



## Comprehensive Introduction to Bonds

### Overview

"Own your age in bonds" is often described as a sensible portfolio allocation for an individual. The Bond market is relatively unknown, yet many people have a significant exposure to bonds through their retirement funds! This course is intended for anyone who wants to learn about the Bond Market in extensive detail. The course covers all of the fundamental aspects of bonds from both a local and international perspective.



The course starts by explaining where the bond market fits into the big picture of the financial markets and then moves on to explain the jargon you need to understand how the bond market works.

We discuss all of the details of bonds from:

- Coupons, principal & yield to maturity;
- Credit spreads, Real yields, inflation and ratings;
- Covenants, the indenture, call and put provisions etc;
- Fundamental bond pricing including the "All in price" and accrued interest as well as being able to balance back to the JSE bond prices;
- All of the different types of bonds including Vanilla, FRNs, inflation linkers etc;
- Yield curves including the Par curve, the zero curve and forward curve;
- Repos, GC, special, buy sellbacks;
- Duration & convexity;
- Trading in bonds and all the trading jargon;

Please refer to the agenda attached for more info.

Did you hear about the bond that did not mature?



Hey, no dumb bond jokes!



**Geometric Progression is accredited as a provider of education and training by BANKSETA. Accreditation number: 557066.**

**We are a B-BBEE level four contributor. We have a B-BBEE procurement recognition level of 100%. The rating was performed by the Department of Trade and Industry (the DTI).**

Contact Sandra at:

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Reg No: 2005\020493\23





# Geometric Progression

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**Level:** From Introductory to Intermediate

### **Prerequisites**

A basic understanding of financial markets is strongly recommended. Please refer to the "Understanding the Financial Market course" for more information. Delegates who register for the course will receive PDF notes to recap the key introductory concepts.

### **Duration:**

2 Days. (8h45 - 16h30)

### **Suitable for:**

All Treasury staff from Back Office through to Front Office including:

- Business analysts
- Professionals
- Investors
- Traders
- Regulators & Compliance Staff
- Risk Managers
- Fund Managers & Trustees
- Graduates and interns.
- Delegates registered to write CFA® exam, FRM® exam, PRM® exam or RPE.
- Anyone seeking a greater insight into the Fixed Income Market.

A certificate is available on request

### **Course Details**

**Early Bird:**  $R3,950 + \text{vat} = R4,503$

**Normal Cost:**  $R4,200 + \text{vat} = R4,788$

*Early bird prices apply to any booking made more than 2 weeks before the course start date.*

### **Group Booking Discounts:**

*3rd delegate & more gets 5% discount. Available for delegates from one organisation attending the same course.*

**When:** 28 & 29 June (CT)  
24 & 25 Aug (JHB)

**Venue (JHB):** Glenhove  
Conference Centre,  
Melrose, JHB

*Cape Town dates are still being firmed up.*



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## **Agenda**

### **1. The Big Picture**

- Brief overview of Debt vs Equity;
- Features and characteristics of Bonds;
- Jargon of the Bond Market;
- Primary Bond Issuance and Road Shows;
- Coupons and coupon setting;
- Sinking Provisions;
- Subordination & Covenants etc;
- Rating Agencies;
- Understanding Yield to maturity;
- Credit spreads and real yield.



This section will include a general Question and answer discussion session.

### **2. The fundamentals of pricing Bonds.**

- Time Value of Money;
- Present Value and future Values;
- Broken Periods;
- Books Closed Dates, Cum Interest and Ex-Interest;
- All in Price, Clean Price, Accrued Interest;
- The Accrued Interest Anomaly;
- Pricing Bonds.

Excel functions and examples will be used. Delegates are welcome to bring their own laptops for this exercise. Please note that laptops are not compulsory but recommended.

### **3. Types of Bonds and how they work**

- Some global Government Bonds;
- South African Government Bonds;
- Zero Coupon Bonds and why they are different;
- STRIPS;
- Amortising Bonds;
- FRNs;
- Inflation Linked Bonds;
- Asset Backed Securities & Securitisations;
- Eurobonds etc.

This section will include videos of the global credit crises.



## **4. Trading in Bonds**

- The Trading environment,
- IDBs & Primary Dealers,
- Liquidity & Depth,
- Yield Quoting Convention,
- Jargon such as "Yours", "Mine", "Double", Arbitrage, long \ short etc.

We will run a trading simulation to ensure delegates understand the concepts.

## **5. An Introduction to Yield Curves**

- The problems of joining the dots together of YTM's;
- The Par curve;
- The zero curve – why it is different, why it is so important and how it works;
- The forward Curve and a simple bootstrapping example;
- Yield Curve shifts.



Numerous videos will be shown on the yield curve and exercises are included.

## **6. The REPO market**

- Definition and explanation of REPOS, Buy Sell backs & Securities Lending;
- General Collateral vs Trading Special;
- ICMA;
- Accounting for the Coupon in Buy Sellbacks;
- Using Buy Sellbacks to trade in Bonds without any cash.

