

Chapter 5

- Time value of money
- Future value (FV)
- Present value (PV)
- Interest rate (r)
- Simple interest vs compound interest
- Compounding vs discounting
- Be able to compute: PV, FV, Number of periods (N), and r
- Relationship between interest rates and PV

Chapter 6

- Be able to value a stream of uneven cash flows
- Be able to value a stream of even cash flows
- Annuity
 - Ordinary Annuity
 - Annuity Due
- Perpetuity
- Calculate PV, FV, N , r , and PMT with annuities
- Calculate PV, C , r for perpetuity
- Growing perpetuity (define and calculate PV)
 - C occurs at time 1
- Growing annuity (define and calculate PV)
 - C occurs at time 1
- APR and EAR (define and calculate)
- Continuous compounding
- Loan types
 - Pure discount
 - Interest only
 - Amortized

Chapter 7

- Bond definitions
 - Bond
 - Par value (face value)
 - Coupon rate
 - Coupon payment
 - Maturity date
 - Yield to maturity (YTM)
- Need to be able to value a bond
- Given Price, coupon rate, payment frequency, maturity, face value and YTM be able to calculate missing piece.
- Interest rate risk (relationship between YTM and bond value)
- Premium, par, and discount bond
- Current yield, YTM, and capital gains yield.
- Terminology
 - Securities
 - Differences between debt and equity
 - What defines long-term debt?

- Note vs Bond
 - Indenture
 - Registered form vs bearer form
 - Security
 - Collateral, mortgage securities
 - Debenture
 - Seniority
 - Sinking fund
 - Call provisions
 - Call premium
 - Deferred call provision
 - Call protected bond
 - Protective covenants
 - Negative vs Positive
 - Bond Ratings
 - Government debt
 - Bill, Note, Bond
 - Municipals
 - Zero coupon bonds(Zeroes)
 - Floating rate bonds
 - Collar
 - Inflation linked bond (TIPS)
 - Warrant
 - Income bonds
 - Convertible bond
 - Structured notes
 - Put provision
 - Put bond
- Bond Market
 - Read and interpret treasury quote
 - Bid, ask, bid-ask spread
 - Clean vs Dirty bond price
 - Real vs Nominal
 - Fisher effect
 - Term structure of interest rates
 - Upward sloping
 - Downward sloping
 - Components
 - Treasury Yield
 - Risk factors
 - Default
 - Taxability
 - Liquidity