



The **EUROMONEY TRAINING CERTIFICATE** in

4 day course

Bond School

1-4 December 2009
Sydney

An all-round programme providing an integrated training on fixed income products

Excel based bond pricing, trading and risk management techniques and analysis:

- Bond market conventions and fixed income mathematics
- Term structure analysis and the zero coupon yield curve
- Bond pricing methodologies
- Duration and convexity measures
- Bond trading and portfolio management strategies
- Interest rate swaps
- Caps, floors and collars
- Financial engineering: structured products
- VaR of bond portfolios

Course Director:

Professor Ben Hunt

Leading authority on fixed income products, risk management and derivatives
Head, Graduate School of Business, University of Technology, Sydney

Register and pay
before
3 November 2009
for an
early-bird discount

What past delegates have said about this course:

"A very well presented and organised course. The design of the course was superb"

Executive, Debt Capital Markets,
Nomura Australia Limited

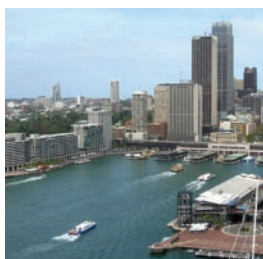
"Good training with a lot of spreadsheets so that we can practice easily. Very interesting"

Bank Supervisor, Bank Indonesia

WHO SHOULD ATTEND?

- All fixed income functions
- Corporate finance/corporate treasury
- Capital markets
- Audit/product control/risk management/ALM
- Investment management
- Securitisation/syndication/structured finance
- Money markets/Repo
- Systems programming
- Government/agency funding and investment
- Regulation/compliance/documentation

Why not recommend this course to a colleague?



Find out more or register your place today!

Web www.euromoneytraining.com/asia



In recent years, the bond and fixed income markets have changed dramatically in Asia Pacific. Volumes in the swap markets have continued to grow exponentially, securitisation has developed and grown, and corporate bond issuance has swept international markets.

Such growth and innovation requires professionals in this market to understand an increasingly complex range of products, pricing and risk management techniques and technologies. For most, the future means re-positioning their skills from "plain vanilla" to a multi-dimensional understanding of both simple and complex products, and their interrelationships.

This course provides systematic, integrated training on all bond and bond related products available in the market today. The programme is expressly designed to equip you with the most professional, intensive and active market knowledge in this field.

If you are looking to...

- rapidly expand your knowledge of the structure, pricing and applications of recent products, such as asset-backed securities, structured products and asset swaps and/or
- position your bond/market skills to take advantage of opportunities

...this is the course for you!



VENUE

All of our courses are held in 4 – 5 star hotels, chosen for their location, facilities and level of service. You can be assured of a comfortable, convenient learning environment throughout the duration of the course.

Due to the variation in delegate numbers, we will send confirmation of the venue to you approximately 2 weeks before the start of the course.

ABOUT US

Euromoney Training courses are designed for ambitious professionals who wish to gain practical skills based knowledge. With offices located in Asia, Europe and the USA and as part of the global media group, Euromoney Institutional Investor PLC, we are in the perfect position to provide you with relevant, up-to-date and international expertise.

With an extensive range of financial, legal and audit training courses we have met the training needs of over 40,000 market professionals globally.

Our courses are held on a public or in-house basis, a full list of which can be found on our website. Visit www.euromoneytraining.com/asia.

“Very useful, practical, giving real picture of bond trading, pricing and markets”

Past delegate, **Bank Rakyat**

Register before 3 November 2009 for early-bird discount.

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+852 2520 1481

Facsimile
+852 2866 7340

Bond School

COMPUTER-BASED EXERCISES AND SIMULATIONS

The course includes sessions in which small groups of delegates participate in case studies, exercises and simulations to apply new techniques and concepts. All lecture material is reinforced with practical computer applications using Excel spreadsheets. Delegates should bring their own laptop PCs and financial calculators.

