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**YOUTH
INVESTMENT
CLUB**

Youth Investment Club

Comprehensive Guide to Investment Sectors and Public Market Instruments

Not financial advice, purely education.

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Unit 1 - Investment Sector Landscape

- Introduction to main investment sectors: Public Markets, Private Equity, Venture Capital, Investment Banking. Each sector's role, time horizon, capital structure, and value creation logic.

Public Markets (Asset Managers, Hedge Funds, Holdings)



Role: Provide liquidity, price discovery, capital allocation.



Actors: Index funds, ETFs, hedge funds, holding companies.



Capital & Structure: Client capital (asset managers), proprietary (hedge funds), strategic stakes (holdings).



Strategies: Passive indexing, long-only, long/short, quantitative, event-driven.



Liquidity & Horizon: High liquidity; short- to long-term horizons.



Value Creation: Security selection, timing, arbitrage, risk premia harvesting.

Private Equity (PE)



Objective: Acquire companies, improve operations, exit at higher valuation.



Fund Structure: LPs provide capital; GPs manage investments; management fees and carried interest.



Deal Mechanics: Leveraged buyouts; extensive due diligence.



Horizon & Liquidity: 7-10+ years; exit via sale or IPO.



Value Levers: Revenue growth, margin expansion, operational improvements, balance-sheet optimization.

Venture Capital (VC)



Objective: Early to growth-stage investments in high-potential startups.



Instruments: Preferred equity, convertible notes, SAFEs.



Horizon & Risk: Long-term (5-10+ years); high failure rate, potential for outsized returns.



Value Creation: Product-market fit, scaling, network effects, funding rounds, exits.

Investment Banking (IB)



Role: Advisory, capital-raising, underwriting, M&A



Business Model: Fee and commission-based; contingent on deal completion.



Skills: Financial modelling, valuation, regulatory compliance, execution.



Unit 2 - Public-Market Instruments

- Overview of Public-Market Instruments: Stocks, Bonds, Commodities, ETFs, Mutual Funds. Mechanisms, rights, risks, returns, and valuation considerations.

Stocks (Equities) - Nature and Rights



Definition: Ownership in a corporation; residual claimants after creditors.



Rights: Voting, dividends, liquidation preference, regulatory protections.

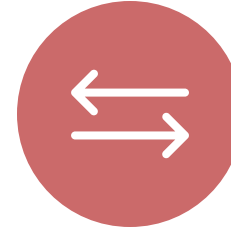


Classes: Common, Preferred

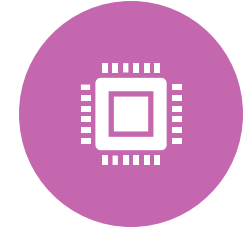
Stocks - Mechanics and Valuation



SHARES OUTSTANDING
VS FLOAT, TREASURY
SHARES, DILUTION.



DIVIDENDS: POLICIES,
SUSTAINABILITY,
SIGNALING.



CORPORATE ACTIONS:
SPLITS, BUYBACKS,
SPIN-OFFS, MERGERS.



VALUATION METRICS:
EPS, P/E, P/B, EV/EBITDA,
ROE, ROIC.



RED FLAGS:
AGGRESSIVE REVENUE
RECOGNITION,
FREQUENT CAPITAL
RAISES, DECLINING
CASH FLOW.

Bonds (Fixed Income)



Definition: Contractual promise to pay coupon + principal.



Issuer Types: Government, Municipal, Corporate.



Pricing & Yields: Price-yield inverse relationship, YTM, YTW, YTC.



Duration & Convexity: Sensitivity to interest rates.



Special Structures: Inflation-linked, floating-rate, zero-coupon, callable/putable.



Risk: Credit quality, leverage, covenant structure.

Commodities



Physical Goods: Energy, metals, agriculture, softs.



Investment Access: Futures, ETFs, commodity producers.



Futures Mechanics: Standardized contracts, cost of carry, term structure.



Risks: Volatility, leverage, macro drivers, seasonality.



