

Course Outline

RSM 430 H1 F section L5101

Fixed Income Securities

Summer 2022

Course Meets: Mondays and Thursdays/11am to 1 pm/WO30

Instructor: Fotini Toliás

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Office Hours: TBA

Course Scope, Mission, and Learning Outcomes

This is a capital markets course that describes important fixed income securities and markets. It will emphasize traditional bond and term structure concepts as well as current events and/or securities affecting the functioning of these markets.

Course Prerequisites

Rotman Commerce: RSM332H1; Actuarial Science: ACT349H1

Required Readings

- Course pack of 4 case studies and Notes on basic theories from Harvard Business Publishing Education, called **RSM 430HF Summer 2022**

We will not be using a textbook in this course. If you wish to supplement your reading or require more clarification on a topic, the Frank Fabozzi *Bond Markets, Analysis and Strategies 10th edition*, is available on reserve: [link to e-book](#)

Electronic Course Materials

This course will be using the following electronic course materials:

- Course pack **RSM 430HF Summer 2022** (Harvard Business Publishing Education)

These materials will cost a total of **\$45.00**. The use of these materials complies with all University of Toronto policies which govern fees for course materials.

Evaluation and Grades

Grades are a measure of the performance of a student in individual courses. Each student shall be judged based on how well they have command of the course materials.

Work		Due Date
3 Group Participation Exercises	15%	May 16 th , May 26 th , June 9 th
2 Quizzes	10%	May 16 th , June 13 th , start of class
Mid-Term Test	25%	May 30 th
Assignment 1 and 2	10%	May 26 th , June 16 th
Final Term Test	40%	During A&S final exam period: Jun 22-27

Course Format and Expectations

Team or Group Assignments

Assignments 1 and 2 and the **Participation Exercises** require students to work in teams of **2-3 students**. Learning to work together in teams is a crucial transferrable skill you will use not only in your coursework, but also in your future careers. Support is available if you encounter common teamwork challenges such as:

- Team members feeling left out of the team.
- Team members not responding in a timely manner to communication.
- Division or quality of work among team members being unequal or unfair.

Consult the [Centre for Professional Skills Teamwork Resources page](#) for tips, strategies, and best practices. You can also book an appointment with one of RC's teamwork mentors to help you resolve or mitigate conflict, strategize on planning, or improve team communication.

To book an appointment with a teamwork mentor, go to: uoft.me/writingcentres.

If you are a student registered with Accessibility Services, and extensions are one of your academic accommodations, consult with your Accessibility Advisor about the teamwork in this course.

Missed Tests and Assignments (including mid-term and final-term assessments)

Students who miss a test or assignment for reasons entirely beyond their control (e.g. illness) may request special consideration.

In such cases, students must:

1. Notify the instructor AND the Rotman Commerce Program Office **on the date** of the missed course deliverable, e.g. missed test, final assessments, assignment or class (in the case of participation marks).
2. Complete a [Request for Special Consideration Form](#) and submit it along with your Absence Declaration on [ACORN](#) (please read the instructions on how to use the Absence Declaration in ACORN) within **2 business days** of the originally scheduled course deliverable.

Students who do not provide this information will be given a grade of 0 (zero) for the missed course deliverable.

Quizzes 1 & 2: Students who miss the scheduled quizzes will be required to take **one make up quiz** at the end of the course (date to be determined by the instructor and the student but in all cases by June 20th, the F Term end date). The weight of the missed quiz or quizzes will shift to the make-up quiz. This means the weight of the make-up quiz can be anywhere from 5% to 10% of the final grade for this course, depending on how many quizzes are missed.

Class Participation: 3 in-class Group Exercises

Students are expected to prepare thoroughly and make every effort to attend every class. As class participation is a graded component of the course, students will be evaluated on the following based on the cases:

- Thoughtful responses
- Understanding and analysis of topic
- Idea generation
- Promoting further discussion

If you miss a participation exercise the weight of the exercise will shift to the remaining 2 exercises. There are no make-up participation exercises. Should you miss all 3 exercises, then a grade of 0% will apply.

