



Fixed Income Portfolio Management

The recent period of uncertainty in the equity markets has produced renewed interest in bonds. Participants discover how principles of diversification and risk control are applied by fixed income money managers in constructing institutional portfolios.

Targeted Audience

Junior portfolio managers, money managers, research analysts, client services staff, consultants, individual and institutional investors, private bankers and financial advisers, research staff members of pension boards and plan sponsors.

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.

Learning Objectives

Students will be able to:

- . Identify the features/benefits and risks/rewards of the various products which constitute the marketplace
- . Understand the dynamic nature of the yield curve and its implications on portfolio

management

- . Describe Repo and Reverse Repo in fixed income portfolio management
- . Explain the concept of Duration as a measurement of volatility and the management of that risk
- . Manage risks in a fixed income portfolio, including: Interest Rate Risk; Credit Risk; Re-investment Risk; Rollover Risk
- . Apply passive and active portfolio management techniques, such as: Barbells; Duration Plays; Horizon Trading; Laddering
- . Discuss the fundamentals of hedging using: Cash Market Techniques; Interest Rate Swaps; Credit Default Swaps

Alumni Comments

"Instructor had strong background and good presentation skills"

"Very well focused and comprehensive, giving a full picture on fixed income securities"

Follow-Up Courses

Equity Portfolio Management

Securities Analysis - Day

Level: Basic

CPE Credits: 21.5

Instructional Method: Group-Live

Detailed Outline

Day 1. Introduction: Overview of the Fixed Income Marketplace

The Capital Markets: The Big Five

- . Stocks and Bonds: How They Differ
- . A Brief History of Bonds

Day 2 The Participants: Issuers and Instruments

Treasuries

- . The Benchmark
- . Bills, Notes, Bonds

- . Size and Complexity of the World Bond Market
- The Capital Markets: The Big Five

- . Their purpose
- . How issued

Bond Math

- . The Concept of Present Value
- . The Bond Price Equation
- . Three Types of Yield: Coupon, Current, Yield to Maturity (YTM)

How Safe Are Bonds ?

- . Risks in Fixed Income Investing
- . Credit
- . Interest Rate
- . Reinvestment
- . Liquidity
- . Call
- . Are Treasury Securities risk-free?

A Dealer Market

- . Auction vs. Dealer Market
- . How Bonds Are Traded
- . Primary and Secondary Market
- . Issues of Transparency

Corporates

- . Capital Structure: Equity vs. Debt
- . Conventional Debt
- . High Yield Securities: "Junk Bonds"
- . Michael Millken and Drexel
- . Hybrids: Convertibles, Warrants, Debentures

Municipals

- . Why They Exist
- . Revenue and General Obligation
- . Tax Exempt Features
- . The Concept of Public Good: A Video

Fixed Income Mutual Funds

Securitized Products

- . Mortgage Backed Securities
- . Collateralized Mortgage Obligations
- . Asset Backed Securities

Day 3. The Investors: Institutions and Individuals

Constructing a Fixed Income Portfolio

- . Advantages for Individuals: Bonds vs. Bond Funds
- . Advantages for Institutions: Active vs. Passive Strategies

The Yield Curve

- . Why Is It Important ?
- . Its Shape
- . Theories

- . How Is It Used?

Bond Math II

- . Realized Compound Yield: Beyond YTM
- . Duration: What and Why?
- . Convexity: What Is It?
- . Dissecting a Zero Coupon Bond: Pricing Off the Curve

Some Strategies

- . Buy and Hold
- . Bullets and Barbells
- . Butterflies
- . Ladders
- . Immunization
- . Hedging

Types of Diversification

- . By Sector
- . By Quality
- . By Maturity or Duration

Bringing It All Together

- . The Portfolio Manager's Art
- . Importance of Asset Allocation
- . Funding Liabilities: Pension Fund Assumptions
- . Asset Liability Management (ALM)
- . The Balanced Fund Approach

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