's smaller companies by investors across all three continents (Asia, Europe, US) in the prestigious Greenwich poll in 2005. Prior to this, Jason was a management consultant with Booz Allen & Hamilton, consulting for multinationals in the steel, financial, oil & gas, information technology and consumer goods industries.



## IBF Financial Training Scheme Funding

The Financial Training Scheme ("FTS") provides funding for financial sector-specific training programmes which are recognized under FTS.

MAS will enhance course fee subsidies for locals attending accredited or recognised courses up to 90%. This existing scheme will also be expanded to include workers in eligible FinTech firms.

The Training Allowance Grant (TAG) aims to help Financial Institutions and FinTech firms manage manpower costs and support the skills upgrade of their employees. TAG will only be disbursed to the sponsoring company upon the participants' successful completion of the FTS programme.

For more information on funding requirements, please visit: <https://www.ibf.org.sg/programmes/Pages/IBF-FTS.aspx>

## Contact Us

For further enquiries, please email [register@sgxacademy.com](mailto:register@sgxacademy.com) or call 6670 6808.  
(Operating hours: 9.00am to 5.00pm, Mon – Fri)

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