

# Bond Markets: Analysis and Instruments

By Wong Kah Teck, CFA, MBA (Chicago Booth), BSc (Wharton School) and BA (University of Pennsylvania)

## Program Overview

*What are bonds? What are the different types of bonds and how do they work? How are bonds valued? What drives their value? What are their risks and how do we quantify them? How do we assess a bond's credit risk? How do we estimate the total returns from a bond investment? Does investing in a particular bond make sense?*

The **Bond Markets and Analysis** program provides valuable frameworks to address such questions and more.

Specifically, in this Program, participants will gain valuable insights into the following topics:

- Bond Valuation
- The Yield Curve
- Total Returns Analysis
- Risks of Bonds
- Credit Analysis

This program is essential for professionals in Debt Capital Markets, Treasury, Investment Management and Corporate Finance Professionals in a Company considering bonds as a funding instrument. It is also suitable for legal/compliance professionals keen to develop a better understanding of bonds.

**This program emphasizes practical learning over academic theory.** It relies heavily on real world case studies and computer simulations to clarify concepts, develop intuition and most importantly, to make learning fun.

## Key Program Takeaways

- Explain key bond terminologies and features
- Value a bond and explain what causes its price to change
- Discuss the yield curve and its applications
- Compare and contrast sovereign bonds, callable bonds, puttable bonds, corporate bonds and convertible bonds
- Use total return analysis to evaluate the attractiveness of a bond investment
- Calculate and analyze a bond's duration and convexity
- Analyze how duration and convexity are used in practice
- Define credit risk and relate credit spreads to credit risk
- Apply a credit analysis framework to determine a bond's credit worthiness
- Evaluate the role of spot rates and forward rates

- Suggest how spot rates and forward rates are used in practice
- Recommend a bond to invest in

## How Will You Learn

- Case study discussions and presentations
- Spreadsheet simulations and reading materials
- Interactive lectures; group discussion and role plays

## Date and Venue

11 – 12  
SEPT

Wed –Thurs 09:00 – 17:30

Perdana Room,  
Royal Lake Club, Kuala  
Lumpur

## Fee (excluding service tax)

Standard	RM 3,800
Early Registration*	RM 3,600

10% discount applies for group registration of 3 or more from the same organization

\* by **9 August 2019**

### **Target Audience**

- Debt Capital Markets Professionals
- Treasury Professionals
- CFOs
- Investment and Corporate Bankers
- Investment Managers/Analysts
- Finance professionals in a corporation
- Management Consultants
- Legal/Compliance Professionals

### **Others**

10 SIDC CPE points

HRDF claimable

### **Prerequisites**

- A strong desire to challenge oneself and participate via case-based learning
- Collected and read the assigned cases before the Program

Participants are encouraged to bring along their laptops equipped with Microsoft Excel 2007 or higher.

### **Enquiries**

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## Program Outline

### Day 1

#### Session 1: Introduction

- What are bonds?
- Key bond terminology
- Reasons for governments and corporates to issue bonds
- Why invest in bonds?

#### Case Studies:

- Structure of Local and Global Bond Markets
- Making Sense of Key Bond Terms

#### Session 2: Bond Valuation

- A review of the time value of money concept
- Fundamental principles of bond valuation
- The yield to maturity
- Decomposing the bond yield
- What drives differences in bond yield?
- Real world bond pricing conventions (e.g. accrued interest, day count convention, clean vs. dirty price)

#### Case Study:

- Valuing a Bond

#### Session 3: The Yield Curve

- Making sense of the yield curve
- Term structure theory
- Factors affecting the yield curve
- Explaining the various shapes of the yield curve

#### Case Study:

- Analyzing the Information Content of the Yield Curve

#### Session 4: Features of Various Bonds and Total Returns Analysis

- Sovereign Bonds
- Corporate Bonds

- Convertible Bonds
- Callable and Puttable Bonds
- Asset-Backed Securities
- Total Return Analysis

#### Case Study:

- Analyzing Features of Various Bonds

### Day 2

#### Session 5: Interest Rate Risk

- How interest rate risk relates to bonds
- Interest rate risk measures:
  - Modified duration
  - Dollar duration
  - DV01
- Convexity
- Drivers of a bond's interest rate risk

#### Case Studies:

- Analyzing a Bond's Duration and Convexity
- Applying Duration and Convexity

#### Session 6: Credit Risk and Credit Analysis

- Credit risk and how it relates to bonds
- The credit analysis process
- The 4Cs of credit analysis
- An overview of financial statements

#### Session 7: Credit Analysis Metrics

- Using financial ratios for credit analysis
- Distinguishing between earnings and cash flow
- Cash-flow based credit ratios
- What drives cash flow?