Uses: Hedging, speculation, diversification, inflation protection.



ETFs and Mutual Funds

ETFs: Baskets of securities traded like stocks; creation/redemption mechanism.



Types: Index, sector, international, bond, commodity, active, leveraged.



Features: Liquidity, tracking error, expense ratio, tax efficiency.



Mutual Funds: Pooled assets, end-of-day NAV, higher fees, active management.

Unit 3 - Evaluating a Stock

- Analytical Framework for Stock Evaluation: Quantitative and qualitative analysis using filings, market data, and industry knowledge.



Information Gathering



Primary Sources: 10-K, 10-Q, earnings transcripts, MD&A, proxy statements.



Secondary Sources:
Industry reports,
competitor filings,
macroeconomic data.

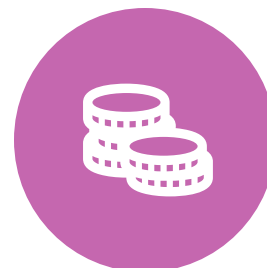
Financial Statement Analysis



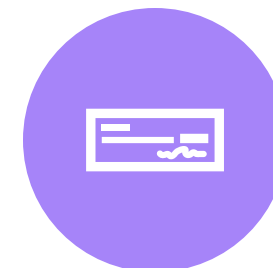
TREND ANALYSIS:
REVENUE, EBITDA, NET
INCOME, CASH FLOW.



MARGINS: GROSS,
OPERATING, NET.



CASH FLOW:
OPERATING CASH
FLOW VS NET INCOME;
FREE CASH FLOW.



BALANCE SHEET: NET
DEBT, LIQUIDITY,
WORKING CAPITAL.

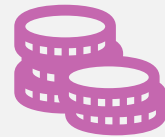
Quality of Earnings



Reconciliation of net income to cash flow.



Non-GAAP adjustments, one-offs.



Revenue recognition policies, accrual vs cash earnings.

Profitability & Capital Efficiency



ROIC, ROE, DuPont decomposition.



Capital Allocation:
Dividends, buybacks,
M&A, debt repayment.

Growth & Competitive Position



Growth Drivers: Market size, organic vs inorganic growth.

