

## **Week #15 – Exam #4 Starting This Wednesday – Beginning Options & Futures Next Week**

Welcome to week #15. We are ready to have exam #4. It will be available starting this Wednesday night (May 1<sup>st</sup>) and be available until this Sunday night (May 5<sup>th</sup>). It will cover bonds (chapters 9 and 10 with some material from 18, 19, and 20) and diversification & asset allocation (chapter 11). Hybrid securities (preferred stock and convertible securities) will not be covered in the exam. You will need the bond formulas and present value tables with you when you take the second portion of the exam. Make sure you understand and can do the calculations in the worksheets (which are exactly the same as the calculations in the chapter 10 assignment). Remember that answer keys and commentaries are available for each worksheet on the class web page. There will also be a Constant Perpetual Growth Model and a Discounted Cash Flow Model problem. These are from chapter 6. (Do you get the feeling that we want you to know how to do these problems? Yes!)

As we have said before, the book goes into far more detail about bonds than is necessary. Make sure you understand the material that is in the presentations and lectures. Remember that there is a book on reserve in the library.

With the completion of chapter 11, we have finished the most important material in our class. Our next topics are options & futures (derivatives) and then buying on margin & shorting. Although you need to know these topics, hopefully you will stay far away from them as an investor (especially options & futures, and shorting). We will discuss them in detail in the coming weeks along with short discussions on brokerage firms and account types. We will end the semester with some short presentations on other investment alternatives including real estate, precious metals, and other hard assets. None of these topics will be on exam #4 (but they will be on the final exam).

We are getting near the end, Folks. There are only three weeks of instruction left. That means you have no time to waste! Please submit any assignments that you have, even if they are late. You already know how I am going to end this, right?

Don't Give Up! ***Never*** Give Up!

Sincerely,

Frank Paiano

P.S. Exam #4 on bonds (chapters 9, 10, and a little bit from chapters 18, 19, 20) and diversification & asset allocation (chapter 11) will be available starting this Wednesday. Hybrid securities (preferred stock and convertible securities) and options and futures contracts will not be included in exam #4.