

Assignment 5

Financial Investments
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1. A Bond is described as follow

- Annual coupon 8%
- Coupon payment frequency: quarterly
- Interest payment dates: March 1, June 1, September 1 and December 1.
- Maturity: December 1, 2024
- Day count convention: 30/360
- Annual YTM: 4%

- (a) What is the full price of the bond today?
- (b) What is the clean price for bond today?
- (c) What is the full and clean price of the bond on January 1, 2024.

2. A Bond is described as follow

- Annual coupon 8%
- Coupon payment frequency: semiannual
- Interest payment dates: June 1 and December 1.
- Maturity: December 1, 2024
- Day count convention: 21/252
- Annual YTM: 4%

- (a) What is the full price of the bond today?
- (b) What is the clean price for bond today?
- (c) What is the full and clean price of the bond on January 1, 2023.

3. Valuate a FRN with 2-years of maturity and a fixed annual payments of coupon rate (5%), where the 1 year market discount rate is equal to 3% and the 1y2y implicit forward rate of 1%.