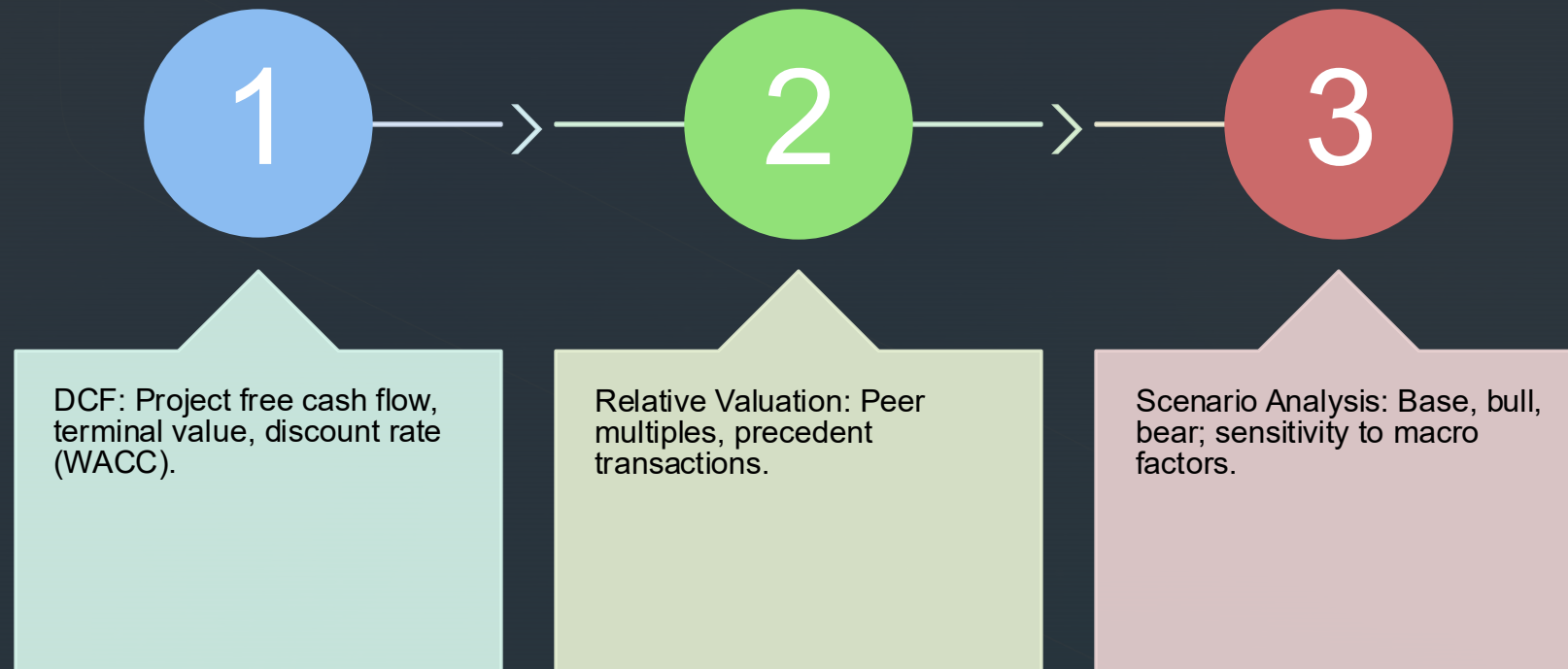


Moat: Network effects, switching costs, regulatory barriers, technology, brand.

Management & Governance

- Board Composition, independence, committees.
- Management Track Record: Execution vs guidance, insider transactions.
- Compensation alignment: Incentives tied to performance.

Valuation & Scenario Analysis



Unit 4 - Reading Financial Statements

- Financial Statements Analysis in Depth: Income Statement, Balance Sheet, Cash Flow Statement, Footnotes.



Income Statement

- Revenue & recognition, COGS, Operating expenses, Margins.
- Non-operating items: Interest, gains/losses.
- EPS, Non-GAAP adjustments.
- Practical check: Revenue growth vs operating cash flow.

Balance Sheet

- Assets: Cash, receivables, inventory, PP&E, intangibles.
- Liabilities: Debt, payables, pension obligations.
- Equity: Share capital, retained earnings, AOCI.
- Working Capital, Leverage metrics.
- Practical check: Receivables allowances, inventory reserves, covenant review.

erland Park
e Sheet
ntal Funds
r 31, 2015

General	One-eighth Cent Sales Tax - Street Improvement	Stormwater Utility
0,313,574	\$ 4,816,249	\$ 761,894
-	-	-
8,607,181	1,052,455	-
1,548,333	-	-
8,117,825	-	-
15,198	-	-
5,093,601	-	2,917,976
-	-	-
-	-	-
4,695,712	\$ 5,868,704	\$ 3,679,870
4,615,518	\$ 262,310	\$ 14,831
2,404,377	-	27,051
-	-	-
-	-	-
44,375	-	-
7,064,270	262,310	41,882
5,179,028	-	2,917,976
-	-	-
-	-	-
5,179,028	-	2,917,976
-	5,606,394	657,602
0,249,453	-	62,410
1,202,961	-	-
1,452,414	5,606,394	720,012
4,695,712	\$ 5,868,704	\$ 3,679,870

Financial statements.