This section will include video to ensure delegates understand the concepts.

## **7. Introduction to Measuring Interest rate risk**

- Full Valuation approach;
- Understanding approximation;
- Delta;
- Understanding Duration and its uses;
- PV01;
- Understanding convexity;
- An introduction to duration matching of assets and liabilities.

This section will include video to ensure delegates understand the concepts as well as exercises.



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## **Tutor: Mark Raffaelli CFA,FRM**

Mark graduated with a Bachelor of Commerce from the University of Natal, South Africa in 1990. He is a CFA Charterholder and a member of the CFA Institute. He is also a fellow member of the Global Association of Risk Professionals (GARP) and has the Financial Risk Manager (FRM) qualification. Mark's extensive experience ranges from trading in Spot & Derivative Products and Consulting to the development of Risk Models, Pricing Software and Trading Systems. Those who have been to Mark's courses will know about his passion for the financial markets and ability to cut through jargon, simplify technical issues and provide real life examples. He has been nicknamed the "Steve Irwin of the financial markets".



## **What makes Geometric Progression different from other providers:**

- We don't regurgitate traditional textbooks; instead we share real life experiences.
- We explain all the products as they relate to your own lives in plain English.
- We look at how the products are used by the professionals and how you could use them yourselves to make money.
- We are one of the few providers globally that also runs courses on the more intricate aspects of the financial markets e.g. stochastic mathematics, matrices etc.
- We love multimedia and include video and film in our courses.

We also offer practical training e.g. we teach people how to trade as if they were on the desk so that they get a turn to find out what it is like. Excel and computer examples are used where required.

## **Things delegates have said about this course:**

- "Mark is really a guru when it comes to bonds. Thanks for the excellent course."
- "I did not realise how different SA is compared to the rest of the world. Thanks for clearing up the SA bond market anomalies for me."
- "Mark, you have inspired me to be a bond trader."
- "I did not realise how detailed bonds are. Your energy and enthusiasm is great. Keep it up".
- "Once again, Mark explained the markets in terms that I could relate to."
- "Now I finally understand bonds and why our systems keep showing the wrong values. More importantly I know how to fix them! Thanks for the brilliant course."
- "Thanks, I can't wait to go on the Intermediate Bonds Course."
- "This course will help me to do my job better. Thank-you!"

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## **Terms and Conditions**



### **Customer Information:**

Fees include all the tuition, course file, lunches and refreshments for the duration of the course. Geometric Progression is not responsible for covering airfares or other travel costs incurred by registrants. Delegates will be responsible for their own accommodation and transport.

### **Disclaimer:**

Geometric Progression reserves the right to change or cancel any part of the training courses due to unforeseen circumstances.

### **Cancellations:**

If you cancel more than 10 working days before the course date, there is no cancellation fee. If you cancel between 2 and 10 days before the course date, a cancellation fee of 50% will be charged. Any cancellation less than 2 days before the course date will result in the full fee being charged.

### **Substitutions:**

Registered delegates may be substituted at any time prior to the seminar without incurring any additional fee. Please inform Geometric Progression of the change.

### **Payments:**

Payments must be made prior to the running of the event unless otherwise agreed with Geometric Progression.

### **Confirmation:**

All registrations will be deemed confirmed and subject to these Terms and Conditions. Any disabled individual desiring auxiliary aid for this conference should notify Geometric Progression at least one week prior to the conference in writing, fax or email.

### **PLEASE NOTE:**

Geometric Progression reserves the right to refuse admission where evidence of full payment cannot be shown. Should you require an original VAT INVOICE to requisition payment, please contact us on (0861) 000 615.

Geometric Progression reserves the right to cancel the course. Registered delegates will be notified and a full refund will be made.

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## Booking Form

Course: \_\_\_\_\_ Date of Course: \_\_\_\_\_

### **DELEGATE 1**

First & Last Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Company: \_\_\_\_\_ Department: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_ Cell phone: \_\_\_\_\_

Email: \_\_\_\_\_ VAT Registration No: \_\_\_\_\_

Postal Address \_\_\_\_\_

Special Dietary requirements (pls circle)    None            Kosher            Halaal            Vegetarian

### **DELEGATE 2**

First & Last Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Company: \_\_\_\_\_ Department: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_ Cell phone: \_\_\_\_\_

Email: \_\_\_\_\_ VAT Registration No: \_\_\_\_\_

Postal Address \_\_\_\_\_

Special Dietary requirements (pls circle)    None            Kosher            Halaal            Vegetarian

### **DELEGATE 3**

First & Last Name: \_\_\_\_\_

Designation: \_\_\_\_\_

Company: \_\_\_\_\_ Department: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_ Cell phone: \_\_\_\_\_

Email: \_\_\_\_\_ VAT Registration No: \_\_\_\_\_

Postal Address \_\_\_\_\_

Special Dietary requirements (pls circle)    None            Kosher            Halaal            Vegetarian

Authorised By: ..... Date:.....

Signature: .....