

Investing in Bonds and Hedging Strategies for Bond Portfolios

The bond market is extremely large and diverse. The scale and complexity of this market have increased in recent years, bringing new opportunities and risks to the marketplace. In addition to conventional investment strategies, portfolio managers are using hedging strategies more frequently in order to hedge their fixed income portfolios.

Course Contents

- Introduction to bonds
- What is a bond?
- Who are the issuers and who are investors in bonds?
- Characteristics of bonds
- Classification of bonds
- Issue and settlement of bonds
- Bond trading
- Fundamentals of investing
- Bond pricing
- Conventional yield measures
- Valuing a bond between coupon payments
- Calculating the dirty price and accrued interest
- Yield curves
- Bootstrapping
- Measuring interest-rate risk
- Introduction to fixed income derivatives
- Fundamentals of hedging bond portfolios



Course Director: Jernej Doles

Date: 9-10 April 2020

Venue: Budapest, Danubius Grand Hotel Margitsziget



Course Objectives

The objective of the workshop is to provide participants with a comprehensive overview of different fixed income securities, the characteristics of bonds, bond market conventions, and bond valuations. We will explain methods for measuring interest-rate risk. We will also present and explain concepts such as duration and convexity, and we will demonstrate how interest-rate risk can be assessed at the portfolio level. After a brief review of yield-curve analysis, we will describe and display how different views on the level and shape of the yield curve can be exploited. Finally, we will explain the role of futures and swaps in trading and hedging. Practical tips for hedging bond portfolios against interest-rate risk will subsequently be given.

Day 1

Thursday, 9 April 2020

9.00–10.30	Welcome and introduction to financial markets Introduction to bonds Characteristics of bonds
10.30–10.45	Coffee break
10.45–12.30	Classification of bonds German government bonds
12.30–13.30	Lunch break
13.30–15.00	Issuing bonds Bond trading Fundamentals of investing The role of credit rating agencies
15.00–15.15	Coffee break
15.15–16.45	Conventional yield measures Bond valuation <ul style="list-style-type: none"> Valuing a bond between coupon payments Calculating the dirty price Calculating accrued interest The clean price
17.00	End of the first day of the Workshop

Day 2

Friday, 10 April 2020

9.00–10.30	Yield curves Yield curve theories Arbitrage free bond valuation – Bootstrapping
10.30–10.45	Coffee break
10.45–12.30	Measuring interest-rate risk <ul style="list-style-type: none"> Duration Convexity Introduction to fixed income derivatives
12.30–13.30	Lunch break
13.30–15.00	Fundamentals of hedging Mechanics of hedging Hedging bond portfolio interest-rate risk with <ul style="list-style-type: none"> Government bonds Interest rate swaps Bond futures
15.00	End of the Workshop

"Very interesting practical examples and case studies on bond trading and hedging."

Participant of previous workshop

Biography



Jernej Doles is the founder and managing director of Omega Finance. He was formerly general manager and chief dealer in the financial

markets department at NLB d.d. He was responsible for all of the bank's trading activities, including on the FX, money market, fixed income, derivatives, and customer desks.

He began his career at NLB at the beginning of 1990s as a trader in the financial markets.

He traded on the FX, money market, and corporate desks, and he was involved in portfolio management. In October 1997, he became head of the derivatives department, responsible for managing the derivatives desk. This provided him with a unique insight into the trading, marketing, and valuation of different derivative instruments. He was responsible for introducing new derivative instruments at the bank.

Through trading different financial instruments, he also gained a great deal of practical experiences with financial risks. Mr. Doles has many years of experience teaching and consulting on financial topics, such as derivatives, hedging portfolios, fixed income, equities, and risk management. He has held courses at different educational institutions in Europe.

For further information about Jernej Doles, please visit our website at

<http://goo.gl/QCztRG>

Teaching Methods

The workshop comprises a combination of lectures, discussions, case studies, and practical workshops. It is intended for participants without practical experience in debt capital markets. Traders and portfolio managers who are already engaged in trading with bonds will learn several new techniques for hedging their portfolios during the second part of the workshop. In addition to the theoretical basics, participants will

find interesting solutions for their day-to-day work. Individual topics will quickly and intensely move from the basics of bonds to the operational aspects of portfolio hedging. Equal attention will be given to theoretical concepts and practical applications. Participants are requested to bring a financial calculator (HP 17B or similar) for calculations in practical examples and exercises.

