## **Table of Contents**

1.	Introduction	1
2.	Investment Objectives of Institutional Investors	7
Sect	tion I The Instruments	33
3.	Bonds	35
4.	Agency Mortgage-Backed Securities	69
5.	Credit Sensitive Mortgage- and Asset-Backed Securities	111
6.	Interest Rate and Credit Derivatives	149
7.	Financing Positions	187
Sect	tion II Valuation	209
	General Principles of Bond Valuation	211
	Valuation Methodologies	259
	Valuation of Interest Rate Derivative Instruments	307
Sec	tion III Measuring Potential Return and Risk Exposure	355
11.	Total Return Framework	357
12.	Measuring Risk	387
13.	Measuring Interest Rate Risk	421
14.	Credit Analysis	463
Sec	tion IV Portfolio Management Strategies	509
15.	Managing Funds Against a Bond Market Index	511
16.	Managing Funds Against Liabilities	549
17.	Strategies with Futures and Swaps	575
18.	Strategies with Options, Caps, and Floors	619
19.	Managing a Global Bond Portfolio	645
20.	Measuring and Evaluating Performance	667
Appendix: Tax Considerations		689
Ind	ex	709