



# CONVERTIBLES

## EUROMONEY'S 2000/2001 TRAINING SCHEDULE

For information on any of the following courses please tick (✓) box below and fax to Euromoney Customer Services

 **Fax Hotline (+852) 2866 7340** 



# EUROMONEY TRAINING

A Division of Euromoney Institutional Investor Plc

### REGISTRATION FORM (Please do not remove this label)

**YES! Please register the following delegates for (✓)**

#### CONVERTIBLES - Fee US\$2,300

- 22<sup>nd</sup> - 23<sup>rd</sup> February 2001, Hong Kong (HT2277)
- Please send me more information on the courses I have ticked
- Please register me for the courses I have ticked
- Please add my name to your mailing list so that I may receive details of all future courses relevant to my career

#### PLEASE USE BLOCK PRINT

1st Delegate: (Mr./Mrs./Ms.).....  
Position: .....  
Tel: ..... Fax: .....  
E-mail: .....  
2nd Delegate: (Mr./Mrs./Ms.).....  
Position: .....  
Tel: ..... Fax: .....  
E-mail: .....  
3rd Delegate: (Mr./Mrs./Ms.).....  
Position: .....  
Tel: ..... Fax: .....  
E-mail: .....  
(please underline family name)

Approving Manager.....  
Position.....  
Secretary for Enquiry..... Extn .....  
Organisation.....  
Head of Derivatives.....  
Address.....  
City..... Country.....  
Phone..... Fax.....  
E-mail.....

Code: HT2277 A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

#### Equity Capital Markets

- 4<sup>th</sup> - 8<sup>th</sup> December 2000, Hong Kong

#### Bond Management Techniques

- 9<sup>th</sup> - 12<sup>th</sup> January 2001, Hong Kong
- 17<sup>th</sup> - 20<sup>th</sup> July 2001, Kuala Lumpur

#### International Capital Markets

- 9<sup>th</sup> - 11<sup>th</sup> January 2001, Shanghai

#### Swaps & Swap Risk Management Products

- 15<sup>th</sup> - 18<sup>th</sup> January 2001, Hong Kong

#### Asset Securitisation

- 28<sup>th</sup> November - 1<sup>st</sup> December 2000, Hong Kong
- 15<sup>th</sup> - 18<sup>th</sup> May 2001, Singapore

#### Cashflow Modelling for Securitisation

- 6<sup>th</sup> - 9<sup>th</sup> February 2001, Sydney
- 12<sup>th</sup> - 15<sup>th</sup> February 2001, Hong Kong

#### Euromoney Bond School

- 2<sup>nd</sup> - 6<sup>th</sup> April 2001, Sydney

#### Hedge Funds

- 2<sup>nd</sup> - 5<sup>th</sup> April 2001, Hong Kong

#### Wealth Management

- 26<sup>th</sup> - 29<sup>th</sup> March 2001, Singapore

#### Money Laundering & Documentary Fraud

- 18<sup>th</sup> - 20<sup>th</sup> December 2000, Hong Kong

**YES! PLEASE FAX ME EUROMONEY'S 2000/2001 TRAINING CALENDAR**

# Convertibles

Understanding pricing, valuation and hedging techniques for convertible securities

22<sup>nd</sup> - 23<sup>rd</sup> February 2001

The Sheraton Hong Kong Hotel & Towers, Hong Kong

This comprehensive 2-day course will cover:

- Characteristics of Convertible Bonds
- Related Types of Convertible Securities such as Convertible Preferred Stock and Convertible Mortgages
- Pricing Methodologies for Convertible Bonds
- Convertible Bond Strategies
- Raising Capital with Convertible Securities
- Global Convertible Markets
- Convertible Hedging



Incorporating Computer Simulations and Comprehensive Asian Case Studies

#### 4 EASY WAYS TO REGISTER



**FAX**  
Hong Kong  
(+852) 2866 7340



**MAIL**  
Hong Kong  
17<sup>th</sup> Floor, Printing House  
6 Duddell Street  
Central, Hong Kong



**PHONE**  
Hong Kong  
(+852) 2520 1481



**e-mail**  
enquiry@euromoneyasia.com

#### Registration Fee:

**US\$2,300** per person for 2-day course. Fee includes tuition, lunch, refreshments and teaching materials. Hotel accommodation is not included in the course fee, but special rates have been arranged for delegates. (See below)

#### Early Bird discount! Save 5%

Register and pay for the course before 18<sup>th</sup> January 2001 to benefit from a 5% discount

#### Team Discount:

When three or more colleagues from one institution attend the same course date, there is a 5% discount available on the second and additional bookings.

