



Course Outline for Education and Training  
Programs undertaken by Gilt Investments Pty  
Ltd

# Introduction to Fixed Income: Reserve Bank of Fiji, Suva

Gilt Investments Pty Ltd

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## Course Outline

The Gilt Training and Education Program has been specifically developed for Clients to:

- Introduce, refresh, and upskill participants about the characteristics of the primary and secondary fixed income market;
- Inform participants about the different forms of fixed income and money market security; and
- Understand valuation techniques and portfolio management principles and practices.

## Course Program

The **5-business day** Introduction to Fixed Income Training Course is scheduled for Monday 22<sup>nd</sup> April 2024 to Friday 26<sup>th</sup> April 2023 at the Reserve Bank of Vanuatu in Port Vila or a venue to be advised. Session times are 9.00am to 4.00pm each day.

Registration for the 5-day event will be \$1,500 AUD per participant or **\$2,235 Fijian Dollars (FJD)**.

The 5-day Introductory course comprises both theoretical instruction and practical sessions to upskill participants in the practical application of theory taught throughout the Introductory course.

At the end of the Introductory course, participants will understand:

- the structure and function of the primary and secondary fixed income markets;
- the similarities and differences between common fixed income products;
- how the market is regulated;
- factors that impact the pricing of fixed income securities;
- fixed income risks and risk evaluation
- benefits of portfolio diversification;
- introduction to fixed income valuation; and
- valuation methods for different types of debt security.

### Course Materials:

- **Attendees are encouraged to bring charged laptops to each session which includes MS Excel software or if not available, then are encouraged to share resources with other attendees.**
- **Attendees will receive a USB on attendance which contains the Course Presentation in pdf format and a copy of practical case examples of valuation methods and the Gilt Excel Calculator for Pricing Debt Securities.**
- **Attendees are encouraged to become listed on our mailing list to receive further educational supplements when developed.**

## Course Outline – Introductory Program

Schedule	Timing	Course Agenda
<b>Day 1 The Fixed Income Market and the Yield Curve (Theory)</b>	9.00 am – 9.30 am	Course Introduction, Disclaimer, Housekeeping and Greeting
	9.30 am – 10.30 am	1. History of Money 2. Purchasing Power of Money 3. Role of a Central Bank; 4. Fixed Income Overview 5. Methods of Financing 6. Primary Benefits of Fixed Income 7. Investment Risk over the Long Term
	10.30am – 11.00 am	<b>Morning tea (provided by venue)</b>
	11.00am – 12.30 pm	8. Types of Fixed Income Products (Savings Accounts/ Term Deposits) 9. Laddering Term Deposits 10. Introduction to Debt Securities 11. Terminology Used for Debt Securities 12. Key Considerations for an Investor interested in Debt Securities

	12.30 pm – 1.30pm	Light lunch (provided by venue)
	1.30 pm – 2.30 pm	13. Comparing Debt Securities to Term Deposits/ Shares 14. How does an Investor Access Debt Securities? (Primary and secondary Market) 15. Secondary Market Trading of Debt Securities 16. The Regulators of the Australian Debt Market
	2.30 pm – 3.00 pm	Afternoon tea (provided by venue)
	3.00 pm – 4.00 pm	17. Factors Impacting the Price of Debt Securities 18. Understanding Yield 19. What is a Yield Curve? 20. Uses of the Yield Curve 21. The US Yield Curve since the GFC 22. Spreads and Credit Spreads
<b>Schedule</b>	<b>Timing</b>	<b>Course Agenda</b>
<b>Day 2 Credit Quality, Spreads, Types of Debt Security/ Hybrid Securities/ Asset Backed Securities and Principles of Compounding (Theory)</b>	9.00 am – 10.30 am	23. Practical Session: How to Construct Yield Curves
	10.30am – 11.00 am	Morning tea (provided by venue)
	11.00am – 12.30 pm	24. Practical Session: How to Construct Yield Curves Cont'd
	12.30 pm – 1.30pm	Light lunch (provided by venue)
	1.30 pm – 2.30 pm	25. Credit Quality, Credit Risk and Credit Spreads 26. Default Events 27. Credit Ratings and Agencies 28. Acquiring a Rating 29. Using Government Securities as Ratings Benchmarks 30. Liquidity 31. Understanding Interest Rate Swaps 32. Interest Rate Swaps example 33. The Swap Curve 34. Movement in Yields and Spreads
	2.30 pm – 3.00 pm	Afternoon tea (provided by venue)
	3.00 pm – 4.00 pm	35. Understanding Credit Default Swaps 36. The Risks of Credit Default Swaps 37. Categories of Debt Security 38. Types of Debt Security: Bonds About Bonds/ Govt Bonds/ Semi-Govt Bonds/ Corporate Bonds/ Kangaroo Bonds/ Euro Bonds/ Covered Bonds
<b>Schedule</b>	<b>Timing</b>	<b>Course Agenda</b>
<b>Day 3 Time Value of Money, Discounted Cash Flows, NPV and IRR, Fixed Income Valuation Valuing Types of Debt Securities (Theory)</b>	9.00 am – 10.30 am	39. Why Buy Bonds? 40. Hybrid Securities 41. Common Hybrids 42. Asset Backed Securities 43. Mortgage Backed Securities
	10.30am – 11.00 am	Morning tea (provided by venue)
	11.00am – 12.30 pm	44. Simple Interest Versus Compound Interest 45. Compounding and the Rule of 70 46. Compounding Summary 47. Time Value of Money 48. Discounted Cashflow (DCF) 49. What the DCF Tells the Investor 50. Net Present Value 51. Using IRR to Evaluate an Investment Decision
	12.30 pm – 1.30pm	Light lunch (provided by venue)
	1.30 pm – 2.30 pm	52. Using DCF, NPV and IRR Practical Session
	2.30 pm – 3.00 pm	Afternoon tea (provided by venue)
		53. Summary of Key Valuation Concepts

