**Syllabus for MA 591-002, Fall 2017**

**Fixed Income: Markets, Valuation, and Strategy**

1. Instructor—Richard Ellson, Ph. D; [rwellson@ncsu.com](mailto:rwellson@ncsu.com)
   1. Class Hours—Monday & Wednesday; 10:15-11:30
   2. Office and Hours: SAS 3204, Monday Noon-2; Wednesday 10-12; or by appointment
   3. Classroom—TBD
2. Textbook: ***Bond Markets, Analysis, and Strategy****;* Frank Fabozzi, 9th edition (Pearson)
3. Exams and Grading Policy (subject to change)
   1. Mid-Term Exam (30%), Final Exam (35%)
   2. Market Monitoring (20%)
   3. Periodic Problems/Quizzes (10%)
   4. Class Participation/Discussion (5%)
4. Class Attendance: not required, but strongly encouraged (See grading policy)
5. Topics and Chapters (subject to change)
   1. Part 1: Background
      1. Basics: Chapters 1-3
      2. Next Level: Chapters 4, 5, 18, 21, 23 (?)
      3. Who are the players (investors), How do their investment strategies differ, and Why?
   2. Part 2: Treasury Market and Fixed Income Derivatives
      1. TSY/GSE: Chapter 6
      2. Derivatives: Chapters 29-30, 32
         1. Interest Rate Swaps, Caps, and Floors
         2. Credit Default Swaps
   3. Part 3: Amortizing Bonds and Structured Finance
      1. Background
         1. Embedded Options: Chapter 18
         2. Underlying loans for MBS/ABS
      2. Mortgage-Backed Securities
         1. Agency RMBS: Chapters 11-12
         2. Non-Agency RMBS: Chapters 23, 13
         3. Commercial MBS: Chapter 14
         4. Analysis of MBS: Chapter 19
   4. Part 4: Corporate Bonds and Related
      1. Corporate Bonds: Chapters 7, 22
      2. Asset-Backed Securities
         1. Various Categories: Chapter 15
         2. CDOs: a major cause of the financial crisis
   5. Part 5: Trading and Portfolio Management
      1. Strategies: Chapter 24
      2. Construction: Chapter 25
      3. Who are the actors and what do they do?
      4. How do you really trade?
         1. Active/Public Markets
         2. Opaque Markets
         3. Private Placements versus Public Securitization