#### Payment:

Crossed cheque payable to: **Euromoney Publications (Jersey) Limited**. Registration is confirmed only upon receipt of payment.

#### Cancellation and Transfer Policy:

Payments will be converted towards Euromoney course voucher that can be applied for any Euromoney Training course in Asia for up to one full year. A course voucher for the full amount will be issued for cancellations received up to 21 days before this event. Cancellations must be made in writing (letter or fax) and reach this office before the 21 days deadline. A 25% charge will be deducted from the course voucher note for cancellations received less than 21 days before this event. Of course a replacement is always welcome. A course voucher will not be issued in case of no attendance without cancellation.

#### Course Venue and Accommodation Information:

**The Sheraton Hong Kong Hotel & Towers**, 20 Nathan Road, Kowloon, Hong Kong  
Tel: (+852) 2732 6885 Fax: (+852) 2721 7292 E-mail: jaly\_lai@sheraton.com Contact Person: Ms Jaly Lai  
Special corporate rates have been negotiated for course delegates. Please make your accommodation bookings direct with the hotel. To take advantage of the special delegate rates, please indicate that you are attending **Euromoney's Convertibles course**.

#### Incorrect Mailing Address/Addressee?

Please accept our apologies for mail that is incorrectly addressed. Should you wish to amend address/addressee details, please send or fax us a copy of the relevant mailing label and we will update our records accordingly. We occasionally allow reputable companies to mail details of products that may be of interest to you. Please tick this box if you do not wish to be informed of these offers.

Worldwide Training Centres: Hong Kong • Singapore • London • New York

**EUROMONEY HOTLINES:** Tel: (+852) 2520 1481 Fax: (+852) 2866 7340  
Email: enquiry@euromoneyasia.com Website: www.euromoneytraining.com/asia

# CONVERTIBLES

## Course Background and Objectives

Convertible bonds can boost fixed income performance by recreating straight corporate bond positions with exposure to equity markets. In fact, many studies demonstrate that convertibles achieve similar total returns to equities with significantly lower volatility. With recent high market volatility, convertibles become increasingly attractive investment alternatives. Equity-orientated investors are keen on downside protection while fixed-income investors are trying to get more equity exposure.

However, it is commonly agreed that convertibles are one of the most difficult products to understand and value as it is difficult to truly dissect all the various components and their interrelationships.

Euromoney Training's intensive **Convertibles** course will provide delegates with a comprehensive understanding of the pricing, valuation and hedging of major convertible instruments in the global and Asian financial markets. Illustrative case studies and computer simulations of some real Asian products will help provide delegates with a detailed explanation of the pricing and hedging methodologies. The course will focus on both the international perspective and regional characteristics of the convertibles markets.

## Course Content

This unique 2-day course covers:

- Characteristics of convertible bonds
- Related types of convertible securities
- Anatomy of convertible bonds
- Pricing methodologies for convertible bonds
- Convertible bond strategies
- Raising capital with convertible securities
- Global convertible markets
- Convertible hedging

## Teaching Methods

The course strikes a fine balance between lecture sessions, worked examples, exercises and case studies through computer simulations. One distinctive feature of the programme is the interactive hands-on **computer simulations** of real case studies of various Asian convertible products. Throughout the course, participants will price and hedge various convertible instruments on spreadsheets.

## Participants

This course is directed to market practitioners with limited exposure to convertibles who want to acquire the fundamental understanding of various aspects of pricing and hedging with convertibles. It is suitable for individuals in financial institutions who are involved in fixed income/equities in their recent job functions. It is also suitable for those whose jobs are related to the trading and marketing of convertible instruments to gain acquaintance with the new generation of financial convertible products.

This course would be of particular benefit to:

- ☛ Bond issuers and investors
- ☛ Fixed income traders and sales people
- ☛ Research analysts
- ☛ Portfolio managers
- ☛ Equity fund managers
- ☛ Fixed income fund managers
- ☛ Dedicated fund managers
- ☛ Hedge fund managers
- ☛ Bank and corporate treasury managers
- ☛ Arbitrage managers
- ☛ Chief financial officers
- ☛ Risk managers

## Course Level/Assumed Knowledge

A good working knowledge of interest rate, capital markets and basic financial mathematics is assumed. Delegates should also be familiar with Microsoft Excel.

## Documentation & Course Texts

All delegates will receive comprehensive course documentation for use during and after the course, enabling them to return to their organisations with an extensive and valuable source of information for future reference.