CONTINUING PROFESSIONAL DEVELOPMENT

Although *Euromoney Training* cannot warrant that the attendance of this programme would automatically be recognised by your country's Securities and Futures Commission, it is highly likely that Euromoney Training courses can fulfil CPT requirements as they maintain and enhance delegates' technical knowledge and professional expertise. Please check directly with your employer as the corporate licensee of your SFC registration, who is responsible for determining whether a training course satisfies CPT requirements.

Day 1: Review of the basics

Registration commences at 8:30
Programme runs from 9:00 - 5:00 daily

Key features and conventions

- Bond specification
- Bond types
 - Fixed coupon bonds
 - Floating rate bonds
 - Discount securities
 - Discounted bills and notes
 - Zero coupon bonds
 - Convertible notes
 - Option embedded (callable, puttable bonds)
 - Strips
 - Hybrid bonds
 - Structured notes

Bond market conventions

- Yield quotations
- Price quotations

Review of fixed income mathematics

- Present value, future value and rates of interest
 - Simple interest
 - Compound interest
- Discount factors
- Capital sums
- Valuation of annuities

Fixed rate bonds

- Pricing fixed coupon bonds
 - Premium and discount bond
 - Price to yield
 - Building a bond price calculator
 - Settlement price between coupon dates
 - 3 step pricing
 - Actual over actual pricing example
 - Fractional period calculation
- Price vs. yield quotations
- American (and other) price markets
- Implied yield

Computer-based exercises: interest rate conversions, calculating clean and dirty prices, holding period yield calculation; building a bond pricing spreadsheet; computing implied yields

Zero coupon pricing methodology

- Representing bonds as portfolios of zero coupon bonds
- Additive valuation of cash flows using zero coupon bonds
- Determining price and yield of coupon bonds using zero coupon yields

Zero coupon yield curve construction

- Direct bootstrapping
- Pricing new bond issues

Computer-based exercises: delegates build a spreadsheet that derives zero coupon rates from market yields on coupon bonds

Floating rate bonds

- Pricing floating rate bonds
- Treatment of floating rate margins
- Fixed vs. floating rate bonds

Biography

Professor Ben Hunt

Leading authority on fixed income products, risk management and derivatives.

Professor Ben Hunt is Head, Graduate School of Business and MBA Director at the University of Technology, Sydney. He has degrees from Adelaide University, including a Master's thesis on Price Formation in the Sydney Futures Exchange, and a Doctorate from the Australian

National University. His Ph.D. focused on an examination of the Determinants of Australian Interest Rates and Exchange Rate. He is co-author of the text book, *Financial Instruments and Markets*, published by Thomas Nelson.

Day 2: Bond risk management

Bond yield curves

- Term structure of interest rates
 - Term structure dynamics
 - Properties of yield curves
 - Term structure theories
 - Unbiased expectations
 - Liquidity premium
 - Segmentation and preferred habitat theories
- Monetary policy, interest rates and central banks
- Inflation and yields
- Functions of the yield curve
 - Returns analysis
 - Interest rate expectations
 - Pricing and valuation of fixed income securities
 - Relative valuation – spread analysis

Computer-based exercise: computing historical and implied volatility using yield and bond price data

Alternative measures of return

- Current yield
- Yield to maturity
 - Assumptions
 - Capital risk
 - Reinvestment risk
- Total return
- Scenario analysis
- Comparison of bonds using total return analysis

Bond price sensitivity

- Price risk
- Duration
 - Macaulay's duration
 - Measurement of price sensitivity
 - Modified duration
 - Duration properties
- Dollar sensitivity
- Basis point value

Managing portfolio risk

- Portfolio risk indicators
 - Duration
 - Basis point value (DVOI)

Structured note portfolio risk simulation: delegates will be asked to manage a structured note portfolio, to maximise return, in the face of realistic yield curve volatility

Convexity

- Convexity defined
- Source of convexity
- Convexity is good?
 - Convexity and volatility
 - Zero duration, positively convex portfolios

