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One Day Separate Bookable Workshop on
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BOND ANALYTICS & THE FIXED INCOME DERIVATIVES

by

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About your workshop leader

Ralph started his career on Wall Street with **Morgan Stanley**, serving as an investment advisor in both equities and the fixed income securities markets. He then went on to work for **Chemical Bank** in New York. In his capacity as a currency options dealer, he traded and made markets in major foreign exchange options. He gained his experiences in the buy side of the business when he joined the treasury of **AT&T** as the senior treasury manager, managing AT&T's multi-billion dollar financing portfolio. He later moved to the asset side of the risk management business and worked as the derivative products manager for **Equitable Life**, a New York based US life insurance company which ranked among the top three largest fund managers in the US. In Asia Pacific, armed with all his experiences from Wall Street, Ralph established a successful structured FX options and derivatives business in Asia for **Union Bank of Switzerland in Singapore** and an FX and interest rate structured derivatives business for **Chase Manhattan Asia Limited in Hong Kong**. In late 1994, Ralph started the derivatives consulting business with a few former colleagues. In his current position with **Advanced Risk Management Solutions Pte Ltd**, Ralph advises major central banks, investment fund managers, state and commercial banks, industrial corporations, and other financial institutions in the Asia-Pacific region on the state-of-the-art financial risk management concepts. He regularly conducts financial training conferences and seminars and designs financial derivatives trading/hedging strategies and structured products to help the users better manage their treasury, equity as well as commodity exposures.

Ralph received most of his graduate education in Chemical Engineering and Computer & Information Sciences. He holds an MChE, MSE, Ph. D. Cand. from several prestigious US universities. He also has an MBA in Finance from the Wharton Business School. Ralph is an active writer and contributor to many well known finance publications.



Mr. Ralph Liu Yiehmin, Managing Director
Advanced Risk Management Solutions Pte Ltd.



Bond Analytics & The Fixed Income Derivatives

Part I: What are Fixed Income Securities?

Fundamental Concepts

- Time value of money concept
- Different yield calculations
- Internal rate of return (IRR)
- Net present value (NPV)

Bond Pricing & Return Analysis

- The price of a bond
- Conventional yield measures for bonds
- Potential sources of dollar return
- Total return

Bond Price Volatilities

- Price volatility of option-free bonds
- PV of a basis point change and YV of a price change
- Price volatility measures: duration and convexity

The Yield Curve and Its Application to Pricing and Duration

- Shapes of the yield curve
- Spot rate curve
- Forward rate curve
- Zero curve
- Boot strapping the yield curve
- Concept of carry
- Implied repo rate

Managing a Bond Portfolio

- Benchmark setting
- Liability matching
- Indexing a fixed income portfolio
- Managing a multi-currency portfolio
- Portfolio performance measurement
- The integrated approach to hedging
- Typical derivative applications:
 - Diversifying market risks
 - Hedging risks
 - Risk tailoring
 - Increasing trading dimensions

Part II: How to Apply Fixed Income Derivatives?

OTC Interest Rate Derivatives For Managing a Bond Portfolio

- Forwards, future & FRA's
- Interest rate swaps
- Caps, floor & swaptions
- Asset swaps
- Hedging applications
- Speculating applications

OTC Currency Derivatives For Managing a Bond Portfolio

- FX options
- Cross currency swaps
- Differential swaps
- Pricing issues
- Hedging applications
- Speculation applications
- OTC exotic options

ABC's of Structured Derivatives

- Taxonomy of structured notes
- How to construct structured notes
- Why do they exist?
- Current global derivatives losses

Applications of Structured Derivatives Strategies

- Investment strategies under one year
- Investment strategies for longer terms

Course Objectives

The purpose of the workshop is to give the delegates an overview of the fundamental concepts of the price mechanics of the fixed income instruments as well as to expose the delegates to the uses and advantages of the interest rate and currency derivatives in managing a bond portfolio.

Many issues in applying the financial fixed income derivatives to the emerging markets will be discussed.