



Fixed Income Suite

This modularized suite serves as an essential introduction to the fixed income markets. It benefits those new to the bond market, as well as those in related areas of the business seeking to expand their knowledge.

This program is designed to take a comprehensive look at the whole spectrum of the fixed income market. Participants will learn the characteristics of corporate debt, government and asset-backed securities, and convertible stocks and bonds, covering theories, techniques and real-life applications.

Targeted Audience

Newcomers to the bond markets, institutional sales staff, sales and capital markets assistants.

Special Offer

Clients who register for this course will receive a complimentary 4-month subscription to FT.com. The Financial Times is the world's most respected financial newspaper, providing a broad assessment on finance, business and the industrial sector. The move to the electronic version follows an ongoing review of our environmental responsibilities as a global business and as part of the Pearson group. FT.com also has features that are not available in hard copy, such as: Special Reports, Alphaville, editor blogs, education sections and much more! Subscriptions will start within 6-8 weeks of the start of class and are limited to one subscription per client. (Please note: as of May 1, 2011, the electronic subscription replaces the hard-copy 3-month Financial Times subscription.)

Advance Preparation

No advance preparation required.

Prerequisites

Financial calculator required.

Learning Objectives

Students will be able to:

- . Understand the products of the Treasury Marketplace
- . Use of Treasury Securities as a Benchmark
- . Understand the structure of Corporate Bonds
- . Understand the MBS Marketplace, including GNMA's and CMO's
- . Understand the role of the FOMC, and monetary policy

Alumni Comments

"Doug Carroll is an excellent instructor - very knowledgeable and animated!"

"Doug is a strong instructor who covered a wide range of material and shared real world insights."

"Doug's passion and energy for the subject matter is superb!"

Level: Intermediate

CPE Credits: 36.0

Instructional Method: Group-Live

Detailed Outline

Day 1 & 2: Fixed Income Markets I - Debt Securities Overview/Bond Math

Bond fundamentals

- . Par value
- . Maturity
- . Interest rate
- . Interest payment

Bond pricing

Fundamental Concepts in Fixed Income Mathematics

- . Interest rates: yields, prices, discount rates and rates of return
- . Simple versus compound interest and compounding conventions
- . Time value of money: present value and future value

Fixed Income Price, Yield and

- . Percentage values
- . Quotation conventions
- . Converting prices to dollar amounts
- . Premium price

Accrued interest

- . Standard payment dates
- . Trade date and settlement date
- . Different market conventions for treasuries
- . Accrued interest calculation

Yield calculations

- . Yield vs. return vs. interest rate
- . Nominal yield
- . Current yield
- . Real yields
- . Price and yield
- . Yield to maturity

The corporate bond market

- . Types of issuers

Structure of an issue

- . Secured vs. unsecured bond
- . Senior vs. subordinated bond
- . Callability
- . Structure of the call feature
- . Sinking fund
- . The indenture
- . Notes vs. bonds

Credit risk and credit ratings

- . Credit rating agencies
- . Investment grade vs. high yield bonds

Bond Underwriting

- . The Securities and Exchange Commission
- . Primary vs. Secondary market
- . The underwriting process
- . Pricing and marketing the issue

Interest Conventions

- . Pricing of coupon and zero coupon bonds and discount securities
- . Accrued interest calculations and day count conventions
- . Yields, nominal, current, to maturity and to call: calculation and interpretation

Fixed Income Analytics

- . Total return (horizon) analysis
- . Types of yield curves
- . Spot rates and spot rate curves: determination and applications
- . Forward rates: determination, interpretation and applications
- . The Fed, the yield curve and the bond market

Bond Price Volatility

- . Duration as a measure of interest rate risk
- . Types of duration (modified, effective and dollar) and their application
- . Duration and convexity of non callable bonds
- . Duration and convexity of callable bonds

- . The closing
- . Rule 41

U.S. government securities & agency issues

- . Types of issues
- . Primary government security dealers
- . The treasury auction
- . The bidding process
- . The secondary market
- . The Government securities yield curve
- . The market for U.S. government agency issues
- . Backing by the federal government

Municipal Securities

- . Definition
- . Taxation
- . Types of issues
- . Credit risk and credit ratings
- . The underwriting process
- . The secondary market
- . Tax Reform Act of 1986

Day 3: Fixed Income II - Historic Perspectives of Interest Rates

Economic factors affecting interest rates

Role of the Federal Reserve in affecting monetary policy

Role of the primary dealers

Treasury instruments

- . Treasury bills
- . Treasury notes
- . Treasury bonds
- . The auction process

Day 4: Fixed Income II - Corporate Bonds

Securities Act of 1933

Investment banking

Understanding credit risk

'Ugly' features

Municipal bonds

- . General obligations and revenue bonds
- . Insurance

- . Secondary trading
- . When issued trading
- . Role of the bond broker
- . Strips

Valuing/pricing bonds

- . Current yield
- . Yield to maturity

- . After tax yield (ATY) and taxable equivalent (TEY)

Asset-backed securities

- . Mortgage-backed instruments
 - . GNMA's
 - . CMO's
 - . Credit card receivables
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Day 5: Yield Curve Analysis

Introduction and Overview

- . Yield Curve Fundamentals
- . Financial and Economic Implications
- . Interpreting the Shape of the Curve, Supply, and the Business Cycle
- . Various Curves Risk Free Curves(

Types of Curves

- . Corporate
- . Mortgage
- . Credit

Bond Pricing, Yields and Rates of Return

- . Understanding Yields (YTM, Current, YTC)
- . Fixed Income Pricing Conventions (Internal Rate of Return)
- . Demystifying Duration

Analysis of Risk and Return

- . Looking at Non-Parallel Shifts in the Curve
- . Trading Applications: Trading the Curve
- . Portfolio Applications

Scheduling Note

The session being offered from July 16-19, 2012 is a special four-day version of this course that is being offered as part of the Global Markets Sales & Trading Program. Fixed Income Markets I, normally a two-day module in this Suite, will be offered as a one-day module for this offering only. Please be advised that all content listed in the Detailed Outline below may not be covered in the single-day offering and the number of CPE credits awarded for this special session is 28.5.

For more information regarding administrative policies such as complaints and refunds, please contact our offices at 212-641-6616.