

CFA Society Nashville CFA Exam Review

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CFA, JD, CPA (Inactive)
Lead UWorld Instructor



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“Peter Olinto is an absolute star. He is the best teacher I have ever had, even compared to the professors in my undergraduate and graduate courses at universities. Without him, I would not have succeeded.”

—Terzieva T.

“Peter Olinto is an exceptional teacher, making his videos enjoyable and captivating. They are incredibly well designed, easy to follow, and perfectly timed to keep you fully engaged. I am extremely satisfied with UWorld products and have already recommended them to friends.”

—Dante R.

Why UWorld? The Choice Is Simple.

Candidates understand exactly what they need to know and how to apply this knowledge on exam day.

- Industry-leading questions with detailed explanations improve comprehension and retention.
- Engaging lectures break down complex topics and bring exam concepts to life.



Bond Pricing and the Time Value of Money

✓ LOS: Calculate a bond's price given a yield-to-maturity on or between coupon dates.

Bond Pricing with a Market Discount Rate *Single STM A.T.V. - spot rates*

Bond prices are based on discounted cash flows. Market value is the present value (PV) of the scheduled cash flows over a bond's life. For a plain vanilla fixed-rate term bond, the cash flows consist of periodic coupon interest payments and principal repayment at maturity. The discount rate used is the market discount rate, which is the investors' required yield—also known as the required rate of return or yield-to-maturity (YTM).

Consider the example of a 4-year ($N = 4$), \$1,000 par value bond ($FV = 1,000$) with a 10% coupon ($PMT = 0.10 \times 1,000 = 100$). The following scenarios illustrate:

- how the price of the bond is calculated, and
- several important relationships regarding bond prices and the contract features.

Scenario A

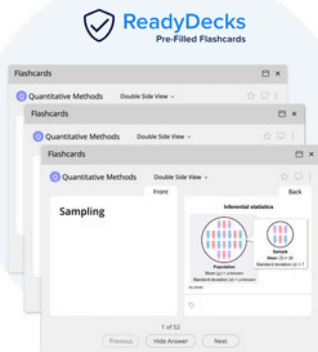
Assume that the market discount rate for this bond equals its coupon rate (ie, interest = $r = 10\%$). The price of the bond can be calculated as:

$$\frac{100}{(1 + 0.1)^1} + \frac{100}{(1 + 0.1)^2} + \frac{100}{(1 + 0.1)^3} + \frac{1,100}{(1 + 0.1)^4} = \$1,000$$

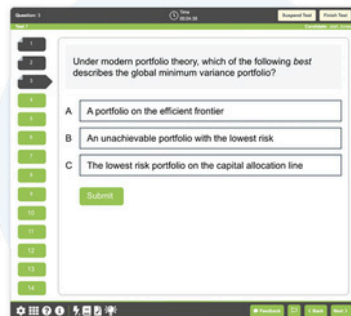
- In TI calculator keystrokes: $FV = 1,000$; $PMT = 100$; $N = 4$; $I/Y = 10$
- When the coupon rate on a bond equals the market discount rate, the bond price equals its par value.

Scenario B

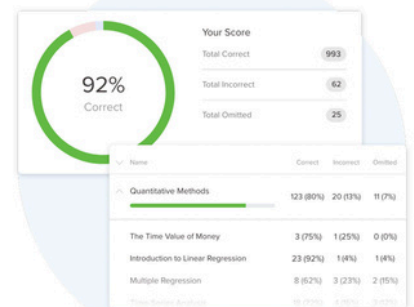
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Expert-developed pre-populated ReadyDecks save time and effort.



Mock exams replicate the actual CFA exam, offering a simulated test day experience.



Detailed performance metrics outline candidate strengths and areas for further review.



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