# DEPARTMENT OF MANAGEMENT UNIVERSITY OF TORONTO MISSISSAUGA

# MGT440H5S LEC9101 Fixed Income Markets Course Outline - Winter 2022

**Class Location & Time** Tue, 01:00 PM - 03:00 PM IB 270

InstructorOtto YungOffice LocationKN 254

Office Hours To be posted on Quercus

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Course Web Site <a href="https://q.utoronto.ca">https://q.utoronto.ca</a>

# **Course Description**

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. [24L]

Prerequisite: MGT231H5 and MGT232H5 (SSc)

Distribution Requirement: SSc

### **Textbooks and Other Materials**

Fabozzi, Frank J., Bond Markets, Analysis and Strategies, 9th Edition, 2016 Prentice Hall. ISBN: 9780133796773, 0133796779. Additional Material Requirements will be posted on the course portal.

\*\* Recommended Resources \*\* Python for Data Analysis: Data Wrangling with Pandas, NumPy, and IPython by Wes McKinney (pub. yr. 2017), Python Data Analytics by Fabio Nelli (pub. yr. 2015), Hilpisch Yves, Python for Finance, O'Reilly Media Inc., 2015. ISBN: 978-1-491-94528-5, Hilpisch Yves, Python for Finance, O'Reilly Media Inc., 2019. ISBN: 978-1-492-02433-0, Hull, John C., Machine Learning in Business, 2019. ISBN: 978-1-079-98825-3, Hull, John C., Machine Learning in Business, 2020. ISBN: 979-8-644-07437-2

## **Assessment and Grading Policies**

Type	Description	<b>Due Date</b>	Weight
Assignment	Assignment #1 (Case(s) and/or Lab/Model Based)	2022-02-25	20%
Term Test	Midterm (** can be re-weighted to 15% ** details to be provided **)	2022-03-01	20%
Assignment	Assignment #2 (Case(s) and/or Lab/Model Based)	2022-04-08	25%
Final Exam	Final Exam (** can be re-weighted to 40% ** details to be provided **)	) TBA	35%
		Tota	l 100%

Please be advised that requests to round grades up will not be accommodated and can be considered an academic offense. The grade earned by a student is the mark that will be entered into ACORN without exception. Note that the Course Schedule, Assessment and Grading Policies detailed in this course outline are contingent on class delivery staying unchanged. The course outline may change at the instructors' discretion under unforeseeable circumstances, e.g. lockdown due to COVID. For example, if we are required to offer courses via remote delivery during the semester, the instructor will make the necessary adjustments, including, but not limited to, the nature and timing of assignments and tests, reweighting of course assessments, and other course content. These changes will be communicated via Quercus. As per the Provost's announcement on Wednesday, December 15, 2021, the Winter 2022 semester will commence with course delivery online at least until January 31st, 2022. Please check Quercus and your emails regularly for updates, e.g., mode of delivery and timing of lectures, tutorials, labs and assessments.

## Requirements and Criteria

If the midterm is missed, the weight will be allocated to the final exam upon presentation of a medical certificate. Medical notes must be dated during the period when symptoms are observable and cover the test date.

\* The total weight of the Midterm and the Final Exam combined will be 55% (note: the allocation will be one of the following: (i) 20% midterm and 35% final exam or (ii) 15% midterm and 40% final exam). The allocation will be based on the higher grade of the two allocations by each student.

## **Conduct of Class**

Student Learning: Regular problem solving throughout the course is necessary to master the course content, and such activity is expicitly incorporated in the course design (both through in-class problem solving and through recommended problems to be solved outside of class).

Lectures: Regular attendance and active participation (by asking questions and contributing to discussions) are very strongly encouraged. Students will benefit greatly by having read the assigned readings. Additional learning material may be discussed and/or distributed in class and/or on Quercus; students are also responsible for this material.

Course Resources: Students are expected to check the course web site (Quercus) regularly for course related material, including recommended problems, etc. Students are responsible for all content posted on the course web site. Important announcements may be posted on the course web site periodically, so students are advised to check there frequently for updates.

## **Procedures and Rules**

#### Missed Test(s) (including Quizzes and Term Tests, Exams):

Absences are submitted to the department for consideration by the petitions committee. The following steps must be completed for any missed test.

## In the case of illness:

- 1. Within 24 hours of the test date, you must inform your professor via e-mail of any circumstances that prevent you from writing a test on time
- 2. Within 24 hours of the test date, you must submit an online Petition for Academic Accommodation under: <a href="https://app.utm.utoronto.ca/SpecialRequest/">https://app.utm.utoronto.ca/SpecialRequest/</a>
- 3. Within 24 hours of your first day of absence, you must use the Absence Declaration tool on ACORN found in the Profile and Settings menu to formally declare your absence from academic participation

At this time, we are NOT requesting medical documentation for sickness related absences.