#### Case Studies:

- Using a credit analysis framework to assess a bond's credit worthiness
- Recommend a bond that matches an investors' return objective and risk tolerance

## **Session 8: Spot Rates and Forward Rates**

- The role of spot rates in bond valuation
- Spot rate vs. yield to maturity bond valuation approaches
- Bootstrapping the spot rates curve
- The role of yield spreads and option-adjusted spreads
- Program summary and conclusion

### Case Studies:

- Deriving Spot Rates and Forward Rates
- Applying Spot Rates and Forward Rates

## Trainer's Profile



Kah Teck has more than a decade of capital markets experience. He was a portfolio strategist in CIMB Investment Bank and Am Investment Bank where he was responsible for spearheading investment advisory and product development initiatives and also played an active role in evaluating numerous plain vanilla and hybrid fund raising options. He has also worked for the Securities Commission in research and formulating capital market development policies.

Now the Managing Director and Principal Trainer for FMTCS Sdn Bhd, Kah Teck passionately shares his knowledge and experience with professionals in many of Malaysia's leading financial institutions and government-linked institutions. His trainees frequently credit him with the ability to make finance interesting and demystify complex finance concepts.

Kah Teck graduated *summa cum laude* with a dual degree in finance and economics from the University of Pennsylvania's Wharton School and School of Arts and Sciences, and holds an MBA (with Honors) from the Booth School of Business, University of Chicago. He is also a Chartered Financial Analyst (CFA) charterholder. Kah Teck was also awarded the prestigious ASEAN scholarship to pursue pre-university studies in Singapore.

His teaching and research interests are in corporate finance, derivatives, securities valuation, financial risk management, financial modelling and financial analysis.

### What our past participants say about Kah Teck's training delivery:

- *"Covers many topics in fun ways and knows how to make a supposedly dry and complex topic like finance simple yet engaging"*
- *"He has immense knowledge of finance and is very passionate and eager to teach and share-it amazes me how one can make finance so interesting and easy to comprehend"*
- *"Effectively uses case studies, computer simulations and real-life examples to bridge the gap between financial theory and practice"*
- *"Very useful in my role as a corporate finance professional as it covers relevant qualitative and quantitative issues"*
- *"Case studies are an effective and interesting way to learn and bring finance to life"*
- *"Many valuable analytical tools for finance were gained"*

## Registration Form

### Bond Markets: Analysis and Instruments

on 11-12 Sept 2019, Perdana Room, Royal Lake Club, Kuala Lumpur

09:00 – 05:30

Registration commences at 08:30

Fee (excluding service tax): RM3,800 (RM3,600 by 9 August 2019)

**Name** : \_\_\_\_\_

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

**Company** : \_\_\_\_\_

**Contact Tel. No.** : \_\_\_\_\_

**Fax No.** : \_\_\_\_\_

**Email Address** : \_\_\_\_\_

**Training Dept.** : \_\_\_\_\_

**Name:** : \_\_\_\_\_

**Contact Tel. No.** : \_\_\_\_\_

**Email Address** : \_\_\_\_\_

### Payment Details

**BY CHEQUE** Cheques should be made payable to “FMTCS Sdn Bhd”. Please indicate the following details at the back of your cheque.

- Your Full Name as per registration detail
- Contact Number & Email Address

**BY TELEGRAPHIC TRANSFER**

- Participants will bear all bank telegraphic transfer charges.
- Once we receive your registration form, we will provide you with an invoice and bank-in details.

### Cancellation and refund policy

Cancellations are allowed up to 15 working days before the date of the program.

Cancellation made with less than 15 working days will not receive a refund but may nominate a substitute.

### Enquiries

Please contact +6 016 633 2883 or email us at [fmtcs.sb@gmail.com](mailto:fmtcs.sb@gmail.com)

### Disclaimer

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Fee includes tuition, documentation, lunch and refreshments. Participants are responsible for their own flights and accommodation. An invoice will be sent upon receipt of registration form.