

Investing In Asset-Backed Securities

2004



www.ram.com.my

Date : 19 – 20 August 2004

Venue : RAM's Training Centre

Level : Intermediate

Course pre-requisites

- 📖 Reasonably good understanding of securitisation
- 📖 Good knowledge and practice of working on Excel

This course provides 100% computer time to each participant.



RATING AGENCY MALAYSIA BERHAD (Co. No. : 208095-U)

VINOD KOTHARI Asian Securitisation Forum

Vinod Kothari, based in Calcutta, India is internationally recognised as an author, trainer and expert on securitisation. Vinod Kothari is the author of a book titled *Securitisation : The Financial Instrument of the New Millennium*. The latest edition (Y2K) of the book running over 500 pages is one of the most comprehensive texts on the subject featuring securitisation structures, markets in several countries, legal, accounting, taxation and regulatory issues. The book is read as an authentic text on securitisation in over 30 countries world-over.

Vinod Kothari is **Executive Director** of **Asian Securitisation Forum** a body of securitisation professionals from Asia and the Pacific. Vinod Kothari has offered training courses on securitisation in several and diverse parts of the World including Singapore, Hong Kong, Egypt, Jordan, Sri Lanka, Bangladesh, South Africa, Malaysia, Zimbabwe, Zambia, Colombia (South America) etc. Among his forthcoming training schedules, he has a workshop in London for European participants. Vinod Kothari, 39, is a Chartered Accountant and a Company Secretary with brilliant academic record. He has been ranker holder in high school, college, and topped the Eastern Region in Chartered Accountancy final exams.

Session 1:

Understanding Asset Backed Securities

- 📖 Meaning and structure of asset-backed securities
- 📖 Asset Backed investments and other fixed income securities: are the risks different?
- 📖 What are issuers' motivations?
- 📖 Different types of Asset Backed Securities – balance sheet, arbitrage, traditional, synthetic
- 📖 Role of various agencies – servicers, trustees.

Session 2:

Understanding Asset Backed Securities

- 📖 Credit attributes and credit enhancement
- 📖 Understanding the source of credit enhancements

Session 3:

Understanding risks and returns of asset backed investing

- 📖 Understanding of returns from asset backed investing: senior, mezzanine and junior investors
- 📖 Credit risk
- 📖 Prepayment risk
- 📖 Optionality risk and option-adjusted spread pricing
- 📖 Early amortisation risk
- 📖 Computation of duration and convexity in asset backed investments

Session 4

Investing in RMBS transactions

- 📖 Nature of RMBS transactions and inherent prepayment risk.
- 📖 Prepayment and default modeling
- 📖 Case study of a US RMBS transaction

Session 5

Investing in CMBS transactions

- 📖 Investing in CMBS transactions- investing in the value of a commercial property
- 📖 Understanding the risks of CMBS investments
- 📖 Case study of a Singaporean CMBS transaction

Session 6

Investing in CDOs and CLOs

- 📖 Nature of CBOs and CLOs
- 📖 Nature of an arbitrage CDO: pool built around a security structure
- 📖 Where to CDOs make their returns?
- 📖 Selection of assets by arbitrage CDO managers- aggressive, conservative versus mixed policies
- 📖 Interest of equity and debt classes in CDOs- clash?
- 📖 Case study of an Asian CDO

Course Outline

Session 7

Investing in retail ABS/revolving ABS

- 📖 Credit card ABS and other retail assets
- 📖 Significance of the early amortization and other triggers
- 📖 Investing in lease/auto loan transactions
- 📖 Case study of an Indian auto loan transaction.