Who Should Attend?

- bond traders
- portfolio managers
- bank & corporate treasury staff
- treasury sales
- treasury dealers & traders
- auditors and product control
- risk management, accounting and ALM
- finance staff at corporations
- back office personnel

Summary of the Workshop

The bond market is extremely large and diverse and plays an irreplaceable role in the development of the global economy. In the last 30 years, the scope and complexity of the bond market has increased significantly. The reasons for this are twofold: the enormous growth of indebtedness and the high volatility of interest rates. **A wide variety of debt securities is the result of different expectations of market participants regarding future market conditions, especially in terms of future interest rates.** With the increasing volatility in interest rates, the possibility of losses (and gains) increased for issuers, as well as for the investors in bonds.

As a response to these risks, a large and liquid fixed income derivatives market has developed.

With the advent of interest rate derivatives, proactive fixed income risk management received new dimension.

Investment managers and traders are much more flexible in hedging their portfolios and only accept as much risk as they would like to take.

The current financial crisis will probably clean up this segment of the financial market, as well. It is expected that the complexity and non-transparency of bond trading will reduce, and complexity in monitoring and managing risks will increase.



Conference Centre of the Danubius Grand Hotel Margitsziget, Budapest.

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Investing in Bonds and Hedging Strategies for Bond Portfolios Workshop
9-10 April 2020
Budapest, Danubius Grand Hotel Margitsziget



The course will provide delegates with a thorough understanding of:

- Introduction to bonds
- What is a bond?
- Who are the issuers and who are investors in bonds?
- Characteristics of bonds
- Classification of bonds
- Issue and settlement of bonds
- Fundamentals of investing
- Bond pricing
- Yield curves
- Measuring interest-rate risk
- Introduction to fixed income derivatives
- Fundamentals of hedging bond portfolios

Course Director: Jernej Doles

Registration form

Yes, please register me for **Investing in Bonds and Hedging Strategies for Bond Portfolios Workshop**, on 9-10 April 2020 , Budapest.

Personal details

First name and surname: _____

Position or Department: _____

Company: _____

Address: _____

VAT number and Billing Address if different than Company Address: _____

Postal code and city: _____

Email: _____

Telephone: _____

Signature _____ Date _____

Fee: 590 EUR

Omega Finance d.o.o. is not subject to VAT tax.

The workshop is held in the English language.

Fee includes tuition, full course documentation, lunches, refreshments for the duration of the programme, and a course certificate.

Participants are responsible for their own accommodation.

*We recommend that you book your room in Danubius Grand Hotel Margitsziget, Budapest.

Online workshop registration is available at

<https://www.omegafinance.si/blog/shop/budapest/bonds/>

Registration will be accepted until 25 March 2020.

An invoice will be sent upon receipt of the registration form. Please note that payments must be received prior to the start of the course.

Sponsor details

I wish to register the delegate indicated in the personal details section opposite

First name and surname: _____

Position or Department: _____

Signature _____ Date _____

Omega Finance, izobraževanje in svetovanje, d.o.o., Mivka 28, SI-1000 Ljubljana, Slovenija



Customer information

Fee includes tuition, full course documentation, lunches, refreshments for the duration of the programme, and a course certificate. Delegates are responsible for their own accommodations. An invoice will be sent upon receipt of the registration form. Please note that payments must be received prior to the start of the course.

Data protection

The information you provide, on this form or during the course, will be safeguarded by Omega Finance and may be used to keep you informed of our products and services, including our future courses.

Disclaimer

Omega Finance, d.o.o. reserves the right to change or cancel any part of its published programme due to unforeseen circumstances. In the case of an insufficient or excessive number of participants, Omega Finance reserves the right to change the location of the seminar. Any changes must be announced at least three days before the start of the seminar.

Group booking discounts

- 2 delegates
530 EUR per delegate
- 3 or more delegates
470 EUR per delegate

VAT

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Cancellation policy

A full refund will be given for cancellation requests received up to ten working days before the start of the event. Cancellation must be made in writing (letter, fax, email, or online registration) and reach the office before the ten working-day deadline. Delegates who cancel less than five days before the event, or who don't attend, are liable to pay the full course fee, and no refund will be given. However, if you wish to attend the next course, and you have paid your course in full, you will be invoiced for 10% of the new course fee. Please note that the next course must take place within six months of the initial application. Of course, a replacement is always welcome.