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Office Hours: Wed, Friday afternoon or By Appointment

FINC 554 – Fixed Income
Spring 2019, Monday 2:00 – 5:00PM Schreiber Center 302

Catalog Description

This course provides an in-depth coverage of fixed income securities, and their markets. The course is an extension to other offerings in the finance program on futures, equities, and interest rate derivatives. The course is supplemented with hands-on applied sessions using Bloomberg, a leading global benchmark for data and analysis used by financial professionals worldwide.

Course Overview

This course examines the fundamentals of fixed income securities, their markets, valuations and risk exposures both from the theoretical and practical perspectives. Commensurate time is devoted to hands-on laboratory sessions using Bloomberg, a lead industry service provider for financial news, data and analytics across multiple asset classes. Covered in the course are US and non-US International Bonds, Municipal Bonds, Asset Backed Securities (ABS) and Mortgage Backed Securities (MBS). Other topics included are term structure of interest rates, pricing methodologies, risk exposures and calculations, scenario analysis, hedging strategies, bond portfolio construction, management, and performance measurement.

Course Learning Objectives

At the end of the course students will be able to:

1. Identify the many types, classifications, and characteristics of fixed income securities
2. Acquire a good understanding of bond markets, industry standards and conventions
3. Use Bloomberg and/or other resources to extract, interpret and aggregate key data
4. Complete a Bloomberg certification in fixed income and other market sectors.
5. Analyze and price different types of fixed income securities
6. Analyze risk exposures and methods for calculations
7. Assess different management strategies
8. Build a bond portfolio, analyze, measure and evaluate performance

Course Materials

Required Text Book: *Bond Markets, Analysis and Strategies* by Frank J. Fabozzi, Prentice Hall, 9th Edition, 2016.

Lab Resources

Lab sessions will use Bloomberg and Excel Add-Ins available only in the CME lab.

Additional Resources

Additional notes, reading material, and on-line references will be shared as needed during class

Pre-requisites: FINC 452, or FINC 335

Weekly Course Outline

Each class cover selected topics from the noted chapters. Chapter numbers refer to latest 9th Edition of text book. Separate worksheets will be distributed each week outlining the tasks to be performed during the lab sessions.

Week	Class Topics – Chapters §	Lab Sessions
Week 1	Fixed Income Markets - §1,2,6	Bloomberg basics and Fixed Income securities
Week 2	Yields, Benchmarks, and Price Volatility - §3,4	Market curves, rates, benchmarks, and other indicators
Week 3	Term Structure of Interest Rates, Municipal & International Bonds - §5,8,9	Municipals and Global Bond Markets
Week 4	Mortgage-Backed and Asset-Backed Securities - §11,13,15	MBS and ABS
Week 5	Mid-Term Test 120mn	
Week 6	Interest Rate Models, Embedded Options, and Application to MBS - §17,18,19	Pricing models, and calculations
Week 7	Credit Spread & Credit Risk Modeling - §21, 23	Risk models, and calculations
Week 8	Portfolio Management Strategies & Construction - §24,25	Portfolio construction, characteristics and risk analytics
Week 9	Portfolio Measurement, and Evaluation - §28	Portfolio performance, attribution, and tracking
Week 10	Final Test 120mn	

Course Grading

Mid-Term Exam 30%, Final Exam 30%, Lab Assignments 20%, Homework Assignments 20%. Reading materials, and assignments are critical to enhance the in-class learning, both the theory and the applied.

Quinlan School of Business Policies:

Attendance

Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students.

If you must miss a class or leave early, please notify in advance. You are responsible for any class assignments or requirements missed during an absence.

Make-Up Examinations

Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. **Make-up examinations are discouraged.** Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician's note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.

Academic Integrity

All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood...Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of "F" for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

<http://www.luc.edu/media/lucedu/quinlanschoolofbusiness/pdfs/Honor-Code-Quinlan-July2012.pdf>