

Brain teaser

Problem:

Announcements

Upcoming Events

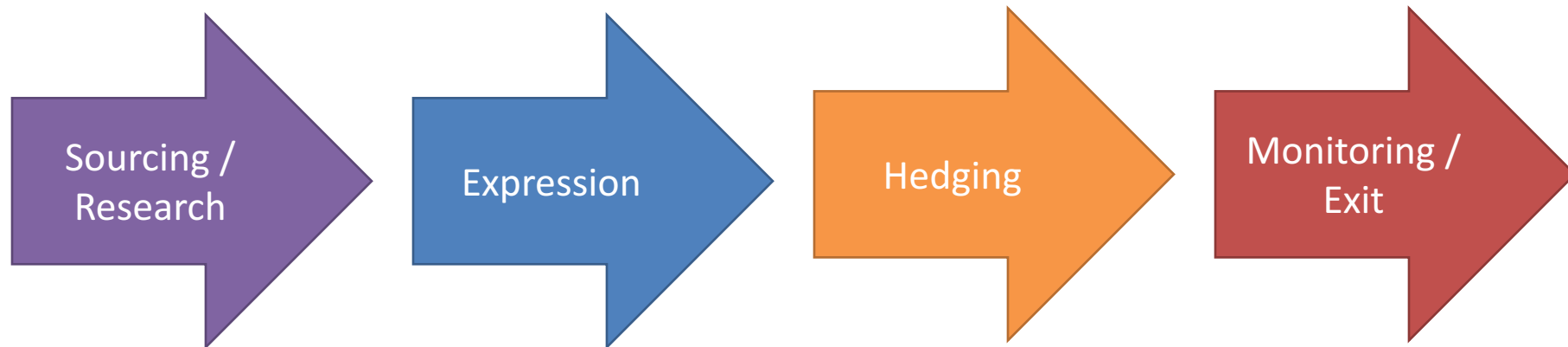
- QFS Social next Tuesday!
- Reminder of Expectations
 - Feel free to interrupt with questions about anything and everything
 - Don't hesitate to tell me I am wrong

Investment Pitch Workshop

Sourcing and Processing and Pitching, oh my!

What is a full idea?

4 Key Steps



Sourcing

Where to Look

- Equity / Credit
 - Screening Situation tracking
- Options
 - Keep track of flow
 - Watch the VIX (or Vol Skews)
- Commodities / Macro
 - Follow news
 - Watch Spreads

Find situations where you can buy or sell into an irrational market

Idea sourcing is part of life, you observe something, and you try to strategize an entry

Sourcing

Where to Look

LATEST 11:11 PM **Overheard: Amazon Has Some Competition**

Hong Kong Protests Enter New Phase

This city's government met for the first time late Sunday with student leaders in an effort to resolve a political stand-off that has paralyzed three commercial districts, while fears of a crackdown eased Monday morning.

- Students Stay Committed
- Timeline: Night of Ultimatums
- Live Updates | Photos



NBA Makes New Deals With Disney, Time Warner

The NBA reached long-term media rights deals with Walt Disney and Time Warner, more than doubling the fees it received under the previous contracts.

Islamic State Proves Resilient

Trio Key to AIG Bailout Face Grilling

Former Fed Chairman Ben Bernanke and other two architects of the U.S. government's response to the financial crisis are likely to get a tough grilling this week from an attorney representing shareholders challenging the government's AIG bailout.

H-P Plans to Break in Two

Hewlett-Packard plans to break in two, separating its personal-computer and printer businesses from its corporate hardware and services operations.