Street Improvement
\$ 5,778,177
6,356,688
-
-
552,960
2,102,854
-
-
-
\$ 14,790,679
\$ -
-
3,139,498
-
-
3,139,498
-
-
142,963
142,963
6,356,688
5,151,530
-
11,508,218
\$ 14,790,679

Cash Flow Statement

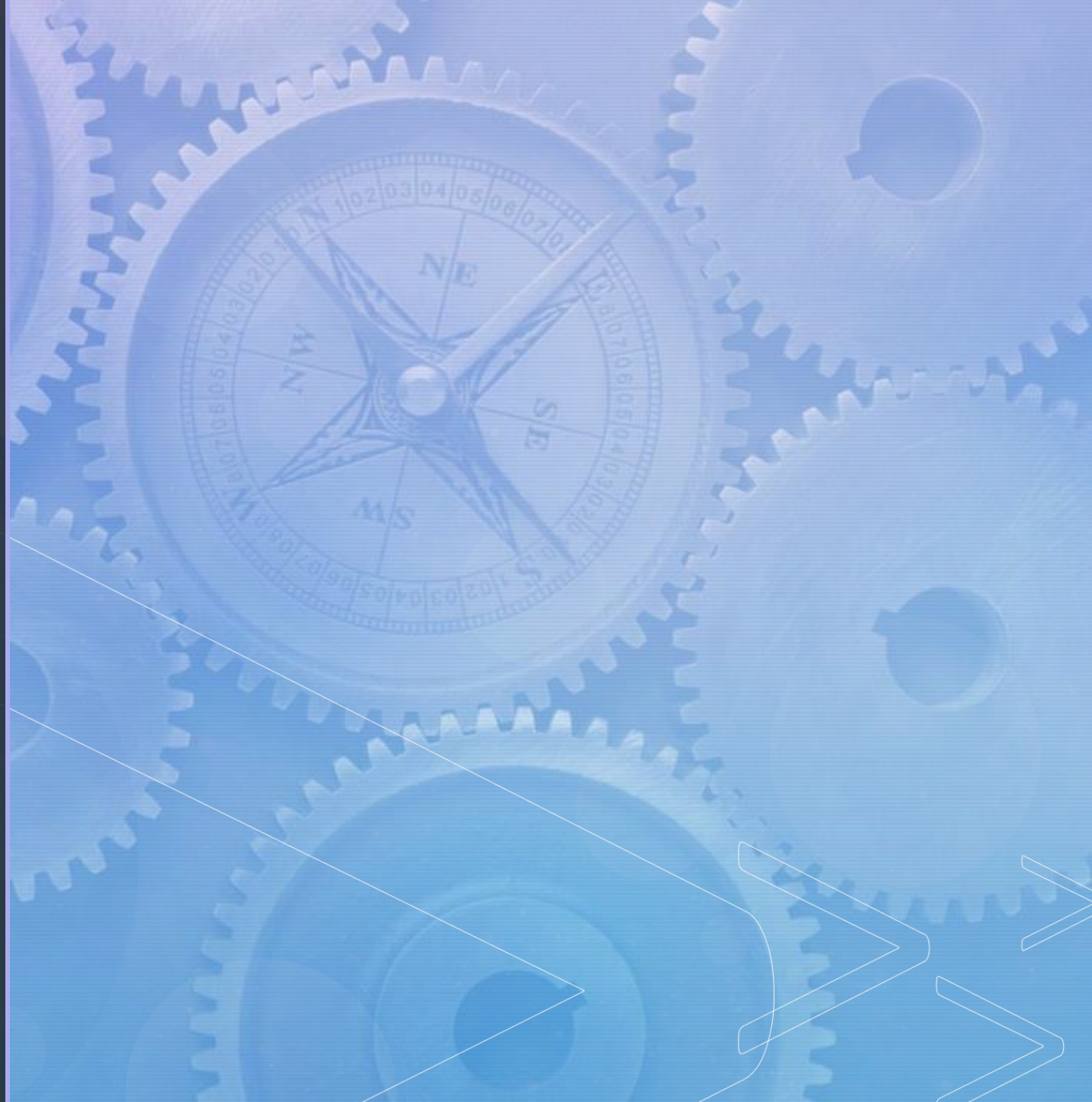
- Operating Cash Flow: Adjust net income for non-cash items.
- Investing Cash Flow: Capex, acquisitions, asset sales.
- Financing Cash Flow: Dividends, buybacks, debt/equity issuance.
- Free Cash Flow: OCF minus capex; supports dividends and buybacks.
- Practical check: Reconcile net income to cash; FCF sustainability.

