Risk

TRAINING

LONDON 6 & 7 July 2006
NEW YORK 20 & 21 July 2006

EFFECTIVE STRUCTURING AND PRICING OF CDOS

Practitioner-led examples providing comprehensive tuition

Course Highlights include:

- Compare the underlying risk profiles of cash CDOs
- Calculate the payoff timings for single tranche synthetic CDOs
- Understand the relative value between cash and synthetic CDOs
- Analyse the risk management issues of basket credit derivative modelling
- Assess the price volatility of correlation risk and equity investing
- Structure and develop more flexible CPPI CDOs

Course Tutors:

- AMBAC FINANCIAL GROUP **Robert D. Selvaggio**
- BABSON CAPITAL **Matthew Natcharian**
- CALYON **Alexander Rekeda**
- DELAWARE INVESTMENTS **Philip Obazee**
- DEXIA **João Garcia**
- DRESDNER KLEINWORT WASSERSTEIN **Domenico Pircone**
- HVB CORPORATES & MARKETS **Benjamin Accam**
- JP MORGAN CHASE **Kedran Garrison**
- JP MORGAN SECURITIES **Rishad Ahluwalia**
- LANDESBANK BADEN-WÜRTTEMBERG **Mohamed El Morsalani**
- MERRILL LYNCH **Jonathon Read**
- PRUDENTIAL M&G **Dagmar Kent Kershaw**
- SOCIÉTÉ GÉNÉRALE **Marc Teyssier** and **Julien Turc**
- WACHOVIA **Brian McManus**

Who should attend?

This intensive and highly interactive two day course has been designed for finance professionals who want to improve their knowledge of structuring and pricing CDOs. Delegates should have prior intermediate knowledge of CDOs.

Finance professionals working as/or within the following disciplines will find this course particularly useful:

- CDO Analysts
- CDO Strategists
- Portfolio Managers
- Quantitative Analysts
- Risk Researchers
- CDO Researchers
- Credit Risk Managers
- Portfolio Risk
- Securitisation
- Structured Credit

www.incisive-events.com/cdos

An incisivemedia event

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Dear Executive,

*"Demand from investors seeking higher investment-grade yields drove the issuance of European securitisation to its highest level last year… Issuance of collateralised debt obligations grew by 85.6% to €46.8 billion"**

Risk Training is pleased to announce this timely training course on **Effective Structuring and Pricing of CDOs**.

Designed for those involved in pricing and analysing CDOs, this two day course combines current measurement and modelling techniques with an emphasis on asset allocation techniques and CDO risk management. Through a variety of practical worked examples you will not only learn to understand the theory behind the processes, but will be able to apply this knowledge to your workplace.

By attending this course you will learn how to:

- Price cash CDOs
- Model single tranche CDOs
- Assess the price volatility of correlation risk and equity investing
- Understand the relative value between cash and synthetic CDOs
- Structure constant proportion portfolio insurance CDOs

Risk Training courses are informal, practical and highly interactive; therefore places are strictly limited to ensure individual attention and maximum benefit to each participant.

Make sure you book early to secure your place by

- Calling our registration hotline on **+44 (0) 870 240 8859/+1 (212) 925 6990**
- email **conf@incisivemedia.com**

I look forward to welcoming you to this course

Yours sincerely,

Lynette Bush

Lynette Bush
Head of Training

*(Risk news, 13th March 2006)

LONDON – 6 & 7 JULY, 2006

Day one

08.30 Registration and coffee

09.00 **MODELLING AND PRICING CDOS – MARKET OVERVIEW AND STRUCTURE**
- Evolution of CDS spreads and structured credit innovations
- Single-name CDS contracts
- CDS indices: CDX and iTraxx
- Arbitrage CDOs – driven by market arbitrage
- Rating agency considerations

Benjamin Accam
Structurer, Credit Products
HVB CORPORATES & MARKETS

10.30 Morning break

11.00 **PRICING CASH CDOS**
- Valuation of cash flow CDOs
- Comparing the underlying risk profiles
- Cash versus synthetic CDOs
- Senior versus equity investors: potential conflicts
- Incorporating rating agency models: importance of the different correlation functions
- Default and recovery rates

João Garcia
Senior Quantitative Analyst
DEXIA

12.30 Lunch

13.30 **SINGLE TRANCHE SYNTHETIC CDOS**
- Single tranche synthetic CDOs
- Market structure: liquidity, typical flows, where do demand and supply arise from?
- Payoff timing and important payoff properties
- Use of single tranche synthetic CDOs

Dagmar Kent Kershaw
Head of Structured Credit Products
PRUDENTIAL M&G

15.00 Afternoon break

15.30 **INNOVATIONS IN CLOS**
- Leveraged loans: leverage, credit quality, risk and returns
- Combo notes
- Pro rata structure
- Hybrid structure
- Market value and cash flow CLO transactions
- Criteria for choosing the manager?

