

Course Code	Course Title	L	T	P	C
BHUM224L	Fixed Income Securities	3	0	0	3
Pre-requisite	NIL	Syllabus version			
		1.0			
Course Objectives					
<ol style="list-style-type: none"> 1. To make the students comprehend the specific features of the Indian and Global Fixed Incomesecurities markets 2. To make the students learn and use the term structure theories to form fixed income portfolio techniques and to use the appropriate immunization strategies to manage the fixed income portfolio 3. To make the students understand Government securities market 					
Course Outcomes					
<p>Upon successful completion of the course students will be able to</p> <ol style="list-style-type: none"> 1. Comprehend the bond market and players in the bond market. 2. Value the bonds under changing interest rate market scenario. 3. Apply the term structure theory in forecasting the future interest rates. 4. Grasp the price sensitivity of bonds to changing interest rate and apply quantitativeimmunization strategy to mitigate the risk. 5. Construct the bond portfolio to accommodate the changing interest rates. 6. Explain corporate debt markets. 					
Module:1 Instruments and Characteristics					7 hours
Fixed Income Securities - Bond and Money Markets – Instruments- Bond Features and Types – Risk Associated with Bonds. Pricing of Bonds - Review of Time value of Money – Fixed and Floating Rate Securities. Nominal Vs Real Interest Rates Coupon Rate and Current Yield, Zero Coupon Rate – Supply and Demand of Bonds – Changes in Equilibrium Interest Rates.					
Module:2 Volatility and Term Structure of Interest Rates					6 hours
Term Structure of Interest Rates – Classical Theory of Term Structure. Yield Curve, Zero Coupon Bond Yield Curve. Bond Price Volatility – Price Sensitivity – Immunization – Measurement of Duration, Modified Duration- Convexity Measurement, Factors influencing yield. Term Structure of Interest Rate, Spread, Corporate Debt Instruments.					
Module:3 Fixed Income Portfolio Management					6 hours
Active and Passive Bond Portfolio Construction – Management Strategies. Indexing – Bond Indices. Setting Portfolio Objectives, Interpreting Portfolio Parameters and PerformanceMeasurement.					
Module:4 Risk and Risk Management					5 hours
Interest Rate Risk- Impact on Bonds – Risk Management – Tools and Techniques. Swaps and Futures, Credit Derivatives – Credit Default Swaps, Plain Vanilla Options and Exotic derivatives.					
Module:5 Securitization					7 hours
Mortgage backed securities – Collateral Mortgage Obligations – Asset backed securities – Collateral Debt Obligation.					
Module:6 Indian Government - Securities Market					5 hours
Government Security (G-Sec) – Participants - How they are issued – Auction- Auction Type -Open Market Operation – Repo and Reverse Repo - Liquidity Adjustment Facility. Treasury Bills. Yield Calculation.					
Module:7 Corporate Debt Markets					7 hours

Primary and Secondary Markets- Corporate Debt Instruments – Types – Bond with embedded Options- Sinking Funds – Convertible Bonds- Warrants. Commercial Papers – Preference Shares – High Yield Bonds. Credit Analysis - Credit Rating - Methodology.			
Module:8		Contemporary Issues	
		2 hours	
		Total Lecture Hours	
		45 hours	
Text Book(s)			
1.	Frank J. Fabozzi (2012), Bond Markets, Analysis and Strategies, Pearson India, 9 th Edition.		
2.	Moorad Choudhry, Masekoldrisch (2012), Fixed Income Market: Instruments, Application, Mathematics. Wiley Finance Series, 2 nd Edition.		
Reference Books			
1.	Fabozzi, F.J (2017), The Handbook of Fixed Income Securities, McGraw Hill Education, 8 th Edition.		
2.	Choudhry (2010), Fixed Income Securities and Derivatives Handbook, Wiley, 2 nd Edition.		
3.	Suresh Sundaresan (2009), Fixed Income Markets and their Derivatives, Academic Press Inc, 3 rd Edition.		
Mode of Evaluation: CAT, Quiz, Assignment and FAT.			
Recommended by Board of Studies		23-02-2023	
Approved by Academic Council		No. 69	Date 16-03-2023