

# Bond Workshop, (One Day)

## The course will provide:

- A full understanding of the mechanics and terminology of bonds
- Full explanation of how and why bonds are issued
- Full explanation of how and why bonds are purchased
- Identification of the main risks associated with bonds

Training will be in a workshop format. This will include a mixture of presentation and case study material.

Below is a summary of the workshop content. The day has been placed in a logical sequence and addresses the main products, motivations and risks associated with bond markets.

## Morning

### **Introduction to Workshop**

- Objectives
- Format

### **Bond Terminology & Structures**

- The cash-flow structure of bonds
- Interest calculations and day count conventions
- Fixed coupon securities
- FRNs
- Zero Coupons
- Collateralised issues
- Public offerings
- Medium term notes
- Private placements

### **The Issuance Process**

- Market conditions
- Why issuers seek long term funding
- Investor's & Issuer's objectives
- Selecting the bond structure
- Issue size
- Role of the manager
- Fees
- Maturity
- Timing
- How swaps are used with new issues
- All in price on a fixed & floating basis

## Afternoon

### **Why investors buy bonds**

- Different types of investor
- Different risk/reward needs
- Credit, interest rate, foreign exchange risks
- How investors identify value
- Relative value/spreads
- Liquidity

### **Combining swaps & bonds**

- Generic asset swap structures
- Par/par structures
- High coupon bonds
- Low coupon bonds
- Up-front payments
- Accrued interest

### **Bonds and risk**

- Introduction to:
  - Credit risk
  - Interest rate risk
  - FX risk
- Problems with liquidity & valuation

### **Non-vanilla bonds**

- Introduction to how different risk profiles can be added to bonds using swaps

### **End of Workshop & Review**