

Contents

Foreword	ix
Preface	xi
Acknowledgments	xv
Part I Introduction	1
Chapter 1 Financials Basics	3
Financials 101	4
Financials Sector Breakdown	23
Part II Industry Group Details	31
Chapter 2 Banks	33
Banks 101	34
Types of Banks	45
Banks Industry Group Characteristics	48
Bank Regulation	53
Chapter 3 Diversified Financials	63
Capital Markets	64
Consumer Finance	76
Diversified Financial Services	80

Chapter 4	Insurance Industry Group	83
	Characteristics of Insurers	84
	How Do Insurance Companies Make Money?	89
	How Do Insurance Companies Act?	94
	Regulation	98
Chapter 5	Real Estate Industry Group	103
	What Is a REIT?	105
	REIT Characteristics	108
	A Representative Example: Annaly Capital Management	112
	Equity REIT Sub-Industries	115
	Unique Measurements for REITs	118
Part III	Thinking Like a Portfolio Manager	121
Chapter 6	The Top-Down Method	123
	Investing Is a Science	123
	The Top-Down Method	126
	Top-Down Deconstructed	131
	Managing Against a Financials Benchmark	139
Chapter 7	Security Analysis	143
	Make Your Selection	144
	A Five-Step Process	145
	Financials Analysis	153
Chapter 8	Financials Investing Strategies	159
	Adding Value at the Sector Level	160
	Adding Value at the Country or Industry Level	161
	Adding Value at the Security Level	162

Appendix A: Reference Material	165
Appendix B: Derivatives	171
Appendix C: Risk-Adjusted Balance Sheet	175
Notes	179
About the Author	185
Index	187

<http://www.pbookshop.com>

<http://www.pbookshop.com>