Bond portfolio management models

- Bond portfolio characteristics
 - Price, value
 - Duration, convexity, BPV
- Constructing targeted portfolios
 - Minimising the size of the portfolio
 - Imposing portfolio restrictions

Computer-based exercises: delegates construct a spreadsheet that records bond holdings and displays key portfolio statistics such as value, BPV, duration and convexity

Holding period yield immunisation

- A coupon bond's zero coupon, equivalent
- Using duration to reduce holding period yield volatility

Immunisation case study: delegates will examine the efficacy of alternative immunisation strategies designed to immunise holding period yields against volatile German interest rates

Day 3: Forward interest rates options and swaps

Bond trading and portfolio management

- Interest rate expectations
- Relative value trading: curve plays
 - Flattening/steepening trades
 - Butterfly trades
 - Economic and technical analysis of yield curve trades
- Bond portfolio management strategies
 - Passive management
 - Active management techniques

Foreign denominated bonds

- The foreign bond market
- FX market operations and conventions
 - Settlement
 - Spot, forward and FX option contracts
 - Commodity currency/terms currency conventions
- FX vs. yield risk

Managing FX and yield curve risk simulation: delegates are required to balance their holding of a variety of domestic and overseas bonds to maximise portfolio return. FX forward and option contracts are employed in this historically based simulation

Ben has concentrated his research efforts on applied financial problems. His latest published work explores the predictability of implied volatility and its application to option trading systems. His current research effort is directed at modelling the term structure of interest rates.

In addition to his academic work, he consults extensively to the private sector. He developed a Bond Futures system for Bain and Co, a gold trading system for UBS, an FX system for Shearson Lehman and an FRA system for Fulton Prebon. He was jointly responsible for

the PROTANGO BOPS equity option systems distributed by Reuters Australia and installed in many Australian broking and fund management offices such as HSBC, Salomon Smith Barney, Prudential Bache and Natwest Markets. The Reuters technical charting package BeaCh is his

latest commercial software development project.

Ben is widely regarded for his ability to translate theory into practice and for his communication skills. In addition to his UTS duties, Ben has taught in the



Day 4: Derivatives and financial engineering

Option embedded bonds

- Characteristics of callable and puttable bonds
- Valuation of callable and puttable bonds
- Yield to call (put) vs. yield to maturity
- Price sensitivity characteristics of callable and puttable bonds
 - Duration
 - Convexity

Computer-based exercises: delegates compare and contrast the properties of callable and puttable bonds using spreadsheet option macros

Spot-forward interest rate relationship

- Spot to forward
- Forward to spot
- Yield curve from futures prices

Computer-based exercises: delegates use bill futures strip prices to construct a zero coupon yield curve

Interest rate swaps

- Swap market background
- Rationale for swap transactions
- Basic features
 - Indicative cash flows
 - Using swaps to hedge an exposure to interest-rate risk
- Computing the fair swap fixed rate
- The swap fixed rate as the equaliser of value
- A swap as two bond transactions
- Value of an open swap
- Credit risk
 - Credit risk and swap pricing
- Swap variations
 - Accreting swap, amortising swap, power swap
 - Off market swap, forward swap
 - Swaption, set in arrears swap, yield curve swaps
 - CMT swaps

Fixed interest futures markets

- Forward yields and futures prices
- Speculating using interest rate futures
- Hedging using interest rate futures
 - Perfect hedge
 - Imperfect hedges (basis risk)
- BPV values
 - Constant BPV
 - Variable BPV
- BPV hedging

BVP hedging case study: delegates examine the effectiveness of alternative strategies to hedge a bond portfolio with interest rate futures contracts

Swap rate case study: using current futures market data, delegates compute a fair swap rate and compare their answer against rates offered in the market

