

HONG KONG UNIVERSITY OF SCIENCE AND TECHNOLOGY
FUNDAMENTALS OF INVESTMENTS II
FINA 528 L1

Instructor: V. Ravi Anshuman
E-mail: anshuman
Phone: 2358-7687
Fax: 2358-1749
Office: 2456

Class Hours: Saturday 14:30 – 17:50 HRS
Class Venue: 4334

TA: HOU Xiaoyang (fnhxy@ust.hk)

Course Description:

This course covers the basics of fixed income instruments – their pricing and valuation. We are also going to apply option pricing techniques to value option embedded fixed income securities. [A tentative list of sub-topics is given alongside].

While much of the course covers the same topics as in the CFA Level I Asset Valuation – Debt Securities - it is worth mentioning that preparing for this portion of the CFA course requires independent review.

Text book: *Investments by Bodie, Kane and Marcus*, (McGraw Hill, 6E) is the recommended textbook for this course. Lecture notes and supplemental readings will also be vital for exam preparation. **BRING A CALCULATOR TO CLASS FOR ALL SESSIONS.**

Attending all the lectures is an absolute must. Since each session is worth approximately 14% of the course, I would have difficulty evaluating a student if he/she misses a class session.

Course evaluation:

In-class quizzes: Best ¾	45%
FINAL EXAM	55%

100%

BRIEF OUTLINE

No.	Date of Session	Topic	Reference Reading (BK&M)	Practice Problems
1	April 9	Introduction, Bond Prices and Yields	Ch. 14	Ch 14: 8,9,11,14, 20,25,26,28,31
2	April 16	Arbitrage Strategies in Treasury markets + Quiz # 1	Class notes	Problem Set # 1
3	April 23	Interest Rate Risk Management I + Quiz # 2	Ch. 16.1-16.2	Ch 16: 10, 14, 21, 24, 28, 30
4	April 30	Interest Rate Risk Management II	Class notes, 16.3-16.4	Problem Set # 2
5	May 7	Term Structure of Interest Rates + Quiz # 3	Class notes, Ch 15	Ch 15: 6, 11, 21, 23
6	May 14	Instruments used in Interest Rate Risk Management + Quiz # 4	Class notes, Ch 16.5-16.6	Problem set # 3
7	May 21	Instruments used in Interest Rate Risk Management II	Class notes, Ch 21-23	Problem Set # 4
8	May 28	FINAL EXAM		