

# FIN 4243 – Debt and Money Markets

Fall 2016, Tuesday/Thursday 9:35 AM – 11:30 AM

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Instructor	Email	Office Location & Hours
Nick DeRobertis	derobertisna@ufl.edu	Tuesday/Thursday 11:30 AM - 12:30 PM (after class, and by appointment)

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## Course Materials

### Textbook

Frank Fabozzi, *“Bond Market: Analysis and Strategies,” Sixth Edition*, Prentice Hall.

- Textbook is required but I specifically picked an old edition so that it would be cheap. Any edition is fine. If on the off chance you miss a test question because your edition didn't cover a topic, bring it to my office hours and you'll get the credit back, unless I also covered the material in class.

### Bring to Class Every Day

A calculator, paper, and pen.

### For Homework

A computer with Microsoft Excel 2007 or newer.

## General Information

### Description

This course covers debt analysis and debt portfolio management. My goal is to teach you skills and knowledge which would be applicable in a finance job related to debt. I hope to challenge you but not overwhelm you with technical details. This course requires knowledge of basic financial concepts and algebra. Experience with Microsoft Excel is helpful for homework.

## Class Structure

### A Typical Day

Class will involve a PowerPoint lecture, with questions throughout. I will pause the lecture for you to complete the questions, and may walk around the room giving guidance depending on the type of question. Answers should be put on a piece of paper to be handed in at the end of class. I will grade for completion on these exercises. This also serves as an attendance measure.

### Homework

There will be homework assignments probably once a week. I will assign homework on Thursday which will be due by class on Tuesday. Most weeks I should be able to grade the homework by Thursday for discussion. Homework will be in the form of Excel assignments, which must be completed individually.

I will accept late homework, but I will **subtract 10% from the grade for each day** late. Homework is **due by class time** on Tuesday. If you turn it in five minutes after class starts, I will subtract 10%. Then you have a bit of a grace period where I won't subtract 20% until 12:01 AM Thursday (Wednesday night). But **once I review the homework in class, you are no longer allowed to submit it**. This will usually be Thursday of the same week but not always.

### Assessments

There will be four quizzes and two tests: a midterm and a final. Test and quiz questions can come from either my lecture, or the textbook chapters listed in the course schedule.

The final exam will be focused on topics from the second half of the course, but may be considered cumulative. Some topics from the midterm may show up on the final, especially core concepts and analysis.

The in-class questions and quizzes are designed to prepare you for the tests. I will hand back all of them so you can study them before the tests. As such, I cannot give you any further practice questions.

### How to be Successful in This Class

You should read the relevant textbook chapters before the class, to better understand the lecture. Then look over them again before test time. Beyond the textbook, the in-class questions and homework give you an idea about the test questions relating to my lecture. Studying these as well as the textbook are a great way to prepare for tests and quizzes.

### Make-Up Policy

If you let me know at least two weeks prior to class or if there is an emergency, you may make up quizzes and tests. Please try to be there for the midterm and final, as if you have to make up these tests you will have to complete a make-up exam which may be more difficult. I require documentation for emergencies.

If you miss class, **you cannot make up the in-class questions**. Missing a couple classes will have a negligible effect on your grade.

Homework may be turned in late for reduced credit but not after I have reviewed it in class. See homework section above.

## Grades

### Breakdown

Item	Grade Percentage
Tests (Midterm, Final)	40%
Quizzes (4)	35%
Homework	20%
In-Class Questions	5%

### Grading Scale

Grade	Grade Percentage
A	$\geq 93\%$
A-	90-92%
B+	87-89%
B	83-86%
B-	80-82%
C+	77-79%
C	73-76%
C-	70-72%
D+	67-69%
D	63-66%
D-	60-62%
F	$\leq 59\%$

### Rounding

I will strictly follow standard rounding rules to two decimal places, so 92.45% is the minimum grade for an A. 92.449% is considered an A-.

### Curve

I will strive for a B average in the class. If this requires boosting grades with a curve, this will be done after the final exam. I **will not** reduce grades with a curve even if grades are higher than a B average.

## Exam Schedule

Date	Subject
TBD	Quiz 1
TBD	Quiz 2
October 20 <sup>th</sup>	Midterm Exam
TBD	Quiz 3
TBD	Quiz 4
December 13 <sup>th</sup> , 5:30-7:30 PM	Final Exam

## Main Topics Covered

Subject to change but in approximate order.

### Basic Debt Analysis

- Time Value of Money – Review
- Bond pricing
- Yield to Maturity (YTM)
- Interest rates
- Types of debt
- Risk factors for debt
- Term structure of interest rates

### Debt Portfolio Management

- Duration & Immunization
- Convexity
- Credit risk analysis
- Bond options
- Interest rate swaps
- Credit default swaps