

## ICMA Executive Education

For many years ICMA has made investment in executive education for the financial markets a priority. ICMA courses are administered and overseen by the ICMA Centre at Henley Business School, University of Reading.

### ICMA Certification Programmes

- Financial Markets Foundation Certificate (FMFC)
- Operations Certificate Programme (OCP)
- International Fixed Income and Derivatives Certificate (IFID)
- Primary Market Certificate (PMC)

All are recognised as certificates of competence in the capital markets and are successfully completed by large numbers of international participants each year.

ICMA offer a number of specialist courses including:

- Collateral Management
- Commodities – An Introduction
- Commodities – Investment Solutions
- Corporate Actions
- Derivative Operations
- Global Custody
- Inflation-linked Bonds and Structures
- Investment Funds Administration
- Securities Lending and Borrowing
- Securitisation – Understanding the Mechanics
- Technical Analysis – An Introduction

### Contact Us

For more information please email [ibs@icmacentre.ac.uk](mailto:ibs@icmacentre.ac.uk)



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## Inflation-linked Bonds and Structures

### ICMA Executive Education

ICMA CENTRE THE BUSINESS SCHOOL  
FOR FINANCIAL MARKETS



## Objectives

This course is primarily designed to increase the awareness of the concept of inflation as a separate asset class. It introduces the main concepts related to inflation, the various inflation-linked structures, the different market participants and their respective motivations.

## Target Audience

This course is suitable for anyone with an understanding of the fundamental concepts of finance and fixed income. An understanding of bond pricing and market risk (i.e. duration / DV01) is assumed.

## Length and Structure of the Course

The course consists of two days of lectures and case studies. Each day typically consists of four 90 minute sessions with coffee breaks in the morning and afternoon and a lunch break in the middle. There is no exam for this course but candidates will receive a certificate of attendance.

## Course Tutor

*Neil Schofield* – Neil is a visiting fellow at the ICMA Centre, University of Reading and is a freelance training consultant. From 2001 to 2008, he was global head of financial markets training at Barclays Capital in London. He was responsible for the design and delivery of a large number of seminars in a variety of different asset classes to many different audiences. Previous to that he was a director at Chisholm Roth training in London and has also held positions at Chase Manhattan Bank as well as Security Pacific Hoare Govett (now trading as Bank of America). Neil has over 20 years of experience in financial markets. In 2007, he published his first book “Commodity Derivatives” and is currently in the process of writing a second “Relative Value in Financial Markets”.

## Course Outline

### Session 1

#### Inflation fundamentals

- The main jargon associated with inflation markets
- The Fisher equation
- Factors that influence real yields
- The composition of the main inflation related indices

### Session 2

#### Inflation bonds

- Inflation maths (the Canadian model)
- Net carry
- Seasonality

### Session 3

#### Inflation swaps

- Zero coupon
- Asset swaps
- Real rate swaps
- Year-on-year swaps
- Total return swaps

### Session 4

#### Inflation options

- Caps, floors, swaptions
- Options on TIPS
- Breakeven options
- Volatility

### Session 5

#### Trading inflation

- Effective duration and beta
- Directional real yield trades
- Breakeven inflation trades
- Real yield curve trades
- Intra-market transactions

### Session 6

#### Corporate issuance

- Identify the different types of issuer that may benefit from inflation – linked liabilities
- Pricing inflation issues
- How inflation derivatives could be used to derive an optimal inflation exposure

### Session 7

#### Institutional exposure to inflation

- The impact of inflation on a portfolios efficient frontier
- Vanilla investment structures
- Structured solutions
- Hybrid solutions

### Session 8

#### Pension fund exposures

- Defined benefit vs. Defined contribution schemes
- Identifying the inflation exposure
- Inflation – linked swap solutions