Fixed Income Investment

Session 10
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Revisions

Lecture 1

- A closer look at the different asset classes
- Bond Market Overview
- Features in Debt Securities
- Risks Associated with Investing in Bonds
- Yield measures, spot rates and Forward Rates
- Introduction to the Valuation of Debt Securities
- The arbitrage-free Approach to Bond Valuation
- Profiting from Arbitrage Opportunities: Stripping and Reconstituting Bonds
- Q&A

Lecture 2

- Term structure and Volatility of Interest Rates
- The Measurement of Interest Rate Risk
- Q&A
- Applications in Excel

Lecture 3

- Valuing bonds with Embedded Options
- Q&A
- Applications in Excel

Lecture 4

- Bond Investment Strategies
- Passive Strategies (Indexing, Cash-Flow Matching and Classical Immunization)
- Applications in Excel

Lecture 5

- Butterfly Trades – Bond Swaps
- Issues in cash/risk neutral butterfly trades
- Q&A
- Applications in Excel

Lecture 6

- Yield Spread Trades – Weighting, Financing and Applications
- Hedging with Bonds
- Conventional and Optimal hedging
- Q&A
- Applications in Excel

Lecture 7

- Credit Derivatives
- Credit Default Swaps
- Mortgage-backed Securities
- Q&A

Lecture 8

- Collateralised mortgage obligations
- Asset-backed securities
- Collateralised debt obligations (CDOs)
- The economics of CDO construction
- Q&A

Lecture 9

Controlling Interest Rate Risk with Derivatives
Q&A
Applications in Excel

Module Assessment:

http://www.surveymonkey.com/s/ZS5WJMK

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