## <u>In the case of a non-illness-related absence:</u>

- 1. Within 24 hours of the test date, you must inform your professor via e-mail of any circumstances that prevent you from writing a test on time
- 2. Within 24 hours of the test date, you must submit an online Petition for Academic Accommodation under: <a href="https://app.utm.utoronto.ca/SpecialRequest/">https://app.utm.utoronto.ca/SpecialRequest/</a>
- 3. Within 7 days from the date of the missed test the original supporting documentation (e.g. accident reports) must be submitted to the Department of Management at <a href="mailto:mgtpetitions.utm@utoronto.ca">mgtpetitions.utm@utoronto.ca</a>

Failure to submit appropriate documentation by the deadline will result in a grade of zero on the test. False statements and/or documentation will be treated as academic offences and handled accordingly.

Holidays and pre-purchased plane tickets, family plans (unless critical, such as death of an immediate family member), your friend's wedding, lack of preparation, or too many other tests are not acceptable excuses for missing a test, quiz, or exam.

The written explanation and documentation that you submit represents an appeal from you, which requests the opportunity to account for that portion of your grade in an alternate manner than the normal one that is described in this course outline. If an appeal is not received by the deadlines specified above, or if the appeal is deemed unacceptable, you will receive a grade of zero for the item you missed.

Once all documentation has been received, the Petition for Academic Accommodation will be reviewed by the Departmental Petition Review Committee. Students will be informed of the Committee's decision **via email** within two (2) weeks.

Note: Students MAY NOT petition to re-write a test once the test has begun. If you are feeling ill, you must leave the room before starting your test and seek medical attention immediately.

If the student's Petition for Academic Accommodation for missing a test is approved, the instructor will determine the remediation, which could include the following: (a) A requirement for the student to do remedial work in its place (such as an oral exam, and extended assignment, or a make-up exam) and/or (b) The weighting of the final exam being increased by value of the missed test.

The remedy is at the instructor's discretion, and their determination is final and not negotiable.

If missed tests ARE reweighted to the final exam, the maximum weight of the final cannot exceed the limit outlined in the University of Toronto Mississauga Academic Handbook (two-thirds of the total course mark for first year courses and 80% for second, third, and fourth year courses). If the exam will be greater than the allowable weight, a make-up assignment or test will be assigned by the instructor. If a make-up is necessary, instructors will inform the student in writing to their utoronto email account. If no response is received within 3 business days, the make-up portion will receive a grade of zero.

#### **Missed Test(s):**

Needs approval from the department/school to be reweighted to the final exam.

#### Late Assignment(s):

20% penalty per day.

#### **Final Exams:**

Students who cannot complete their final examination due to illness or other serious causes must file an <u>online petition</u> within 72 hours of the missed examination. Late petitions will NOT be considered. Students must also record their absence on ACORN on the day of the missed exam or by the day after at the latest. Upon approval of a deferred exam request, a non-refundable fee of \$70 is required for each examination approved.

#### **Academic Misconduct:**

Academic integrity is essential to the pursuit of learning and scholarship in a university, and to ensuring that a degree from the University of Toronto Mississauga is a strong signal of each student's individual academic achievement. As a result, UTM treats cases of cheating and plagiarism very seriously.

The University of Toronto's Code of Behaviour on Academic Matters outlines behaviours that constitute academic dishonesty and the process for addressing academic offences. 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.

## On tests and exams:

- 1. Using or possessing unauthorized aids.
- 2. Looking at someone else's answers during an exam or test.
- 3. Misrepresenting your identity.

## In academic work:

- 1. Falsifying institutional documents or grades.
- 2. Falsifying or altering any documentation required, including (but not limited to) doctor's notes.

Students should note that copying, plagiarizing, or other forms of academic misconduct will not be tolerated. Any student caught engaging in such activities will be subject to academic discipline ranging from a mark of zero on the assignment, test or examination to dismissal from the university as outlined in the academic handbook. Any student abetting or otherwise assisting in such misconduct will also be subject to academic penalties.

Normally, students will be required to submit their course essays to the University's plagiarism detection tool for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the tool's reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of this tool are described on the Centre for Teaching Support & Innovation web site (https://uoft.me/pdt-faq).

## **Standard of Conduct in this Course:**

Since this course is part of a degree designed to give you a broad understanding of the world of business, we aim to run the course in a way which will be consistent with the world of business - where many of you will spend your working lives. We strive to provide accurate information, quality materials and good service, consistent with our obligations to maintain the high academic standards of the Department of Management at the University of Toronto Mississauga.

In return we expect that you will conduct yourself in a way that prepares you for the world of work.

- We start on time, so please do not arrive late and disrupt others.
- Leaving class early is also disruptive to your colleagues and will not be permitted unless you have made prior arrangements with the instructor.
- Turn off your cell phone.
- Keep up to date. Make sure that you know the class schedule. Check on the course web page for updates and posted materials.
- During the class, respect the learning opportunities of others. Don't distract others by chatting to your neighbour. Our expectation is that you will not only contribute in class to your own learning, but also that of others.

