

Forwards Contracts

Duration: Half day

Objectives:

At the end of this course participants will be able to

- Describe how foreign exchange markets work
- Describe a forward foreign exchange contract (a forward)
- Explain why forward rates are different to spot rates
- Discuss how forwards are valued and how they impact the NAV
- Outline how forwards can be used to take a positional view on a currency
- Outline how forwards can be used to hedge currency risk on a portfolio of investments or on a currency share class
- Outline briefly the alternatives to using forwards

Content:

- Foreign exchange markets
 - Spot trades & forward trades
 - Spot exchange rates
 - Interest rates & forward exchange rates
 - Trade confirmation
 - OTC markets
- Valuation
 - Sources for forward rates
 - Forward valuation movements & impact on the NAV
- Uses of forward contracts
 - Positional
 - Hedge of investments
 - Hedge of share classes
- Alternatives to forwards
 - Futures
 - Swaps
 - Options

Who should attend?

- Staff with little or no experience of forwards
- Staff with some experience who would like a greater understanding of forwards