Domenico Pircone
Head of Structured Credit Research
DRESDNER KLEINWORT WASSERSTEIN

17.00 End of day one

Day two

08.30 Re-registration and coffee

09.00 **CONVERGENCE OF CASH AND SYNTHETIC CDOS**
- Up to date review of cash and synthetic CDO markets
- Relative value between cash and synthetic CDOs
- Convergence of securitisation technology: synthetic strategies in cash CDOs
- Will valuation methodology for cash and synthetic CDOs ever converge?

Rishad Ahluwalia
Structured Products Research
JP MORGAN SECURITIES

10.30 Morning break

11.00 **CDOS AND BASKET CREDIT DERIVATIVE MODELLING**
- Pricing of portfolio credit
- Copula approaches and default time modelling
- Factor copulas
- Analytical pricing and Monte Carlo simulation
- Risk management issues

Mohamed El Morsalani
Senior Correlation Trader
LANDESBANK BADEN-WÜRTTEMBERG

12.30 Lunch

13.30 **CORRELATION RISK AND EQUITY INVESTING**
- Different methods for investing in equity
- Correlation exposure and changes in funding costs
- Comparing sensitivity to defaults
- Assessing the price volatility

Brian McManus
Director and Head of Collateralized Debt Obligation Research
WACHOVIA

15.00 Afternoon break

15.30 **CONSTANT PROPORTION PORTFOLIO INSURANCE (CPPI) CDO STRUCTURING**
- The CPPI mechanism
- A traditional equity CPPI
- Applying CPPI technology to credit
- A long credit risk strategy: sensitivity to mean reversion of spreads and to credit crisis
- More flexible CPPI structures

Marc Teyssier
Quantitative Credit Strategy
SOCIÉTÉ GÉNÉRALE

17.00 End of course

NEW YORK – 20 & 21 JULY, 2006

Day one

08.30 Registration and coffee

09.00 MODELLING AND PRICING CDOS – MARKET OVERVIEW AND STRUCTURE

- How are recent innovations affecting spreads?
- Single-name CDS contracts
- CDS indices: CDX and iTraxx
- Arbitrage CDOs – driven by market arbitrage
- Emerging market and high-yield CDOs

Jonathon Read
Director, Emerging Market Structured Products
MERRILL LYNCH

10.30 Morning break

11.00 PRICING CASH CDOS

- Valuation of cash flow CDOs
- Comparing the underlying risk profiles
- Understanding the legal issues
- Incorporating rating agency models
- Default and recovery rates

Matthew Natcharian
Managing Director, Head of Structured Credit Team
BABSON CAPITAL MANAGEMENT

12.30 Lunch

13.30 MODELLING SINGLE TRANCHE SYNTHETIC CDOS

- What's a single tranche? Single- versus multi-tranche
- Tranche return: default and recovery
- Pricing considerations
- Estimating default correlations

Philip Obazee
Vice-President and Head of Derivatives
DELAWARE INVESTMENTS

15.00 Afternoon break

15.30 INNOVATIONS IN CLOS AND CDO OF ABS

- Emergence of CDS on ABS and loan-only CDS
- Hybrid ABS CDO and CLOs
- Middle market CLOs
- Commercial real estate (CRE) CDOs

Alexander Rekeda
Head of US Cash CDOs
CALYON

17.00 End of day one

Day two

08.30 Re-registration and coffee

09.00 CONVERGENCE OF CASH AND SYNTHETIC CDOS

- Up to date review of cash and synthetic CDO markets
- Relative value between cash and synthetic CDOs
- Impact of structured finance, leveraged loan CDS capabilities on the cash CDO market
- Will valuation methodology for cash and synthetic CDOs ever converge?

Kedran Garrison
Associate, CDO Research
JP MORGAN CHASE

10.30 Morning break

11.00 CDOS AND BASKET CREDIT DERIVATIVE MODELLING

- Pricing of portfolio credit
- Copula approaches and default time modelling
- Factor copulas
- Analytical pricing and Monte Carlo simulation
- Risk management issues

Robert D. Selvaggio
Managing Director, Risk Analysis and Reporting
AMBAC FINANCIAL GROUP

12.30 Lunch

13.30 CORRELATION RISK AND EQUITY INVESTING

- Different methods for investing in equity
- Correlation exposure and changes in funding costs
- Comparing sensitivity to defaults
- Assessing the price volatility

