



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

**Yes!** Please register the following delegates for:

- Fixed Income Securities - Products & Management** – Fee US\$ 3,000  
9-12 April 2001, Bangkok (HT2333)

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# FIXED INCOME SECURITIES

## - Products & Management

*This new 4-day course brings you a sound knowledge of fixed income securities and derivative products*

**Bangkok**

**9-12 April 2001, The Pan Pacific Bangkok**

*This comprehensive 4-day course will cover:*

**Interest Rate Instruments**

**Bond Mathematics**

**Convertible Bonds**

**Term Structure, Spot Rate and Forward Rate Models**

**Bond Portfolio Management**

**Credit Derivatives**

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**4 EASY WAYS TO REGISTER**



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6 Duddell Street  
Central, Hong Kong



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



**E-MAIL**  
enquiry@euromoneyasia.com

**Registration Fee:**

US\$3,000 per person for the 3-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:**

Register and pay for the course before 5 March 2001 and benefit from a 5% discount

**Team Discount:**

When three or more colleagues from one institution attend the same course, 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 vouchers 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 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 Pan Pacific Bangkok**, 952 Rama IV Road, Suriyawongse, Bangkok, Bangkok 10500

Tel: (+66 2) 632-9000 Fax: (+66 2) 632-9001 Email: hotel@panpacbkk.com

Special corporate rates have been negotiated for course delegates. Please make your accommodation bookings direct with the hotel. To take advantage of the special rates for delegates, please indicate that you are attending **Euromoney's Fixed Income Securities course**.

**Incorrect Mailing Address?**

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# FIXED INCOME SECURITIES - Products & Management

## Course Objectives

Fixed income securities analysis has become increasingly complex over the years. The modern trend, driven by investment banks, is towards more complex bonds which have options embedded in them that can be more attractive to both investors and firms raising capital. The complex securities can then be decomposed and rebundled to provide a further array of financial instruments. Therefore, within the bond market, there is an extensive range of securities which can be combined with derivative products to allow a wide array of portfolio strategies.

Euromoney Training's new **Fixed Income Securities - Products and Management** course will provide delegates with a sound understanding for the commonly traded fixed income securities and derivative products available in the Asian financial markets. Illustrative case studies of some real Asian products will help providing delegates with detailed explanation of the valuation and risk management methodologies.

## Course Content

This intensive 4-day course covers:

- Interest Rate Instruments
- Bond Mathematics
- Convertible Bonds
- Term Structure, Spot Rate and Forward Rate Models
- Bond Portfolio Management
- Credit Derivatives

## Teaching Methods

The course strikes a fine balance between lecture sessions, worked examples and exercises and case studies. One distinctive feature of the programme is the interactive real case studies of various Asian interest rate instruments and derivative products.

## Participants

This course is directed to market practitioners and investors/end-users with limited exposure to fixed income securities and derivatives, who want to acquire the fundamental understanding of various aspects of pricing, valuation and risk management with bond products. It is suitable for all individuals in financial institutions and who are involved in bond investing in their recent job functions. It is also suitable for those whose jobs are related to the trading and marketing of fixed income securities and derivative instruments to gain acquaintance with the new generation of financial products.

This course would be of particular benefit to:

- Bond issuers and investors
- Fixed income traders and sales people
- Derivatives traders
- 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 Times:

Please register at 8:30am on Day 1. Course begins at 9:00am sharp and concludes at 5:00pm daily.

## Day One

### Review of Interest Rate Instruments

- ✦ Straight-rate instruments
  - Straight bonds: treasury, corporate or high yields
  - Short term borrowing/lending: Repos, reverse Repos and FRAs
  - Floating rate notes (FRN)
  - Interest rate futures: T-Bond, T-Note and Eurodollar futures
  - Interest rate swaps and currency swaps
- ✦ Convex-rate instruments
  - T-Bond options
  - T-Bond and Eurodollar futures options
  - LIBOR instruments: caps, floor and swaptions
  - Betting on the yield spreads: spread options
  - Structured notes
    - Callable bonds
    - Reverse/inverse FRNs
    - Capped/collared FRNs
    - Dual currency bonds
    - Currency indexed notes

### Basics of Bond Mathematics

- ✦ Day count convention and compounding frequency
- ✦ Price-yield relationship
- ✦ Measures of sensitivity: DV01, McCauley duration and convexity

#### Case Studies

*Notes of Credit Local de France*  
*Straight bond pricing methodology*  
*Calculating DV01, duration and convexity*  
*Valuing T-bond futures*

## Day Two

### Convertible Bonds

- ✦ Conversion, call terms and premium protection
- ✦ Put and reset features
- ✦ Bond investment value and investment risk
- ✦ Default risk of convertibles
- ✦ Interest rate sensitivity and duration analysis
- ✦ Equity risk measures

### Term Structure Models

- ✦ Term rates, forward rates and futures implied rates
- ✦ Variety of yields: zero, forward, par, LIBOR, swap, CMT and CMS
- ✦ Bootstrapping method for Treasury yield curves
- ✦ From yield curves to forward rate curves

#### Case Studies

*Convertible bond issues of Pacific Century Cyberworks*

## Day Three

### Spot Rate Models

- ✦ Vasicek model and Cox-Ingersoll-Ross model: capturing yield curve dynamics
- ✦ Bond pricing formulae
- ✦ Term structure of volatilities
- ✦ Fitting the term structures: Black-Derman-Toy model and Hull-White model
- ✦ Building a binomial tree for the Hull-White model
- ✦ Pricing American T-Bond options using a calibrated tree

### Forward Rate Models

- ✦ Heath-Jarrow-Morton model: all in one

- ✦ Ho-Lee model: simplicity is beauty
- ✦ Forward measure and Black's model
- ✦ Implied volatility: measurement of price rationality
- ✦ Hedging with the Black model
- ✦ Pros and cons of spot versus forward models

#### Case Studies

*Bootstrapping for the HIBOR yield curve*  
*Valuing American bond options using the Ho-Lee model*  
*Credit Local de France swaption*

## Day Four

### Bond Portfolio Management

- ✦ Structure of bond markets
- ✦ International bond markets
  - Eurobond markets
  - US treasury and corporate debt markets
  - Asian bond markets
  - Other sovereign debts: Brady bonds and Eastern European bonds
- ✦ Credit ratings and prices
  - Credit scales and risk premiums
  - Investment grade versus non-investment grade bonds
- ✦ Sharpe ratio for portfolio return measurement
- ✦ Passive risk management
  - Dedicated portfolio/duration immunization/horizon matching/indexed portfolios
- ✦ Active risk management
  - Yield curve trading/arbitrage/bond switch/yield enhancement

### Credit Derivatives

- ✦ Product nature of credit derivatives
  - Total return swaps
  - Credit default swaps
  - Credit spreads swaps and options
- ✦ Pricing framework for credit derivatives
  - Term structure of credit spreads
  - Merton's structural approach
  - Jarrow's reduced form approach
- ✦ Uses of credit derivatives for trading risks
  - Bank/financial institutions applications
  - Protection buyer's and seller's perspectives

#### Case Studies

*Black model for T-Bond futures options*  
*Black model for LIBOR caps and swaptions*  
*Credit, price and YTM of the Brazilian C-bond*

### Course Conclusion & Summary

#### 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.

**Notes:** 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.

## 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.



## EUROMONEY TRAINING

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### 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



### The Euromoney Certificate

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

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