**FIXED INCOME SECURITIES**

**TERMS /CONCEPTS TO BE FAMILIAR WITH**

* Debt Securites
* Bond
* Par value or face value
* Coupon rate
* Bond indenture / covenants
* Zero coupon bonds
* Government securities
* Clean price and dirty price
* Corporate Bonds / Credit ratings
* Determinants of bond safety (Coverage, leverage, liquidity, profitability, cash flow to debt ratios)
* Call and Put provisions
* Floating Rate bonds
* Convertible bonds
* International Bonds (Foreign bonds / euro bonds)[ Yankee, Samurai and bull dog bonds]
* Bond Yields (Nominal, current, YTM, Yield to call)
* Interst Rate Risk (Price risk, reinvestment risk)
* Interest Rate Senstivity (**Burton G. Malkiel** bond theorems)
  1. **Bond prices move inversely to interest rates**
  2. **Longer maturity bonds respond more strongly to a given change in interest rates**
  3. **Price sensitivity increases with maturity at a decreasing rate**
  4. **Lower coupon bonds respond more strongly to a given change in interest rates**
  5. **Price changes are greater when rates fall than they are when rates rise (asymmetry in price changes)**

Duration:

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