COURSE OUTLINE

This is an advanced course in bonds and bond portfolio management. I assume you have taken the core course in finance and understand basic bond pricing, options and futures.

- **Textbook** - Optional

- **Lecture Notes**
  Packets of lecture notes are available at the bookstore or on blackboard.

The grade will depend on the mid-term, final, and the problems. There will be problems assigned from time to time. Prior exams with answers are on the blackboard.

**Office Hours:**

<table>
<thead>
<tr>
<th>Day</th>
<th>Time</th>
<th>Office</th>
<th>Phone</th>
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</thead>
<tbody>
<tr>
<td>Monday</td>
<td>1:00-3:00</td>
<td>KMC 9-70</td>
<td>(212) 998-0361</td>
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<tr>
<td>Wednesday</td>
<td>4:30-5:30</td>
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**Suggested Grade Distribution:**

Although sections may vary somewhat, the Department of Finance suggests a grade distribution of:

- A/A-  20-25%
- B     55-70%
- C & Below  10-20%

This distribution is intended to make standards comparable across advanced classes, as required by the school. I intend to follow this distribution on average.
I. Background (1)
   N: Fixed Income Securities

II. Simple Analytics (1)
   BT: Chapter 2
   N: Understanding Bond Conventions

III. Spot and Forward Rates (2)
   BT: Chapter 1
   N: The Multiplicity of Rates
   N: What Changes the Term Structure

IV. The Repo Market (1)
   N: The Repo Market

V. Treasury Bond Valuation (1)
   N: Treasury Bond Valuation

VI. Tax and Accounting Issues (1)
   N: Tax Treatment

VII. Protecting Against Term Structure Shifts (3)
   BT: Chapter 10-13
   N: Protecting Against Term Structure Shifts

VIII. Forward Contracts (2)
   BT: Chapter 14
   N: Forwards and Futures

IX. Floating Rate Notes and Swaps (2)
   BT: Chapter 15-16
   N: Floaters and Inverse Floaters, Swaps
   N: Interest Rate Swaps

X. Bond Options (3)
IX. Corporate Bonds (2)

BT: Chapter 17
N: Corporate Bonds
N: Credit Swaps

XII. Mortgages (2)

BT: Chapter 18
N: Mortgage-Backed Securities

XIII International Bond Management (2)

N: International Diversification

XIV. Active Bond Strategies (2)

N: Multi-Index Models in the Bond Area and Bond Portfolio Management
N: Bond Portfolio Management

XV. Bond Evaluation (1)

N: Evaluating Bond Funds