



AFIN8012

Fixed Income and Credit Analysis

Session 2, Special circumstances 2021

Department of Applied Finance

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Session 2 Learning and Teaching Update

The decision has been made to conduct study online for the remainder of Session 2 for all units WITHOUT mandatory on-campus learning activities. Exams for Session 2 will also be online where possible to do so.

This is due to the extension of the lockdown orders and to provide certainty around arrangements for the remainder of Session 2. We hope to return to campus beyond Session 2 as soon as it is safe and appropriate to do so.

Some classes/teaching activities cannot be moved online and must be taught on campus. You should already know if you are in one of these classes/teaching activities and your unit convenor will provide you with more information via iLearn. If you want to confirm, see the list of [units with mandatory on-campus classes/teaching activities](#).

Visit the [MQ COVID-19 information page](#) for more detail.

General Information

Unit convenor and teaching staff Unit Convenor Daniel Ding daniel.ding@mq.edu.au
Credit points 10
Prerequisites AFIN6012 or ACST603 or ACST6003 or Admission to MFin
Corequisites
Co-badged status
Unit description This unit introduces students to the financial world of fixed income securities and their markets, explains the risks of these securities, and presents the tools used in their valuation. The unit focuses on both the theoretical and practical aspects of fixed income investment. The topics covered include analysis of fixed income securities and markets, term structure of interest rates, valuation principles of various types of fixed income securities, and portfolio management strategies using fixed income securities.

Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

Learning Outcomes

On successful completion of this unit, you will be able to:

- ULO1:** Analyse the different types of fixed income securities and their characteristics.
- ULO2:** Examine the methods of valuing different types of fixed income securities.
- ULO3:** Evaluate the roles of fixed income securities in portfolio construction and their market operations.
- ULO4:** Apply strategies and interest rate immunization in fixed income securities management.

General Assessment Information

Assessment criteria (including information about late submissions and extensions) for all assessment tasks will be provided on the unit iLearn site.

Assessment Tasks

Name	Weighting	Hurdle	Due
Homework Submission	20%	No	Two randomly selected weeks
Group Report	30%	No	Week 12
Final Examination	50%	No	University Examination Period

Homework Submission

Assessment Type ¹: Practice-based task

Indicative Time on Task ²: 18 hours

Due: **Two randomly selected weeks**

Weighting: **20%**

Students will provide two submissions of homework assessments.

On successful completion you will be able to:

- Analyse the different types of fixed income securities and their characteristics.
- Examine the methods of valuing different types of fixed income securities.
- Evaluate the roles of fixed income securities in portfolio construction and their market operations.
- Apply strategies and interest rate immunization in fixed income securities management.

Group Report

Assessment Type ¹: Report

Indicative Time on Task ²: 27 hours

Due: **Week 12**

Weighting: **30%**

The project will cover quantitative and qualitative research on a case study. Students will be required to work in groups and produce a report of between 2,000 to 2,500 words.

On successful completion you will be able to:

- Analyse the different types of fixed income securities and their characteristics.
- Examine the methods of valuing different types of fixed income securities.
- Evaluate the roles of fixed income securities in portfolio construction and their market operations.
- Apply strategies and interest rate immunization in fixed income securities management.

Final Examination

Assessment Type ¹: Examination

Indicative Time on Task ²: 20 hours

Due: **University Examination Period**

Weighting: **50%**

A two hour final examination will be held during the University Examination Period.

On successful completion you will be able to:

- Analyse the different types of fixed income securities and their characteristics.
- Examine the methods of valuing different types of fixed income securities.
- Evaluate the roles of fixed income securities in portfolio construction and their market operations.
- Apply strategies and interest rate immunization in fixed income securities management.

¹ If you need help with your assignment, please contact:

- the academic teaching staff in your unit for guidance in understanding or completing this type of assessment
- the [Writing Centre](#) for academic skills support.

² Indicative time-on-task is an estimate of the time required for completion of the assessment task and is subject to individual variation

Delivery and Resources

Required Text

Fabozzi F.J. (2015) *Bond Markets, Analysis and Strategies (9th Edition)*, Pearson Education.eBook: <https://www.pearson.com.au/9780133797145>

(Please note: the 8th edition can also be used as most of the content has not changed. Also, the

eBook format is a little bit strange as some figures or tables are wrapped in different shape)

Some other research papers will also be provided on iLearn.

A lot of our offerings from this unit are suitable for students who want to attend CFA test level 1 and 2, so you may find additional readings from CFA text book as additional knowledge.

The timetable for classes can be found at: <https://timetables.mq.edu.au/2021/>

Unit Schedule

Week	Week Beginning	Topic	Notes
1	26th Jul	Introduction of fixed income security and credit analysis	Chapter 1 of textbook
2	2nd Aug	Bond pricing and yields	Chapter 2-3
3	9th Aug	Bond duration and convexity	Chapter 4
4	16th Aug	Term structure and interest rate	Chapter 5
5	23rd Aug	Treasury and corporate debt	Chapter 6,7
6	30th Aug	Bond with options	Chapter 18
7	6th Sept	Securitization I	Chapter 10, 11, 12
		<i>Break</i>	
8	27th Sept	Securitization II	Chapter 15
9	4th Oct	Interest rate derivatives I	Chapter 29, 30
10	11th Oct	Interest rate derivatives II and CDS	Chapter 31, 32
11	18th Oct	Bond portfolio management I	Chapter 16, 24, 25
12	25th Oct	Bond portfolio management II	Chapter 26, 27 Group Report Due
13	1st Nov	Revision	

Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au). Students should be aware of the following policies in particular with regard to

Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#)

Students seeking more policy resources can visit [Student Policies \(https://students.mq.edu.au/support/study/policies\)](https://students.mq.edu.au/support/study/policies). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

To find other policies relating to Teaching and Learning, visit [Policy Central \(https://policies.mq.edu.au\)](https://policies.mq.edu.au) and use the [search tool](#).

Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/admin/other-resources/student-conduct>

Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit ask.mq.edu.au or if you are a Global MBA student contact globalmba.support@mq.edu.au

Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

Learning Skills

Learning Skills (mq.edu.au/learningskills) provides academic writing resources and study strategies to help you improve your marks and take control of your study.

- [Getting help with your assignment](#)
- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module](#)

The Library provides online and face to face support to help you find and use relevant information resources.

- [Subject and Research Guides](#)
- [Ask a Librarian](#)

Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

Student Enquiries

For all student enquiries, visit Student Connect at ask.mq.edu.au

If you are a Global MBA student contact globalmba.support@mq.edu.au

IT Help

For help with University computer systems and technology, visit http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/.

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.