Brian McManus
Director and Head of Collateralized Debt Obligation Research
WACHOVIA

15.00 Afternoon break

15.30 CONSTANT PROPORTION PORTFOLIO INSURANCE (CPPI) CDO STRUCTURING

- The CPPI mechanism
- A traditional equity CPPI
- Applying CPPI technology to credit
- A long credit risk strategy: sensitivity to mean reversion of spreads and to credit crisis
- More flexible CPPI structures

Julien Turc
Head of Quantitative Credit Strategy
SOCIÉTÉ GÉNÉRALE

17.00 End of course

Biographies

Benjamin Accam is a Structurer in the Structured Credit Derivatives Group at HVB Corporates & Markets, Bayerische Hypo- und Vereinsbank AG. He is responsible for structuring credit derivative transactions. Prior to joining HVB, Benjamin worked at Fitch Ratings, initially as an Analyst in the Structured Investment Vehicles Group, and subsequently as an Associate Director in the Synthetic CDO Group. Benjamin received BSc and MSc degrees in Economics from the London School of Economics, and a DPhil in Economics from Trinity College, University of Oxford.

(London course)

Rishad Ahluwalia is a Vice-president at JP Morgan Securities, covering the structured credit markets including CDOs and Credit Derivatives. Rishad is responsible for an array of regular research publications, including the Global CDO Weekly Market Snapshot and CDO Monitor, and is part of a global team currently ranked #2 in the North America Institutional Investor poll and #1 in the European Institutional Investor poll. Prior to his research position with JP Morgan, Rishad worked at Lehman Brothers for 4 years. Rishad is a graduate of Duke University and has a General Course certificate from the London School of Economics.

(London course)

Mohamed El Morsalani is a senior correlation trader. He has been with LBBW for 8 years. His previous positions were in Risk Controlling and Quantitative Research. Prior to joining LBBW, Mohamed was a visiting scientist in France, Canada and Germany. He received a Ph.D in Mathematics from the University of Bourgogne (France) and has published a number of mathematical papers.

(London course)

João B.C. Garcia is a Senior Quantitative Analyst at the Credit Methodology team in Dexia Group in Brussels. His current interests include credit derivatives, structured products and trading/hedging strategies on bespoke/itrxx/CDX tranches. Prior to this position he worked as a Quantitative Analyst in Artesia Banking Corporation in Brussels modelling exotic interest rate derivatives. He is an Electronic Eng. from the Instituto Tecnologico de Aeronautica (ITA-Brazil), holds a M.Sc. in Physics from the UFPe-Brazil and a Ph.D. in Physics from the University of Antwerp (UIA-Belgium). During his PhD he worked with information theory for pattern recognition in image processing, the modelling of proximity correction effects using neural networks for (mask building in) ebeam lithography (nanotechnology) and the pricing of equity derivatives.

(London course)

Kedran Garrison is an associate at JP Morgan Securities in CDO Research. Kedran recently joined JP Morgan after working at State Street Research & Management in their CDO investments and issuance group from 2001-2004. She is responsible for an array of regular research publications, including the *Global CDO Weekly Market Snapshot* and *CDO Monitor*, and is part of a global team currently ranked #2 in the North America Institutional Investor poll and #1 in the European Institutional Investor poll. Kedran holds a Ph.D. from MIT in Economics as well as a BS in mathematical economics from Wake Forest University.

(New York course)

Dagmar Kent Kershaw joined Prudential M&G in 1998 to build and manage its debt private placement business, and was subsequently responsible for starting its CDO activity in 2000. The group now manages 14 CDOs both public and private across multiple asset classes including CDS, loans and ABS and has over Eur 4bn funds under management. Dagmar started her career at NatWest bank in corporate credit and later at Scotiabank, as a European high grade and high yield analyst. She holds an Economics degree from York University.

(London course)

Brian McManus joined Wachovia Securities, Inc. as Director and Head of the Collateralized Debt Obligations Research Group in September 2005. From 1998 to 2002, he held a similar role as Merrill Lynch's Chief CDO Strategist where he was an II Ranked Analyst. In addition to his CDO roles he has over 15 years experience in quantitative analyst and structure of agency MBS, CMO, and fixed income derivatives products at Morgan Stanley, Bear Stearns, and Merrill Lynch. He has also provided consulting services on a broad range of investments including hedge funds in both the US and Europe. His clients have included insurance companies, banks, law firms and financial technology companies. Mr. McManus received his AB in Mathematics and Computer Science from Vassar College in 1982. He also studied at the Universite d'Aix-Marseille and is fluent in French and Spanish.

