

1989

Data for Question 8

Face amount of bond: \$10,000.

Purchase date: 1/1/80.

Maturity value: \$10,000.

Maturity date: 12/31/94.

Coupon rate: 8% per year, compounded semiannually.

Coupon dates: 6/30 and 12/31.

Purchaser's yield to maturity: 6% per year, compounded annually.

Question 8

In what range is the amortized value of the bond as of 9/30/89?

- (A) Less than \$10,900
- (B) \$10,900 but less than \$11,100
- (C) \$11,100 but less than \$11,300
- (D) \$11,300 but less than \$11,500
- (E) \$11,500 or more

Data for Question 11

Face amount of bond: \$1,000.

Purchase date: 1/1/92.

Maturity value: \$1,000.

Coupon rate: 8% per year, compounded annually.

Coupon date: 12/31.

Yield to purchaser: 10% per year, compounded annually.

Amortized value of bond at 1/1/97: \$Z.

Amortized value of bond at 1/1/98: \$Z + \$10.25.

Question 11

In what range is the purchase price of the bond?

- (A) Less than \$860
- (B) \$860 but less than \$870
- (C) \$870 but less than \$880
- (D) \$880 but less than \$890
- (E) \$890 or more

2002

Data For Question 8 (4 Points)

A serial bond issue bearing 6% annual coupons, payable semiannually, is to be redeemed at par value at annual intervals over a 20-year period. The first redemption will occur at the end of year 10 in the amount of \$20,000. Each subsequent annual redemption will be \$1,000 less than the preceding one.

Question 8

In what range is the maximum price an investor would pay for the entire issue to realize an effective annual yield of 7%?

- [A] Less than \$190,500
- [B] \$190,500 but less than \$191,000
- [C] \$191,000 but less than \$191,500
- [D] \$191,500 but less than \$192,000
- [E] \$192,000 or more

Data for Question 28 (3 points)

For a given bond:

Par value = \$1,000.

Redemption value = \$1,100.

Term of bond = 10 years.

Coupons =  $r\%$  per year, payable semiannually.

Issue price =  $P$  if yield to maturity is 4%, compounded annually.

Issue price =  $(P - \$95.50)$  if yield to maturity is 5%, compounded annually.

Question 28

In what range is  $r\%$ ?

- (A) Less than 7.2%
- (B) 7.2% but less than 7.7%
- (C) 7.7% but less than 8.2%
- (D) 8.2% but less than 8.7%
- (E) 8.7% or more

Data for Question 21 (4 points)

Data on a bond:

Face amount of bond:	\$1,000.
Terms of redemption:	\$1,000 is redeemable after 10 years.
Coupon rate:	5% per year, payable semi-annually.

X = Premium if yield to maturity is 4%, compounded annually

Y = Discount if yield to maturity is 6%, compounded annually

Question 21

In what range is X minus Y?

- (A) Less than \$7
- (B) \$7 but less than \$10
- (C) \$10 but less than \$13
- (D) \$13 but less than \$16
- (E) \$16 or more

Data for Question 22 (2 points)

Consider the following statements:

- I. The longer a bond's maturity, the greater the bond's price sensitivity to changes in interest rates.
- II. The higher the coupon rate, the greater the bond's price sensitivity to changes in interest rates.
- III. The earlier a bond is callable at par, the greater the bond's price sensitivity to changes in interest rates.

Question 22

Which, if any, of the above statements is (are) true?

- (A) I and II only
- (B) I and III only
- (C) II and III only
- (D) I, II, and III
- (E) The correct answer is not given by (A), (B), (C), or (D) above.

Data for Question 6 (4 points)

Terms of a bond:

Face amount	\$1,000
Redemption amount	\$1,000
Term	20 years
Coupons	5.0%, payable annually

The bond is issued at a discount, which is amortized over the 20-year life of the bond.

The amount the bond is written up in the 16th year is 50% greater than the amount the bond is written up in the 11th year.

Question 6

In what range is the issue price of the bond?

- (A) Less than \$600
- (B) \$600 but less than \$650
- (C) \$650 but less than \$700
- (D) \$700 but less than \$750
- (E) \$750 or more

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