

Online Training Programme on Bond Portfolio Management with Trading Game

January 18 – 24, 2021

(Online course duration 25 hours)

Who Should Attend?

- ⇒ Bond Dealers
- ⇒ Portfolio Managers
- ⇒ Fund & Investment Managers/ Consultants
- ⇒ Financial Analysts
- ⇒ Mid / Back Office Professionals
- ⇒ Regulators, Compliance Staffs and Auditors
- ⇒ Managers of Corporate Treasuries

P.N.: Any Newcomer interested in Bond Markets are also encouraged to participate



Coordinator

Dr Kedar nath Mukherjee

Programme Fee (per participant) for 25 hours programme

US \$ 1000 for foreign participant

	Fee	GST	Fee+GST	TDS
Member Banks	: 21000	3780	24780	2100
Non-Member Banks	: 24500	4410	28910	2450
Individual Nominee	: 24500	4410	28910	----

The fee includes the cost of tuition, access to reading material and recorded videos, etc. (Central Goods and Services Tax (GST) @ 18%, and TDS @ 10%. Kindly send the TDS Certificate on priority to NIBM).

Mode of Payment for Indian Participants

- The fee may preferably be transferred by RTGS/NEFT/ECS to our A/c No. 20002400021 with Bank of Maharashtra, NIBM Branch, Pune (IFSC Code MAHB0001124). NIBM PAN No. AAATN0040P and GSTIN No. 27AAATN0040P1ZJ.
- National Institute of Bank Management
NIBM Post Office, Kondhwe Khurd, Pune 411 048, INDIA.

Mode of Payment for Foreign Participants

Mode of Remittance: SWIFT*

- | | |
|--|--|
| 1. Name & Address of our Bankers | : Oriental Bank of Commerce
C-2, Shop No. 4-5, Bramha Estate
Kondhwe Khurd, Pune 411 048
Maharashtra, India |
| 2. Name of the Account | : National Institute of Bank Management |
| 3. NIBM's Bank Account No. with Oriental Bank of Commerce | : Current A/C 11281131004402 |
| 4. Bank's Swift Code | : ORBCINBBFCP |
| 5. Oriental Bank of Commerce A/c No. with Correspondent Bank | : 36152559 |
| 6. Preferred currency | : USD |
| 7. Correspondent Bank | : CITIBANK N.A. |
| 8. Swift code for Citi Bank | : CITIUS33 |

* The Foreign Bank Charges/ SWIFT charges/Commission is to be borne by the remitter. The fees mentioned in the invoice/brochure is to be paid to NIBM, net of all bank charges.

*Payments will be accepted only through electronic mode. Cheques/DDs/Pay Orders will not be accepted.

- For all electronic remittances, kindly send a confirmatory e-mail at: accounts@nibmindia.org giving details of the remitter and participant, name and dates of programme, etc.

Training Modalities:

This online course will have 25 hours of engagement time, spread over a maximum of 7 days, which includes several self-paced study and live interactions of participants. The courseware will include the following:

- I. Online Reading Materials for self-study (Teaching Notes, PPTs, other Reference Materials, Excel Sheets, etc., to be provided to all the registered participants in advance)
- II. Online Video sessions comprising of:
 - Pre-recorded video sessions (covering major topics)
 - Interactive video sessions (for discussions, clarification of doubt, etc.)
- III. Self-assessment to track progress in the course

Live sessions during weekdays will be mostly conducted during off-market hours, so that people engaged in market activity can easily join the online training programme. Participants enrolled to the programme will be provided with login id and password to enter into the learning platform of the institute. Guidance will be provided for navigating through the various activities in the platform such as accessing courseware, viewing video sessions, participating in live sessions, taking quizzes, etc. The programme window will be open for maximum 7 days from date of commencement. Schedule for live session will be provided at the start of the programme. Executives attending the programme would need internet access on a desktop or laptop with Google Chrome to enable access to live and recorded sessions. Participants are also expected to be conversant with MS-Excel for solving Cases, Numerical and practical Hands-on.

Nominations and Enquiries:

Nominations are invited from both Institutions and Individuals from India and Abroad. Executives working in Banks/Financial Institution/ Consulting Firms/ Technology Firms in the Banking and Financial Services Domain can apply for the programme in their individual capacity.

Please address your enquiries and nominations to:

Dr Kedar nath Mukherjee

Programme Coordinator

National Institute of Bank Management

Tel : 0091-20-26716000 (EPABX)

Fax : 0091-20-26834478

E-mail: kedar@nibmindia.org, kedar.nibm@gmail.com

Web : www.nibmindia.org



National Institute of Bank Management
Pune, India

Online Training Programme on Bond Portfolio Management with Trading Game

Programme Background

Portfolio managers around the world continue to face greater challenges, especially in critical situation like the present COVID pandemic. Bond markets have also developed at a dramatic pace not only in developed countries but also in developing countries like India. Development in terms of widening the scope of the market, uncertain interest rate movements, trading of new products, introduction of various hedging instruments including derivatives and structured products, setting various regulatory standards, etc. have brought a significant amount of challenges for the managers to efficiently manage their bond portfolio. Therefore, finance professionals require a thorough understanding of the structure of various vanilla and complex products, various strategies to successfully trade and manage the portfolio, especially during critical environment, and the necessary fundamental and advanced hedging techniques, in order to be successful.

This 7-day (25 hours of engagement) online training programme has been structured, keeping in mind the advanced analytical requirement of a trader or a manager in dealing with the bond portfolio, or other concerned executives. Besides covering the complete theoretical fundamentals of bond portfolio management, the programme also intends to make the participants exposed to a Bond Trading Game.