Session 8

Investing in synthetic assets

- 📖 Nature of synthetic investments – any different from traditional asset backed securities?
- 📖 Nature of arbitrage synthetic CDOs- structure built around a target diversification/probability of default
- 📖 Understanding the working of credit enhancements in synthetic CDOs
- 📖 Why synthetic CDOs carry more arbitrage opportunities
- 📖 Case study of Singaporean/ Australian synthetic CDO

Session 9

Investing in future flows/ whole business transactions

- 📖 Basic nature of future flows/ whole business transaction- a collateralized loan
- 📖 Structural protection in future flows securitization
- 📖 Impact of originator performance risk
- 📖 Case study of a future flows transaction

Session 10

Historical spreads, rating transitions and relative value

- 📖 Historical spreads in ABS investments
- 📖 Rating transitions studies- what do they imply?
- 📖 Defaults and recovery values in asset backed investments
- 📖 The Hall of Shame of securitization deals- selected cases
- 📖 Can investors extract relative value in ABS investments?

Session 11

Accounting for investors

- 📖 Investor accounting under IAS 39/FAS 115: securitization investments as AFS/HTM or trading asset
- 📖 Mark to market valuation and reporting of gains/losses
- 📖 US rule EITF 99-20 in case of asset backed securities
- 📖 Accounting for investments in synthetic securities

Session 12

Regulatory capital for investors in asset backed securities

- 📖 Computation of regulatory capital under Basle II norms
- 📖 Standardised approach and IRB approach
- 📖 Relevance of ratings
- 📖 Computation of regulatory capital in case of unrated tranches

Registration Details

Date : 19 – 20 August 2004

Time : 9.00 a.m. to 5.00 p.m. except for Day One when registration commences at 8.30 a.m.

Venue : RAM Training Centre

Registration Fees : RM 3,150

- Fees include tuition, a teaching materials, lunch, PCs and refreshments.

Group Registration

For 3 or more registrations from the same organisation, a 10% discount applies.

Method of Payment

Crossed cheque / bank draft made payable to "Rating Agency Malaysia Berhad".

Disclaimer

Rating Agency Malaysia Berhad reserves the right to change or cancel any part of its published programme due to unforeseen circumstances.

Cancellation & Transfer Policy

Should a delegate be unable to attend, a substitute may attend in his/her place at no extra charge. For cancellations received in writing :-

- two (2) weeks before the event, a full refund (less an administration charge of **15%**) will be made
- less than two (2) weeks before the event, the registration fee is not refundable



REGISTRATION FORM

PLEASE USE BLOCK PRINT AND PHOTOCOPY FOR MULTIPLE BOOKINGS

Name (1) : Mr/Ms _____

 Designation : _____
 Department : _____
 Name (2) : Mr/Ms _____

 Designation : _____
 Department : _____
 Organisation : _____
 Address : _____

 Contact Person : _____
 Tel No. : _____
 Fax No. : _____
 Cheque/Bank : _____
 Amount : _____

Training Department Contact Details

Contact Person : _____
 Designation : _____
 Department : _____
 Address : _____

 Tel No. : _____
 Fax No. : _____
 Cheque/Bank : _____
 Draft No. : _____
 Bank : _____
 Amount : _____

Note

Please treat this registration form as the official invoice.

CUSTOMISED IN-HOUSE TRAINING

Any of RAM's public programmes can be customised and run as an in-house programme for your organisation. The modules and case studies can be tailored to meet your training needs and requirements. If you wish to explore the possibility of having any of our training programmes conducted specifically for your organisation, please contact Ms Padthma Subbiah at 6(03) 7628 1762 or e-mail her at padthma@ram.com.my

GROUP DISCOUNT

If you do not have enough personnel to conduct an in-house training programme, talk to us about getting a group discount. Group discounts can be worked out for groups of 10 or more. Please contact Ms Padthma Subbiah at 6(03) 7628 1762 or e-mail her at padthma@ram.com.my

CONFIRMATION REPLY SLIP

(For RAM's use only)

Attn : _____

- We would like to confirm the participation of _____ personnel for this course. Kindly forward the registration fee of RM _____ before the course.
- We regret that your nomination cannot be accepted as registration has been closed.
- We will KIV your nomination for a re-run of this course.

CONTACT DETAILS

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