#### **On-Line Course Expectations**

With regard to remote learning and online courses, UTM wishes to remind students that they are expected to adhere to the Code of Behaviour on Academic Matters regardless of the course delivery method. By offering students the opportunity to learn remotely, UTM expects that students will maintain the same academic honesty and integrity that they would in a classroom setting. Potential academic offences in a digital context include, but are not limited to:

#### Remote assessments:

- 1. Accessing unauthorized resources (search engines, chat rooms, Reddit, etc.) for assessments.
- 2. Using technological aids (e.g. software) beyond what is listed as permitted in an assessment.
- 3. Posting test, essay, or exam questions to message boards or social media.
- 4. Creating, accessing, and sharing assessment questions and answers in virtual "course groups."
- 5. Working collaboratively, in-person or online, with others on assessments that are expected to be completed individually.

All suspected cases of academic dishonesty will be investigated following procedures outlined in <a href="the-Code of Behaviour on Academic Matters">the Code of Behaviour on Academic Matters</a>. If you have questions or concerns about what constitutes appropriate academic behaviour or appropriate research and citation methods, you are expected to seek out additional information on academic integrity from your instructor or from other <a href="institutional resources">institutional resources</a>.

## **Copyright Notice:**

Please be advised that the intellectual property rights in the material referred to on this syllabus and posted on the course site may belong to the course instructor or other persons. You are not authorized to reproduce or distribute such material, in any form or medium, without the prior consent of the intellectual property owner. For example, uploading course assignments or solutions to Coursehero, Easy Edu, and other tutoring sites and services is strictly prohibited. Violation of intellectual property rights may be a violation of the law and University of Toronto policies and may entail significant repercussions for the person found to have engaged in such act. If you have any questions regarding your right to use the material in a manner other than as set forth in the syllabus, please speak to your instructor.

### **Additional Information:**

#### U of T statement on commitment to equity, human rights, and respect for diversity

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.

#### UTM statement on academic integrity

UTM wishes to remind students that they are expected to adhere to the Code of Behaviour on Academic Matters regardless of the course delivery method. UTM expects that students will maintain the same academic honesty and integrity both in a classroom setting and online. Potential academic offences related to digital contexts include, but are not limited to:

- Accessing unauthorized resources (search engines, chat rooms, Reddit, etc.) for assessments.
- Using technological aids (e.g. software) beyond what is listed as permitted in an assessment.
- Posting test, essay, or exam questions to message boards or social media.
- Creating, accessing, and sharing assessment questions and answers in virtual "course groups."
- Working collaboratively, in-person or online, with others on assessments that are expected to be completed individually.

All suspected cases of academic dishonesty will be investigated following procedures outlined in <a href="the Code of Behaviour on Academic Matters">the Code of Behaviour on Academic Matters</a>. If you have questions or concerns about what constitutes appropriate academic behaviour or appropriate research and citation methods, you are expected to seek out additional information on academic integrity from your instructor or from other institutional resources.

#### **RGASC**

The Robert Gillespie Academic Skills Centre (RGASC) is located in Room 3251 on the third floor of the Maanjiwe nendamowinan Building. The RGASC offers individual consultations, workshops (many CCR-accredited), and a wide range of programs to help students identify and develop the academic skills they need for success in their studies. In Winter 2022, their programming will include both in-person and online options. Visit the <u>RGASC website</u> to explore their online resources, book an in-person or online appointment, or learn about other programming such as Writing Retreats, the Program for Accessing Research Training (PART), Mathematics and Numeracy Support, and dedicated resources for English Language Learners.

## **UTM Library's**

UTM Library - The University of Toronto Library provides access to a vast collection of online and print resources to faculty, staff, and students and is the largest academic library in Canada. The UTM Library offers Reference and Research Help inperson and also virtually, through chat, Zoom, and individual research consultations, to help students navigate library databases, find relevant articles for their research, and cite correctly. The Library Workshops and Events help students learn about the search techniques and specialized software, needed to be successful in their academic journey. For more information, visit <a href="http://library.utm.utoronto.ca">http://library.utm.utoronto.ca</a>.

# **Course Schedule**

Date	Topic	
2022-01-11	Session 1: Overview of Fixed Income Markets	
	(Note: Class schedule may be revised depending on the pace of the course. Please check the course website for any changes and announcements.)	
2022-01-18	Session 2: Yield Curve and Treasury/Federal Agency Securities	
2022-01-25	Session 3: Yield and Other Securities (fixed rate, floating rate and convertible bonds)	
2022-02-01	Session 4: Other Yield Measures and Bonds with Embedded Options	
2022-02-08	Session 5: Factors Affecting Bond Yields and the Term Structure of Interest Rates	
2022-02-15	Session 6: Measuring Interest Rate Risk (Bond Price Volatility) / Corporate Bond Market and Credit Analysis	
2022-03-01	Midterm	
2022-03-08	Session 7: Corporate Bond Market and Credit Analysis	
2022-03-15	Session 8: Credit Risk Modelling and Interest Rate Models	
2022-03-22	Session 9: Mortgage Pass-Through Securities, Collateralized Mortgage Obligations and Mortgage-Backed Securities	
2022-03-29	Session 10: Securitization (Asset-Backed Securities)	
2022-04-05	Session 11: Securitization (cont'd) and Review	
TBA	Final Examination	

Last Date to drop course from Academic Record and GPA is March 13, 2022.

The Course Schedule above is subject to change due to the constantly evolving nature of COVID public health measures. Please check Quercus and emails regularly for any changes to the proposed schedule.