Mortgage Backed Securities - Evening

This course provides a broad overview of the mortgage-backed securities industry. The primary focus is on the types of MBS, factors that influence their investment characteristics, analytic techniques used to evaluate risk and return, and MBS trading/settlement. The course begins with an exploration of agency pass-through securities and is followed by an investigation of derivative mortgage backed securities: CMOs (collateralized mortgage obligations), IO (interest only) and PO (principal only) strips. The course also discusses trading issues such as TBA trading and dollar rolls. The final session focuses on non-agency CMOs, and other mortgage-related asset-backed securities.

Targeted Audience

Portfolio managers, institutional sales staff, research analysts, back office professionals, financial analysts, cash/money managers, auditors, and compliance staff.

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

None

Learning Objectives

Students will be able to:

. Describe the strutural features and cash flow characteristics of pass-through securities

. Recognize the impact of prepayment rates in the analysis and valuation of MBS

. Explain the basic features of agency and nonagency CMOs as well as important types of tranches (sequential pay, Planned AmortizationClass, accrual/z-bond, etc)

. Describe the basic elements of TBA (To Be Announced) trades and dollar rolls

Alumni Comments

"Doug is a great instructor - very knowledgeable!"

"The instructor, Doug Carroll, is outstanding! Not only did he cover all the course material, he also focused on special topics that the class agreed on."

"The instructor's knowledge of the MBS market is a strength of this course."

Follow-Up Courses

Structured Products Suite

Level: Intermediate

CPE Credits: 15.0

Instructional Method: Group-Live

Detailed Outline

Session 1

Overview of the Mortgage Backed Securities Market
. Historical Background
. Evolution of Federal Agency Mortage Backed Securities (MBS) Programs - Pass Throughs and Participation Certificates

Session 2

Mortgage Pass Through Securities
. Types of Mortgage Pass Through Securities
. Structural Characteristics of Pass Throughs
. MBS Sector Considerations

. Innovations
. Participants

Mortgages Loans
. Characteristics of Mortgages
. Types of Mortgages
. Mortgage Cash Flows

Dynamics of Mortgage Prepayments
. Principal Factors That Affect Mortgage Prepayments
. How to Measure Prepayment Speed

Session 3

Pricing and Valuation of Mortgage Pass Through Securities
. Valuation Considerations
. Interest rate related risks
. Measuring interest rate risks
. Embedded call options

Session 4

Collateralized Mortgage Obligations (CMOs)
. CMO Basics
. Z-Bond Tranches
. Planned Amortization Class (PAC) Bond Tranches
. Targeted Amortization Class (TAC) Bond Tranches
. Floating Rate CMO Structures
. CMO Valuation Issues

Session 5

Adjustable Rate Mortgage Structures
. Structural Characteristics of ARM Securities
. Federal Agency ARM Programs
. Prepayment considerations

Stripped Mortgage Backed Securities (SMBS)
. Characteristics of SMBS
. Risk/reward considerations
. Inverse IOs

Session 6

Other Mortgage Related Asset Backed Securities
. Home Equity Loan Backed (HELBs) Securities
. Manufactured Housing Backed Securities

Scheduling Note

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