FIN 70650 Fixed Income Securities I
Fall 2018

PROFESSOR: Zhi Da

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Office Hour: Tues 10:00 – 12:00, or by appointment
Class Time: Mons / Weds, 10:00 – 11:50, 8/20/2018 to 10/01/2018
Classroom: Mendoza 160

COURSE OVERVIEW:

The market for fixed income securities is large, dynamic, and complex, and played an important role in the financial crisis. This course covers basic fixed income valuation, hedging and arbitrage. A sample of fixed income securities covered include: Treasury securities, corporate bonds, leveraged finance, credit default swaps, convertible bonds, and interest rate derivatives. Because this class does not require a previous experience with derivatives classes (e.g., FIN 70620 or FIN 70630), interest rate derivatives will not be covered in depth despite their importance. This course will be most useful for students planning a career in portfolio management, sales and trading, or banking. In addition, this course will be extremely instructive to students preparing for the debt instrument section of the CFA@ exams.

TEXTBOOK AND READINGS:

Suggested textbook (Not required)*:*

Fixed Income Analysis (for the Chartered Financial Analyst@ Program), 2nd Edition, Frank Fabozzi

Additional Readings

These will be handed out during class and/or posted on Sakai

Other Recommended:

Fixed Income Securities – Tools for Today's Markets, 3rd Edition, by Bruce Tuckman and Angel Serrat --- A must-read if you are seriously considering a career in fixed income

The Handbook of Fixed Income Securities, 8th edition, by Frank Fabozzi
--- An excellent reference on fixed-income securities

The Wall Street Journal

Economist

COURSE REQUIREMENTS:

(1) You will need a financial calculator for homework and exams. The preferred model is TI BA II Plus.

(2) Attendance will not be taken. However, students are responsible for all material and assignments presented in class. In addition, I expect the students to be prepared for all in-class cases and participate actively during class discussions.

(3) Homework assignments and case preparation can be worked on in groups of no more than four to encourage learning and collaboration among peers. Answers are to be submitted in person at the beginning of class on the date due. If the group cannot submit homework in person on time for a valid reason, please email me *the night before* the due date. Otherwise, late homework will not be accepted. I expect students to have full understanding of any written material submitted with their names on it.

(4) There will be one midterm exam during the semester in addition to the final exam. You must inform me during the first week of class if you have a scheduling conflict with an exam date. The exams will be given on the announced day during regular class periods. No make-up exams will be given without my prior approval. Exams missed without prior approval will result in a score of zero without exception!

(5) All students must comply with University policies for conduct and academic honesty at all times during this course. These policies are outlined in the Notre Dame Academic Code of Honor Handbook at **http://honorcode.nd.edu**. Any violations of these policies will result in referral to the appropriate administrative body. Exams are expected to be completed according to the specified conditions, without the assistance of others. Giving or receiving help of any kind on an exam is a violation of the Honor Code.

GRADE:

Final grades will be curved to reflect a student's performance relative to that of the entire class on the following components:

Class participation	15%
Homework	20%
Midterm	25%
Cumulative final	40%
Total	100%

NOTA BENE:

The lecture notes and handouts used in this course contain copyrighted materials. Please do not distribute without my written consent.

COURSE OUTLINE: [1]

Class	Topic	Reading Assignment
1:	Introduction and Review	Fabozzi, Chapter 5-6
2:	Overview of Fixed Income Securities	Fabozzi, Chapter 1-3
3:	Valuation of Option-free Fixed Income Securities	Fabozzi, Chapter 5
4:	Yields and Yield Curve	Fabozzi, Chapter 4, 6
5:	Interest Rate Risk and yield curve strategies	Fabozzi, Chapter 7, 8
6:	Interest Rate Risk and yield curve strategies	Fabozzi, Chapter 7, 8
	HW #1 due	
7:	Corporate Bond, Credit Risk, High Yields	Fabozzi, Chapter 3 and Reading
8:	**Midterm Exam – Wed, Sep 12**	
9	Credit Default Swap and Convertible Bond	Fabozzi, Chapter 3 and Reading
10	Interest Rate Derivatives	Fabozzi, Chapter 9, 13, 14
11:	Interest Rate Derivatives	Fabozzi, Chapter 9, 13, 14
12:	Interest Rate Derivatives	Fabozzi, Chapter 9, 13, 14
13:	Interest Rate Derivatives	Fabozzi, Chapter 9, 13, 14
	HW #2 due	
	Final Exam, Thu, Oct 4, 10:00 – 11:50 am, 160	

[1] This is a tentative outline and may be subject to change. Changes will be announced in class.