FIN358 Fixed Income and Derivative Securities

Level: 3

Credit Units: 5 Credit Units

Language: ENGLISH

Presentation Pattern: EVERY JULY

Synopsis:

Finance graduates are required to be well-grounded in the fundamentals of modern finance. Fixed income and derivative securities constitute an aspect of this knowledge base that equips students with the market and instrument knowledge as well as analytical and modelling methods for the pricing and hedging of these securities.

FIN358 Fixed Income and Derivative Securities presents these instruments in a unified setting, thereby allowing for a streamlined approach which avoids redundancies at the level of the fundamentals and which admits synergistic comparisons at the level of applications.

A broad range of topics covering basic concepts behind fixed income and derivative securities, pricing and hedging methods, modelling methods, the put-call parity, the yield curves, as well as strategies in hedging and structuring financial products are included in the treatment.

Topics:

- Basics of call and put options and put-call parity
- Basics of futures contracts and swaps
- Valuation of options using binomial and Black-Scholes Model and Option Greeks
- Valuation of futures contracts and swaps
- Hedging using interest rate, currency, credit, equity and other derivatives
- Option and futures combination strategies
- Fixed income securities: defining elements and term structure of interest rates
- Introduction to fixed income valuation
- Understanding fixed income risk and return
- Introduction to asset-backed securities
- The arbitrage-free valuation framework
- Valuation and analysis of bonds with embedded options

Textbooks:

CFA Institute: Fixed Income Analysis, 5th Edition 5th Wiley
ISBN-13: 9781119850564

Learning Outcome:

- Appraise the fundamentals of derivatives and their applications
- Value derivatives with pricing models and their variations
- Formulate strategies to hedge interest rate, currency, equity and other market risks
- Assess and identify the risks and returns associated with fixed income securities
- Compute value of fixed income securities and evaluate their risk and return
- Calculate value of fixed income securities with embedded options
- Use data technologies such as Excel or FactSet to create models for pricing and risk managing fixed income and derivative securities products effectively

Assessment Strategies - Regular Semester (Daytime Class):

Components	**Description**	**Weightage Allocation (%)**
Overall Continuous Assessment	TUTOR-MARKED ASSIGNMENT 1	20
	GROUP BASED ASSIGNMENT 1	20
	PARTICIPATION 1	10
Overall Examinable Components	ECA-REPORT	32.5
	ECA-VIDEO	12.5
	ECA-POWERPOINT	5
Total		**100**

*The information listed is subject to review and change.