Missed Tests:

Mid Term: **There will be one (1) make-up midterm exam to be held within one week of the regularly scheduled sitting.** Students who miss both the regular midterm exam and the makeup midterm exam for valid documented reasons will have their grades reallocated to their final exam. **This means the final exam may be worth 65%.**

Final Test: Students who miss their final term test will be required to take a make-up final term examination within a specified time (**within 1 week** of the missed date). **IF** you miss the make-up final term examination, the follow up final term test will be a one-hour oral exam with the instructor.

Accommodations for travel: Please note that **NO** accommodations will be made for *discretionary* travel plans. It is the student's responsibility to know the dates of quizzes and tests and ensure there is no conflict with travel. It's recommended that you do not make any travel plans during the term until after the last day of the final assessment period to avoid potential conflicts. Otherwise, the result will be a zero (0) for that test.

Re-grade requests:

If you have concerns about the grading of the assignment, please bring these to the attention of the teaching assistants: Raj Patel or Freda within one week of the assignment being returned. Re-grade requests submitted after this time period will not be considered. Please re-submit the assignment with a written explanation of your concerns

Late Assignments

All assignments are due on the date and at the time specified in Quercus. Late submissions will normally be penalized by 10% if the assignment is not received on the specified date, at the specified time. A further penalty of 10% will be applied to each subsequent day.

Statement on Equity, Diversity and Inclusion

The University of Toronto is committed to equity, human rights and respect for diversity. All members of the learning environment in this course should strive to create an atmosphere of mutual respect where all members of our community can express themselves, engage with each other, and respect one another's differences. U of T does not condone discrimination or harassment against any persons or communities.

Commitment to Accessibility

The University is committed to inclusivity and accessibility, and strives to provide support for, and facilitate the accommodation of, individuals with disabilities so that all may share the same level of access to opportunities and activities offered at the University.

If you require accommodations for a temporary or ongoing disability or health concern, or have any accessibility concerns about the course, the classroom or course materials, please contact Accessibility Services as soon as possible at accessibility.services@utoronto.ca or studentlife.utoronto.ca/as. Obtaining your accommodation letter may take up to several weeks, so get in touch with them as soon as possible. If you have general questions or concerns about the accessibility of this course, you are encouraged to reach out to your instructor, course coordinator, or Accessibility Services.

Academic Integrity

Academic Integrity is a fundamental value essential to the pursuit of learning and scholarship at the University of Toronto. Participating honestly, respectfully responsibly and fairly in this academic community ensures that the U of T degree that you earn will continue to be valued and respected as a true signifier of a student's individual work and academic achievement. As a result, the University treats cases of academic misconduct very seriously.

[The University of Toronto's Code of Behaviour on Academic Matters](#) outlines the behaviours that constitute academic misconduct, the process for addressing academic offences and the penalties that may be imposed. You are expected to be familiar with the contents of this document. Potential offences include, but are not limited to:

In papers and assignments:

- Using someone else's ideas or words without appropriate acknowledgement.
- Submitting your own work in more than one course without the permission of the instructor.
- Making up sources or facts.
- Obtaining or providing unauthorized assistance on any assignment (this includes collaborating with others on assignments that are supposed to be completed individually).

On test and exams:

- Using or possessing any unauthorized aid, including a cell phone.
- Looking at someone else's answers.
- Misrepresenting your identity.
- Submitting an altered test for re-grading.

Misrepresentation:

- Falsifying institutional documents or grades.
- Falsifying or altering any documentation required by the University, including (but not limited to) medical notes.

All suspected cases of academic dishonesty will be investigated by the procedures outlined in the *Code of Behaviour on Academic Matters*. If you have any question about what is or is not permitted in the course, please do not hesitate to contact the course instructor. If you have any questions about appropriate research and citation methods, you are expected to seek out additional information from the instructor or other U of T or RC resources such as the RC Centre for Professional Skills, the College Writing Centres or the Academic Success Centre.