VaR for bond portfolios

- Covariance approach
- Historical simulation
- Monte Carlo simulation

Interest rate options

- Rates vs. prices
- Bond options
- Eurodollar futures options

Caps, floors and collars

- Option value inequalities
- Pricing floors and floorlets
- Collars

Computer exercises: delegates build a spreadsheet to price caps and floors using Black's futures model

Using caps and swaps to manage interest rate risk simulation: this simulation, using historical data requires delegates to switch in and out of capped and swapped positions to minimise interest paid

Financial engineering – analysis of structured products

- Structured notes
 - Reverse engineering: decomposing a structured product
 - Relationship to the par rate
 - Classic inverse floater
 - Gingering up the coupon
- The rationale for structured products
- The building blocks; bonds, swaps and options

Structured note simulation exercises

graduate programmes of Sydney, N.S.W. and Macquarie Universities. He has provided many in-house finance courses for Australian Banks and has been a prominent speaker at many commercial conferences.

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In-house training is an efficient and cost effective way to ensure that your employees are equipped with the knowledge and skills needed to make a real impact in your organisation. Training can be arranged for anything from small groups to entire divisions and will take place at a time chosen by and convenient to you.

For more information on holding this, or any other Euromoney Training course in-house, please contact:
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5 easy ways to register

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EUROMONEY TRAINING CERTIFICATE

Delegates who successfully complete this course will receive the prestigious *Euromoney Training Certificate* - a statement of excellence recognised worldwide.

FREE SUBSCRIPTION

Delegates will receive a free 3-month subscription to *Asiamoney* magazine at the conclusion of the course.

Registration form Yes, please register me for:

Bond School (HT4189) on 1-4 December 2009, Sydney

Can't make this date? We schedule our courses throughout the year. Please contact us to check for alternative dates and locations.

Delegate details

Surname _____ Mr/Mrs/Ms

First name _____

Position _____ Department _____

Company _____

Address _____

Telephone _____ Fax _____

Email _____

How did you hear about the course? _____

Standard fee: US\$5,750 Discounted fee: US\$5,462.50*

All fees are net of withholding, business and local taxes.

*Discount of 5% when you register and make payment before **3 November 2009** inclusive.

This discount cannot be used in conjunction with any other offer.

Delegates registering from Australia for the Sydney course will have to bear the prevailing GST at the date of invoice.

Please note, payment must be received prior to course start.

Funding support

The Monetary Authority of Singapore (MAS) administers grants to financial sector organisations that sponsor eligible participants to training programmes that meet qualifying criteria. For enquiries, please contact the MAS at (65) 6229-9396 or via email at fsdf@mas.gov.sg.

Payment details (please tick as appropriate)

Cheque Invoice Credit card[#]

[#]To make this payment by credit card, please call +852 2520 1481, or visit www.euromoneytraining.com/asia, select this course and follow the 'register now' link to use our secure online payment system.

Early-bird and other discounts cannot be processed on the website so please call our hotline to make payment.

I have read and understood the booking terms and conditions

Signature _____ Date _____

Approving Manager

Name _____ Position _____

Disclaimer

Euromoney Training reserves the right to alter any part of the published programme or faculty. In the event of course cancellation by Euromoney Training due to unforeseen circumstances, Euromoney Training limits its liabilities to refunding the tuition fee of the course.

Fee includes tuition, documentation, lunch and refreshments. Delegates are responsible for their own flights and accommodation. An invoice will be sent upon receipt of registration form.

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Cancellation policy

If any registered delegate cannot attend our course, a replacement is always welcome. Cancellations must be made in writing (letter or fax) with Euromoney Training's acknowledgement. Written cancellations must reach this office 30 days before the programme commences. A full refund less an administration charge of US\$150 will be given. For any written cancellation requests that reach us less than 30 days before the event, no refunds will be given. However, if you wish to attend another Euromoney Training course in the Asia-Pacific region, a 75% discount voucher which values not more than 75% of the initial payment will be issued. Please note that the subsequent course must take place within 1 year of the initial registration.

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