Assignment 4

Financial Investments
Lecturer: Axel Araneda, PhD.
Masaryk University
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1. A portfolio manager is considering the purchase of a bond with a 5.5% coupon rate that pays interest annually and matures in three years. If the required rate of return on the bond is 5%, the price of the bond per 100 of par value is closest to?
2. An investor who owns a bond with a 9% coupon rate that pays interest semiannually and matures in three years is considering its sale. If the required rate of return on the bond is 11%, the price of the bond per 100 of par value is closest to?
3. A zero-coupon bond matures in 10 years. At a market discount rate of 4.5% per year and assuming annual compounding, the price of the bond per 100 of par value is closest to:
4. A bond traded at par has a maturity equal to 2 years and semiannual coupons of 10 percent. What is the yield to maturity?

You should deliver your results by IS at the end of the seminar