## Course Agenda

### DAY ONE

#### Characteristics of Convertible Bonds

- ◆ Conversion, call terms and premium protection
- ◆ Put and reset features
- ◆ Anti-dilution clause and takeover clause
- ◆ Commission and margin requirements
- ◆ Tax treatment of convertibles

#### Case Studies

Pacific Century Cyberworks (0008.HK) convertible bond and COSCO Pacific (1199.HK) convertible bond

#### Related Types of Convertible Securities

- ◆ Exchangeable convertible bonds
- ◆ Convertible preferred stock
- ◆ Convertible stock notes
- ◆ Asset-linked convertibles
- ◆ Convertible mortgages

#### Anatomy of Convertible Bond

- ◆ Bond investment value and investment risk
- ◆ Default risk of convertibles
- ◆ Credit analysis and rating
- ◆ Interest rate sensitivity and duration analysis
- ◆ Equity risk measures

#### Pricing Methodologies for Convertible Bonds

- ◆ Stock-plus valuation
- ◆ Contingent claim models
- ◆ Lattice valuation framework
- ◆ Scheme adjustment for soft call and forced conversion

#### Computer Simulation

Convertible bond issues of Pacific Century Cyberworks (0008.HK) for Telstra

Please note: A good financial calculator is essential to enable you to undertake the financial calculations encountered in the course. The Hewlett-Packard HP-B series calculators are recommended.

### DAY TWO

#### Convertible Bond Strategies

- ◆ Low-risk equity alternative
- ◆ Diversifying fixed-income with convertibles
- ◆ Opportunities in low inflation environment
- ◆ Effective asset allocation mix with convertibles

#### Raising Capital with Convertible Securities

- ◆ Convertibles as a mean of cheap financing
- ◆ Convertible issuance based on compensation for additional risk
- ◆ Convertibles as backdoor equity financing
- ◆ Impact of stock price of issuing convertibles
- ◆ Making convertibles work to the company's advantage

#### Global Convertible Markets

- ◆ US convertible market
- ◆ Euro and Japan convertible markets
- ◆ Emerging markets
- ◆ Hong Kong convertible market
- ◆ Performance of convertible markets

#### Convertible Hedging

- ◆ Hedging convertibles with stock options
- ◆ Managing risk with put options
- ◆ Minimising portfolio risk with index put options
- ◆ Risk/reward of the convertible portfolio

#### Computer Simulation

Hedging performance of a China Travel (0308.HK) convertible bond

#### Course Conclusion & Summary

#### Pre-Course Delegate Questionnaire

To help us effectively establish your individual training needs, we will send you a short questionnaire upon receipt of your registration. This will allow us to gain a thorough understanding of your job duties, experience and desired objectives from attending this course. Please therefore register early to allow sufficient time for this to take place.

## Course Directors

**Dr. Yue Kuen Kwok**, is an Associate Professor in the Department of Mathematics, The Hong Kong University of Science and Technology. He was awarded his PhD degree in Applied Mathematics from Brown University in 1985. Dr. Kwok's research interests concentrate on pricing and risk management of equity and fixed income derivatives. He has published research articles in major research journals in financial engineering and presented invited lectures at various international finance conferences. In addition, he is the author of a widely adopted textbook titled "Mathematical Models of Financial Derivatives" (published by Springer) and a popular book on the Hong Kong derivative markets. He has provided extensive consulting services to **W. I. Carr Indosuez, HSBC, Peregrine** and other financial houses on various aspects of derivative trading.

**Dr. Lixin Wu**, is an Assistant Professor in the Department of Mathematics, The Hong Kong University of Science and Technology. Dr. Wu received his PhD degree in Applied Mathematics from UCLA. His current research interests are quantitative modelling of equity and fixed income derivatives. He has published numerous articles on financial engineering in major journals. Between 1998 and 1999, Dr. Wu was a consultant to **Morgan Stanley Dean Witter (New York)** on credit risk modelling of the Brady debt markets. In addition, he has acted as a consultant to local firms on exotic derivative modelling. Dr. Wu is an experienced trader of equity options.

Both instructors are columnists in the Hong Kong Economic Journal, and write on financial derivatives trading.



## About Euromoney Training

**Euromoney Training** is a division of Euromoney Institutional Investor Publications plc., one of the world's leading financial publishing and information groups. Euromoney Training (Asia Pacific) was established in 1990 and since then has provided banks, corporate and other organisations in the Asian region with high quality, specialised financial, legal and audit training. Through the renowned topicality and quality of our programmes, we have established ourselves as the recognised market leader in these areas and continue to strive for excellence in the delivery of highly focused training courses.



## The Euromoney Certificate

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

© Euromoney Training (Asia Pacific) 2000/2001  
Euromoney Training reserves the right to alter any part of the published program or the faculty, due to unforeseen circumstances.

**Course Times:** Please register at 8:30am on day one.  
The course will begin at 9:00am and conclude at approximately 5:00pm daily.