	3.00 pm – 4.00 pm	54. Simple Interest Vs Compound Interest Revisited 55. Annuity 56. How to Find the Present Value of a Cashflow 57. Intra-Year Compounding Interest 58. Present Value of Monthly Annuity 59. Future Value of Ordinary Annuity
<b>Schedule</b>	<b>Timing</b>	<b>Course Agenda</b>
<b>Day 4 Fixed Income Valuation Continued, Bond Portfolios and Portfolio Construction (Theory)</b>	9.00 am – 10.30 am	60. Using DCF to Value a Bond 61. DCF Relationship between YTM and Coupon Rate 62. Effect of Compounding on Present Value 63. Valuing Fixed Rate Bonds 64. Types of Coupon Structure 65. Retiring Bonds by and Issuer 66. Bond Valuation Example 67. Using Excel to Calculate Bond Pricing
	10.30am – 11.00 am	Morning tea (provided by venue)
	11.00am – 12.30 pm	68. How to Value Floating Rate Notes 69. How to Value Perpetuals 70. Perpetual Valuation Example 71. Zero Coupon Bonds 72. How to Value Zero Coupon Bonds 73. Bank Bills and NCD's
	12.30 pm – 12.30pm	Light lunch (provided by venue)
	12.30 pm – 2.30 pm	74. Practical Session - Simple Bond Pricing using Excel
	2.30 pm – 3.00 pm	Afternoon tea (provided by venue)
	3.00 pm – 4.00 pm	75. Inflation Linked Bonds/ Capital Indexed Bonds 76. How a Capital Indexed Bond Works 77. When to Purchase an Inflation Linked Bond
<b>Schedule</b>	<b>Timing</b>	<b>Course Agenda</b>
<b>Day 5 Valuing Fixed Income Securities (Practical Session)</b>	9.00 am – 10.30 am	78. Bond Fund or Bond Portfolio 79. Diversifying your Portfolio Using Debt Securities 80. Lifecycle Investing 81. Demographic Trends 82. How Debt Securities Can Improve Portfolio Performance 83. Volatility and Sequencing Risk 84. Diversification Benefits of Uncorrelated Assets 85. Case Study
	10.30am – 11.00 am	Morning tea (provided by venue)
	11.00am – 12.30 pm	86. Introduction to Fixed Income Portfolio Construction 87. Fixed Income Portfolio Management 88. Methods of Fixed Income Portfolio Creation 89. Laddering, Barbell, Bullet, Duration Matching, Sector Rotation, Credit Quality 90. Value at Risk Estimations for a Fixed Income Portfolio 91. Settlement Processes 92. Settlement Risks
	12.30 pm – 12.30pm	Light lunch (provided by venue)
	12.30 pm – 2.30 pm	93. Practical Session – More Complex Bond Pricing using the Gilt Calculator
		Afternoon tea (provided by venue)
	2.30 pm – 4.00 pm	94. Practical Session – More Complex Bond Pricing using the Gilt Calculator Cont'd 95. Course Conclusion