**Final Exam – What to Expect**

FINE 7110 – Investments

Fall 2021

Tuesday Dec. 14

1. You will be given the data for a portfolio of bonds. I will ask you to calculate the duration of the portfolio, the modified duration of the portfolio, and the convexity of one of the bonds in the portfolio. I will ask you some additional questions about how the portfolio will respond to changes in interest rates and how you might hedge your position.
2. I will give you the maturity, YTM, and price of several actively-traded bonds. You will be asked to bootstrap a few zero-coupon rates (Zs), find some implied forward rates from those Zs, and use those values to price a new bond and find its YTM.
3. You will be asked to submit your answers to the Duration and Bootstrapping Assignment. Please come to the exam with your answers on paper (typed), ready to turn in, and your Excel work on a spreadsheet, ready to upload to Canvas.
4. There will be several multiple choice questions dealing with fixed income material that we have covered. Some will be quantitative. None of these questions will be based on material which was included on the midterm exam but not discussed since the midterm exam.

You will be expected to come to the exam with a laptop that has Excel and its add-ins installed. You will need to be able to access the internet. You must start the exam with a clean Excel spreadsheet and may **not** copy and paste from any other spreadsheets. If you do, it will be considered to be a violation of the honor code. You may bring two pieces of paper (8.5 x 11) with notes written on both sides. You may look at anything on our class website and may work with any of the spreadsheets on our class website, but you may not copy and paste from any of them. You may not visit any other website. You will turn in the hard copy of the exam with all your answers on it as well as your two pages of notes. You will upload your Excel work (on a single spreadsheet with multiple tabs) to Canvas.