



Managing Corporate Equity Risk

Course outline

Managing Corporate Equity Risk

Aim

To provide an overview of the main applications of equity derivatives within a corporate context

Topics

Identifying equity risk

- Sources of equity risk
- Where to look in a set of financial reports to identify equity risk

Product building blocks

- Review of product basics
- Cash market principles and terminology

Capital structures

- Share price dilution
- Share buy backs
- Conditional forward purchase
- Employee share option schemes

M&A situations

- Total return swaps
- Porsche's / VW stake building exercise

Cross shareholdings

- Monetisation of cross shareholdings

Financing techniques

- Convertible bonds
- Exchangeable bonds

Pension fund risk

- Equity solutions to manage defined benefit pension scheme

Objectives

By the end of the seminar the participant will be able to:

- Identify the sources of equity risk within a set of financial accounts
- Outline the different techniques used to hedge corporate capital structure transactions
- Explain how derivatives could be applied in merger and acquisition scenarios
- Describe the different techniques used to monetise cross shareholdings
- Outline the main features of convertible and exchangeable bonds
- Describe how equity options could be used to hedge corporate pension liabilities