

BRANDEIS INTERNATIONAL BUSINESS SCHOOL
FIN 261A-1: Fixed Income Securities
Course Syllabus
FALL 2018 – updated August 27, 2018

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Office Hours: Mon / Weds: 3:00 – 4:30 pm. **Office Location:** Lemberg, Room 269

Class Hours: Mon / Weds: 5:00 – 6:20 pm

Fall session: Class begins Wednesday August 29th. Last class Monday December 10th

Class Location: Lemberg Academic Center 054

TA / Email: Shaokang Tong / sktong@brandeis.edu

Course Description:

The course will focus on the fundamentals of both bond markets and fixed income derivative markets. These fundamentals include pricing and interest rates, the risks of investing in bonds, and the role of bonds in an investment portfolio.

The course will cover markets for U.S. Treasury securities, U.S. agency securities, corporate bonds, municipal bonds, asset backed securities, loans, international sovereign debt, and markets for derivatives based on fixed income instruments.

Learning goals and outcomes:

- Price fixed income securities
- Build a fixed income investment portfolio for varied market environments
- Identify the risks inherent in various forms of fixed income investing
- Apply macroeconomic, monetary & fiscal policy considerations to bond market analysis
- Use bond terminology fluently
- Develop a theoretical and mathematical approach to fixed income risk management
- Use derivatives in a global fixed income portfolio
- Evaluate investment opportunities in various sectors of the fixed income markets

Prerequisite:

FIN 201A, or other equivalent course. The course will rely heavily on the LATTE/Moodle platform. The web site will include downloadable files with the class handouts, copies of problem sets and suggested answers. You will need your UNet username and password to log on to the system at <http://latte.brandeis.edu>. You should check LATTE and your e-mail regularly for the course announcements.

Textbook:

Frank J. Fabozzi, *Bond Markets, Analysis, and Strategies*, 9th edition. Pearson/Prentice Hall 2015.

Other:

Daily reading of debt and credit market developments. Convenient online sources include Bloomberg Terminal, The Financial Times, Reuters, The Wall Street Journal, and Barron's. Relevant and instructive articles will also be posted to LATTE on a regular basis.

Examinations and grading:

There will be 2 mid-terms and a final examination. Course grade will be based on the following:

Midterm 1:	20%
Midterm 2:	20%
Final Exam:	35%
Homework:	10%
Class Participation:	10%
Bond Pick Exercise:	5%

Class sessions will be interactive and preparation before class will be essential. Students will need to come to class prepared to discuss in detail each week's reading assignment. Class discussions are improved by pre-class preparation. As such, preparation before each lecture – including completion of the homework assignments – is essential to success in this course.

Success in this four- credit course is based on the expectation that students will spend a minimum of 9 hours of study time per week in preparation for class (readings, papers, discussion sections, preparation for exams, etc).

The goal of the homework assignments will be to further the understanding of the topics presented in class, to enable students to keep pace with lectures and to prepare for the examinations. Homework may be discussed in groups but each student is expected to submit their own work.

To facilitate the class discussion, students are required to bring name-cards (with large and legible lettering) to each class. Electronic devices (including mobile phones and laptop computers) are not to be used during class sessions. Students will be required to arrive on time and be ready to start class at 5:00 pm.

The final exam will be cumulative, reflecting the content covered on the mid-term examinations as well as content from the final third of the course.

This course is intended to be extremely challenging for most students.

Planned schedule (subject to change):

Week	Topic	Reading	Other
1:	Introduction, course overview	Chapter 1, 2	
2:	Measuring yields	Chapter 3	
3:	Bond price volatility	Chapter 4	
4:	Term structure of interest rates	Chapter 5	Midterm 1
5:	Treasury and Agency Securities	Chapter 6	
6:	Corporate debt instruments	Chapter 7	
	Interest rate swaps	Chapter 31	
7:	Non-US securities	Chapter 9	
	Residential Mortgage Loans	Chapter 10	
8:	Asset-backed Securities	Chapter 15	Midterm 2
9:	Interest rate models and embedded options, 1	Chapter 17	
10:	Interest rate models and embedded options, 2	Chapter 18	
11:	Convertible bonds	Chapter 20	
12:	Bond portfolio management	Chapter 24, 25	
13:	Municipal debt, review	Chapter 8	
Dec 13-20:	Final Exam: Date and Location TBA		

Disabilities:

If you are student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately.

Academic Integrity:

You are expected to be honest in all of your academic work. Please consult Brandeis University [Rights and Responsibilities](#) for all policies and procedures related to academic integrity. Students may be required to submit work to TurnItIn.com software to verify originality. Allegations of alleged academic dishonesty will be forwarded to the Director of Academic Integrity. Sanctions for academic dishonesty can include failing grades and/or suspension from the university. Citation and research assistance can be found at [LTS - Library guides](#).