Bond Trading Game:

This game will give hands on experience of trading bonds and interest rate derivatives in an environment simulated to resemble an actual trading day in a Treasury. This will help the participants to learn how to analyze news: economic, political, domestic and international. Trading will be conducted in government securities as well as corporate bonds, money market instruments, and interest rate derivative contracts. Participants will be given a starting portfolio as well as a set of limits they need to be adhered to.

Content Highlights:

❖ Basic Concepts of Bond Market:

- Overview of Bond Markets in India and Worldwide
- Scope and Developments in Government Securities and Corporate Bond Market
- Role of Regulatory Bodies and Other Intermediaries in Emerging Bond Markets

❖ Yield and Return Measures:

- Yield Measures: Nominal Yield, Current Yield, Yield to Maturity
- Yield Measures for Bonds with Special Features (Floating Rate, Call/Put Option)
- Yield Measures on Bond Portfolio

➤ Critical Assessment of Various Yield Measures

❖ Pricing and Valuation Techniques:

- Par Value, Discount and Premium Bonds
- Valuation of Zero-Coupon Bonds
- Traditional Method of Valuing Option-free Fixed Coupon Bond
- Treatment of Accrued Interest
- Day Count Conventions
- Valuation of Floating Rate Bonds
- Valuation of Bonds with Embedded Options
- Useful Guidelines on Valuation of Securities

➤ Yield Curve Analysis:

- Construction of Yield Curves
 - Linear Interpolation
 - Cubic Polynomial/Spline
- Yield Curve Smoothing
- Calculating Implied Spot Rates/ZCYC from Coupon Bonds (Bootstrapping, NSS Methods)
- Calculating Implied Forward Rates
- Impact of Smooth & Fair Yield Curve on the Term Structures of Spot and Forward Rates
- Yield Spread and Term Structure for Non-Govt. Securities

❖ Bond Price Sensitivity:

- Factors Determining Bond Price Sensitivity
- Price/Yield Relationship
- Duration-Convexity Approach:
 - Different Measures of Duration
 - Determinants of Duration
 - Macaulay and Modified Duration
 - Price Value Basis Point (PVB/PV01)
 - Effective Duration for Bonds with Embedded Options
 - Duration for Floating Rate Bonds
 - Limitations of Duration Measures
 - Meaning and Importance of Convexity
 - Convexity Adjusted Duration and its Significance
 - Potential Gain from Increasing Convexity on Bond Portfolios

- Duration and Convexity of a Bond Portfolio
- Credit Risk in Non-Govt. Securities
 - Credit Appraisal of Corporate Bonds and Role of External Rating
 - Advanced Credit Risk Estimation Tools
 - Analysis of Risk Adjusted Return on Corporate Bond Portfolio

❖ Hedging Bond Portfolio:

- Different Risks involved in Bond Portfolio
- Duration based Hedging Strategies
- Forward Rate Agreement and Interest Rate Swaps Contract
 - Product Structure and Necessary Payoffs
 - Pricing and Valuation of FRA and IRS
 - Overnight Index Swap (OIS): MTM Valuation, Unwinding, PV01
- Interest Rate Futures Contract:
 - Meaning, Market Structure, Clearing and Settlement
 - Margining System
 - Pricing and Valuation of IRF Contract
 - Cash and Carry, and Reverse Cash and Carry Trading Mechanism
 - Hedge Ratio and its Effectiveness
- Interest Rate Options Contract:
 - Vocabulary of Options
 - Callable and Puttable Bonds
 - Options Adjusted Spreads

- Interest Rate Structured Products:
 - Arbitrage-free Binomial Option Pricing Model to Value Interest Rate Options
 - Structured Products (Cap, Floor and Collars, etc.) and their Valuation

❖ Bond Trading and Management Strategies:

- Analysis of Factors Affecting Bond Yield
- Passive and Active Strategies to Manage Bond Portfolio
- Relative Value Trading:
 - Riding the Yield Curve
 - Yield Spread Trades
 - Butterfly Trades
- Bond Portfolio Optimization: Addressing Risk vs. Return Tradeoff
- ❖ Value-at-Risk & Expected Shortfall:
 - Calculating VaR on Bond Portfolio through:

- Variance-Covariance Approach
- Historical Simulations
- Monte Carlo Simulations

- Estimation of Expected Shortfall on Bond Portfolio
- Critical Assumptions of VaR and ES: Confidence Intervals, Historical Volatility and Correlations
- Stress Testing on VaR and ES Estimates

❖ Simulated Bond Trading Game:

- Opening Bond Portfolio
- Market Moving News and Events
- Quotes to Customers
- Bid/Offer Quotes to Other Market Participants
- Bidding for RBI Bond Auctions
- Yield Curve Play
- Corporate Bond Yield vs GOI Bond Yields (Spreads).

Programme Dates:

The Online programme will be open to the participants over a period of 7 days (January 18 -24, 2021).

Training Pedagogy:

The entire training programme will be conducted through online mode. The online delivery is designed in such a way that the programme participants will get most of the benefits of classroom training plus the additional benefits and flexibilities of online classes.

The training pedagogy proposed to be followed here includes online classes (Video Lectures), focusing on class presentations and interactions, case analysis, excel based hands-on sessions through screen sharing, etc. All participants will be provided with advance reading materials (soft copies) before the training starts. All quantitative models and analysis will be discussed in a lucid manner so as to make the programme content equally relevant for participants with varying technical backgrounds. Besides programme coordinator and other NIBM Faculty members, a pool of senior and top-level industry experts (Heads of Treasury / Fixed Income / Risk Management Desk in Banks/PDs/FIs, Top Executive from Regulatory Bodies) will be involved to augment the learning experience of the participants.