(London and New York courses)

Matthew P. Natcharian CFA, has headed the 16 member Structured Credit Team of Babson Capital since 2005. He is responsible for the US$4.5 billion portfolio of CDO investments managed by the Structured Credit Team including four CDO of CDO funds, a CDO equity fund and several separate CDO investment accounts focused on CDO Debt tranches. He has over 10 years of industry experience and has been actively investing in the primary and secondary CDO market since 1998. He holds a B.S. in Finance from Bentley College and is a member of the CFA Institute.

(New York course)

Philip Obazee is responsible for the management derivatives within Delaware. In addition to these responsibilities, he also maintains a risk management leadership role. He joined Delaware Investments from First Union Securities Inc., where he served as Vice President of Quantitative Research. Prior to that responsibility, Obazee was a Managing Director of Structured Derivative Products and Agency Debt Origination at CoreStates Securities Corp. and Vice President and Head of Financial Analytics and Structured Transactions at CoreStates Capital Markets. From 1993 to 1996, he served as Vice President of Trading and Hedging in the Interest Rate Group of Meridian Capital Markets (Division of Meridian Bank). He has also held academic positions in colleges and universities in the southern and north eastern United States. Philip has contributed several chapters to professional books in fixed income as well as articles to professional journals. He holds BS and MBA degrees and did doctoral studies in mathematical finance at the University of Pennsylvania.

(New York course)

Domenico Picone is head of Structured Credit Research at DrKW in London. The team provides research on CDOs and structured credit derivatives. Prior to his current position, he spent five years in the Securitisation department of Royal Bank of Scotland in London, where he structured RMBS, CMBS, CLO, ABS and NPLs. Before moving to securitisation he worked for two years in RBS's ALM department. Before reallocating to London, he worked for two years, on IT solutions to manage interest rate risk and to price interest rate options. He holds a PhD in Finance (Cass Business School-London), MSc in Mathematical Finance and Trading (Cass Business School-London), and MA in Finance (Exeter University).

(London course)

Professor Jonathon Read works at Merrill Lynch in New York, specializing in the structured credit markets with a current focus on their application to emerging market sovereign and corporate credit. He was responsible for spearheading the multi-dealer Dow Jones CDX.EM Diversified product, bringing standardised credit correlation trading to emerging markets credit. His interests include: credit derivatives, credit correlation, structured finance, the effects of non-linearity and non-normality on financial asset models, and the pricing and risk management of assets within less liquid markets. He has a Ph.D. in Chemical Physics from the University of Cambridge and received his CFA charter in 2003.

(New York course)

Alexander Rekeda heads Cash CDOs business at Calyon. His team is responsible for origination and structuring of cash and hybrid CLOs, CDO of ABS, MV CDOs, and CRE CDOs. Prior to joining Calyon, Alex worked as a Vice President in the Structured Finance and Credit Derivatives Department at Ambac Assurance Corporation; before that he headed Structured Credit's Analytics Team at Ambac. Prior to that, he worked in various capacities at GE Capital Market Services, ING Barings, and Alfa Capital. Mr. Rekeda received his MBA degree from the University of Connecticut and MS in Mathematics from Kiev State University (Ukraine). He is also a CFA charterholder.

(New York course)

Robert Selvaggio is a Managing Director of Ambac Financial Group, where he is responsible for portfolio credit and market risk management, the attribution of economic capital and structured credit risk analytics. Prior to joining Ambac, Dr. Selvaggio served as a Financial Economist at Thompson McKinnon Securities, and then held a number of positions at the Chase Manhattan Bank including Senior Asset/Liability Analyst, Head of Fixed Income and Mortgage Research and Managing Director of Treasury Analytics. Bob holds a PhD in Economics from Brown University. He is a member of the American Economic Association and National Association of Business Economists, and is a BAI Certified Risk Professional in Credit and Treasury/ALM.

(New York course)

Marc Teyssier is an Analyst in the Quantitative Credit Strategy team. He joined the team in February 2006. Prior to that, Marc worked as a Quantitative Analyst in the Global Credit Portfolio Management team of SGCIB. Marc holds a Master's degree from the Ecole Polytechnique in Paris and a Master's degree from Stanford University, specialising in Computer Science and Financial Mathematics.

(New York course)

Julien Turc is head of Quantitative Strategy within the Credit, Fixed Income & Forex Research group at Société Générale Corporate & Investment Banking. He joined Société Générale in 2001. His latest research focuses on credit strategies for hedge funds as well as trading within the correlation space. Prior to that, Julien worked as a Quantitative Analyst on the Credit Derivatives desk at IXIS CIB. Julien is a graduate from Ecole Polytechnique (France). He is a lecturer for the Master in quantitative finance at Paris VI University.

(London course)

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