**MIDTERM EXAM REVIEW**

MIDTERM I – BONDs– 50%

1. Calculate Bond Price / Invoice Price
	1. MV of the Bond = Price x 10, Invoice Price = MV + Accrued Interest



1. YTM, YTC, YTW, Current Yield – (input Issue Date, Trading Day, Price of The bond, redemption, frequency, coupon rate)



1. Price, Duration, Convexity – Spreadsheet that you need to build)



The formula for calculating the convexity is as follows:

$$Convexity=\frac{\frac{1}{(1+y)^{2}} \sum\_{1}^{n}\frac{CF}{(1+y)^{t}} (t^{2}+t)}{MV . f^{2}}$$

Where $y$is the periodic yield, t is the time period, CF is the cash flow payment or the coupon payment, n is the number is periods, and$ f$is the frequency of payments per year

MIDTERM II – LOANs and CLOs– 50%

Corporate loans



OID Loan Yield = LIBOR + Spread + (100% - OID)/4 years

Market Loan Yield = LIBOR + Spread + (100% - MP)/Avg Life

CLOs