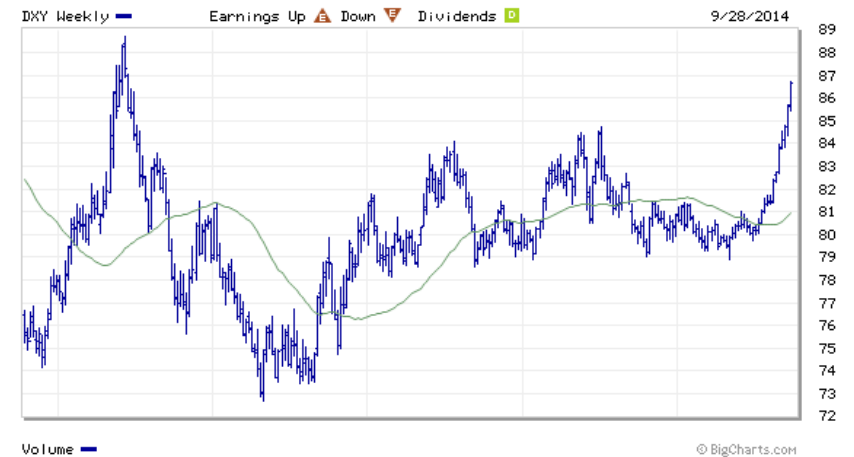
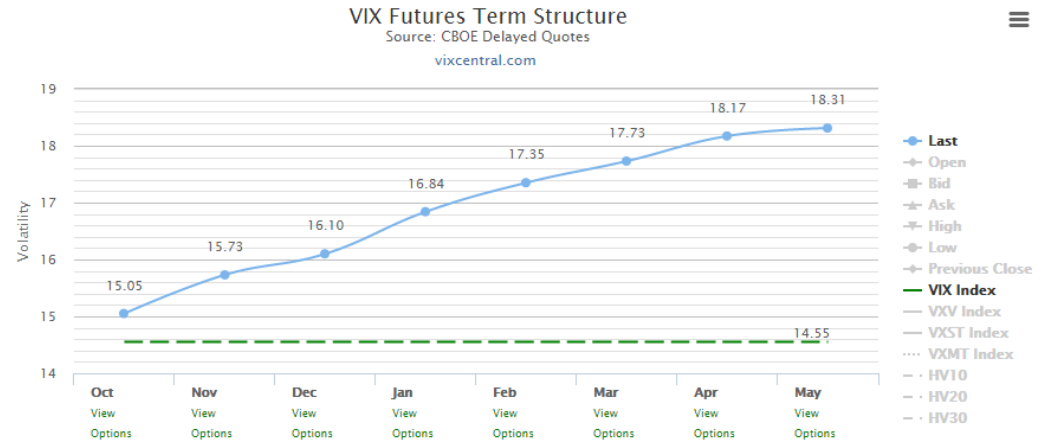
- H-P Failed to Keep Up

Markets

Overview U.S. Europe Asia FX Rates Futures

	LAST	CHG	%CHG	RANGE: 1 DAY
DJIA	17009.69	+208.64	1.24%	
Nasdaq	4475.62	+45.43	1.03%	
FTSE 100	6527.91	+81.52	1.26%	
Nikkei 225	15912.54	+203.89	1.30%	
Crude Oil	89.71	-1.30	1.43%	
Gold	1191.10	-24.00	1.98%	10/3/14 5:14 PM EDT

Market Data | MoneyBeat | Portfolio | Customize Watchlist



What's News —

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Becton Dickinson to Buy CareFusion for \$12.2 Billion

Becton Dickinson agreed to buy CareFusion

WSJ

Tech World Vexed by Slow Progress on Batteries

Improvements in battery technology lag far behind changes in microchips. And don't hold your breath waiting for a breakthrough.



Research

90% of your time and 110% of your effort

- History
- Channel checks
- Data
- Minimize the input of opinions
- Identify the key drivers to every trade
 - E.g. What are the drivers for a beauty company? What about EUR/USD?

Research

What not to do

- Common, but poor research usually entails:
 - Forming an opinion before gathering sufficient facts
 - Marrying the idea
 - Forcing an opinion
 - Unsound understanding of various leverage
 - E.g. Call options on Ford

Expression

Making the Trade

- Key rule: Don't have a view just to have a view
- If you have done your research, dare to be different
- What is the cheapest way to get exposure to your opinion?
 - How many ways can you go long a country?
 - What about a company?
 - What if you know for a fact this winter will be extremely cold?

Hedges

Limit Risk or Blow up your trade

- A fence or boundary formed by closely growing bushes or shrubs.
 - A **hedge** is an investment position intended to offset potential losses/gains that may be incurred by a companion investment.
 - Isolate your thesis/expression
 - Eliminate noises
 - E.g. Long E&P companies / Short Crude?

Exiting

Cutting Losses / Taking Profits

- Don't get greedy.
 - Take profit when your target is hit and understand anything beyond this point is irrelevant to you.
- Don't be scared.
 - Don't exit early.
- Don't be stubborn.
 - Get out when you are bleeding and admit that you are wrong.
- Don't be indecisive.
 - Double Down!!! Keeps going down? Triple Down.

Presenting

Order of Presentation

- Thesis / Position First
 - Include important catalysts, a chart of prices, timeframe, other relevant key statistics that will be the first thing people ask (trading multiples and target price)
- Present research in order of supporting points – logical flow is very important, strongest points first but include all the research you think is important
 - You won't present everything you've researched, but all of your research should be done to support your points and help you form conviction and defend your thesis to listeners
- BLOT, repeat again at the end
- Appendix with other helpful information also useful – cover all your bases

Dynegy Pitch

- DYN Preferred Stock

Questions?