DOMESTIC BALANCE SHEET as at 5 April 2005

	£	5 April 2004	£	5 April 2004	£
ASSETS:					
FIXED ASSETS					
Main Residence		375,000			372,000
Timeshare (Portugal)		18,000			18,000
Personal Transport Car 1		0		1	16,000
Personal Transport Car 2		7,000			9,000
Personal Transport Car 3		15,000			
Temised (audio visual, appliances)		2,400			2,700
Temised Luxuries		7,800			7,400
Boat		21,000		2a	0
			446,200		425,100
INVESTMENT ASSETS (LONG TERM)					
Bonds:					
Smiths Insurance Bond	92,000				81,000
Mercury Endw Policy	0			3	8,000
Neptune Endw Policy	0			4	19,000
Janus Bonds	500			5	0
Premium Bonds	20,000				20,000
		112,500			128,000
Shares:					
P&Q		600			600
			113,100		128,600
CURRENT ASSETS					
Banks:					
AC Bank	9,156				8,267
AC Savings1	16,944				7,709
AC Savings2	12,200				8,454
AC Bld Soc	39,700				11,570
Total Banks		78,000			36,000
TOTAL ASSETS		637,300			589,700
LIABILITIES:					
CURRENT LIABILITIES					
Credit Cards		(3,100)			(1,400)
TOTAL ASSETS, LESS CURRENT LIABILITIES		634,200			588,300
LONG TERM LIABILITIES					
Mortgage	(100,000)				(100,000)
Boat loan	(20,000)			2b	0
		(120,000)			(100,000)
TOTAL DOMESTIC LIABILITIES		(123,100)			(101,400)
TOTAL ASSETS, LESS TOTAL LIABILITIES		514,200			488,300
Plus Total Domestic Change (TDC) domplus					25,900
Less New Domestic Wealth (Closing Balance)		514,200			514,200
Notes					
1. a. Car at residual value £18,000 sold for £17,000					
b. Car depreciated from £9,000 to £7,000					
c. Car purchased for £15,000					
2. Boat £21,000 acquired with deposit £1,000 and long-term loan of £20,000					
3. Investment matured					
4. Investment surrendered					
5. New investment					
6. Car purchased and sold in 2004 does not appear					

Unit 5 - Long vs Short Positions

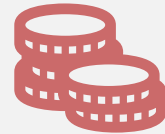
- Mechanics, Risks, and Risk Management.



Going Long



Mechanics: Buy shares; profit if price rises; receive dividends and voting rights.



Risk: Max loss = invested capital.



Management: Position sizing, diversification, exit rules.

Short Selling



Mechanics: Borrow shares, sell, repurchase to return.



Margin & collateral requirements.



Costs: Borrow fees, interest, dividend payments.



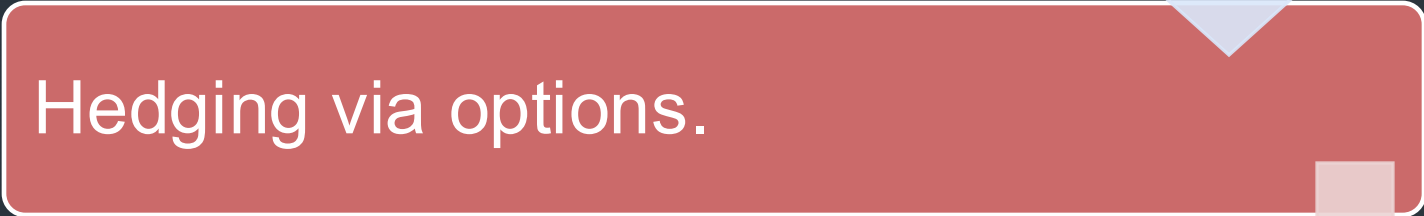
Risks: Unlimited potential loss, short squeezes, recall risk.

▀ Rik Controls

Position sizing and stop rules.



Hedging via options.



Monitoring short interest, liquidity, and upcoming catalysts.