Email

At times, the course instructor may decide to communicate important course information by email. As such, all U of T students are required to have a valid UTmail+ email address. You are responsible for ensuring that your UTmail+ email address is set up and properly entered on ACORN. For more information visit <http://help.ic.utoronto.ca/category/3/utmail.html>

Forwarding your utoronto.ca email to a Gmail or other type of email account is not advisable. In some cases, messages from utoronto.ca addresses sent to Gmail accounts are filtered as junk mail, which means that important messages from your course instructor may end up in your spam or junk mail folder.

Recording Lectures

Lectures and course materials prepared by the instructor are considered by the University to be an instructor's intellectual property covered by the Canadian Copyright Act. Students wishing to record a lecture or other course material in any way are required to ask the instructor's explicit permission, and may not do so unless permission is granted. Students who have been previously granted permission to record lectures as an accommodation for a disability are excepted. This includes tape recording, filming, photographing PowerPoint slides, Quercus materials, etc.

If permission for recording is granted by the instructor (or via Accessibility Services), it is intended for the individual student's own study purposes and does not include permission to "publish" them in any way. It is forbidden for a student to publish an instructor's notes to a website or sell them in any other form without formal permission.

Weekly Schedule – L5101

The following schedule is subject to modification as the course progresses. We will not be following the textbook closely. Chapters are provided for reference. Class notes and videos are key!

Session	Date	Topic	Readings
1	May 9	Lecture 1: Overview of the fixed income market, participants, bond features & structures Lecture 1A: Bond Valuation	Lecture notes; Harvard Note: Introduction to Bonds and Bond Math
2	May 12	Lecture 2: The Nominal Yield Curve & Interpolation Discuss Case 1: Bond Valuation Q5 and Q6	Lecture notes
3	May 16	Start of Class: Quiz 1 Bond Valuation, Yield Curve Participation Exercise 1- Apple Inc. Lecture 3: Building the Yield Curve: Government Bond Auctions & Repo Transactions	Lecture notes
4	May 19	Lecture 3A: Embedded Calls & Puts	Lecture notes
	May 23	Victoria Day Holiday	
		Submit Group Assignment 1 by 11:59 pm on Thurs May 26th	
5	May 26	Participation Exercise 2 – Rogers & Manitoba Telecom Lecture 4: Understanding the Yield Curve: Spot Rates, Forward Rates, Bootstrapping	Lecture notes; Harvard Note Spot and Forward Rates of Interest
6	May 30	Midterm – 1.5 hours – no class scheduled	
7	Jun 2	Lecture 4: Understanding the Yield Curve: Spot Rates, Forward Rates, Bootstrapping (cont'd) Discuss Case 2: Deutsche Bank Relative Value Trades (A2)	Lecture notes
8	Jun 6	Lecture 5: Measuring Interest Rate Risk : Duration, Convexity	Lecture notes; Harvard Note on Duration and Convexity
June 6th Last day to drop F term courses			
9	Jun 9	Discuss Case 3: Fixed Income Arbitrage in a Financial Crisis Participation Exercise 3 – Case 3	Lecture notes; Harvard Note on Duration and Convexity
10	Jun 13	Start of Class: Quiz 2 Spot Rates, Forward Rates Lecture 6: Corporate Bond Market : Credit & Capital Structure	Lecture notes
		Submit Group Assignment 2 by 11:59 pm on Thurs Jun 16th	
11	Jun 16	Discuss Case 4: Jaguar Land Rover Lecture 6: Corporate Bond Market: Credit & Capital Structure	Lecture notes
12	Jun 20	Lecture 6: Corporate Bond Market: Offering Methods & Distribution	Lecture notes

Please note that the last day you can drop this course without academic penalty is Monday, June 6th, 2022.

Other Useful Links

Become a volunteer note taker - [Volunteer Notetaking](#)

Accessibility Services – [Note Taking Support](#)

[Credit / No-Credit in RSM courses](#)

Rotman Commerce – [Academic Support](#)