

## REACFIN TRAINING – TABLE OF CONTENT

### Hedging and derivatives valuation (High-level table of content)

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1 day training

08 :30 – 08 :45 : Participants welcome

08 :45 – 09 :45 : **An overview of derivative hedging and overlays**

- What is hedging? What are overlay strategies?
- Typical instruments used in hedging & when to use them and typical market standards
  - o IR derivatives
  - o Credit derivatives
  - o Equity Derivatives
  - o Currency Derivatives
  - o Other asset classes

09 :45 – 10 :45 : **Basics of IR risks hedging – Forwards, futures and IRS**

- Building blocks: IR forwards and Futures
- Pricing and valuing Interest Rates Swaps
  - o Application: How do market prices affect the value of an IRS
- Building the Zero-Coupon curve (Bootstrapping)
- Hedging duration using IRS

10 :45 – 11 :00 : Coffee break

11 :00 – 12 :00 : **Basics of IR risks hedging – Modeling IR Risks**

- Modeling the Yield Curve
- Modeling Interest Rates
  - o Typical models specificities
  - o Short rates models
  - o Market Models

12 :00 – 13 :15 : Lunch time

- 13 :15 – 14 :15 : **Basics of IR risks hedging – Non-Linear derivatives**
- Building blocks: Caplets & Floorlets
  - Caps & Floors
  - Swaptions
  - Assessing risks of non-linear derivatives: Greeks
- 14 :15 – 15 :15 : **Basics of IR risks hedging – practical aspects**
- Using Bloomberg
  - Legal documentation
  - Introduced risks & related mitigation
    - o Counterparty risks
    - o Liquidity risks
    - o Operational risks
- 15 :15 – 15 :30 : Coffee break
- 15 :30 – 16 :30 : **Introduction to Credit derivatives & credit risk hedging**
- Credit risk models
  - Asset swaps
  - CDS
    - o Description and use
    - o The CDS “Big Bang” of 2010
    - o Valuation
    - o Imperfect hedging
  - Financial guarantees
  - Non-Linear credit derivatives
    - o Options
    - o Correlation products
- 16 :30 – 17 :30 : **Introduction to Equity derivatives & Equity risk hedging**
- Futures
  - Total return swaps
  - Listed and OTC plain vanilla options
    - o Description and use
    - o Basic Modeling through GBM
    - o Valuation
  - Advanced modeling techniques
  - Other derivatives
    - o Variance Swaps
    - o Dividend swaps
    - o Other exotic structures