

Week #12 – Continuing Bonds and Starting Hybrid Securities (*Snore...*)

So how are bonds coming along? Real exciting stuff, huh? (Yeah, right...) Have you started on chapter 10, Bond Yields and Pricing, yet? There you will find some calculations, including some present value calculations that are very similar to something that you have already seen, the chapter 6 present value calculations. It is pretty exciting stuff, after all! There are commentaries and answer keys for the worksheets on the class web page. There is also a spreadsheet that does the calculations automatically for you.

The material for hybrid securities, preferred stock and convertible securities, (parts of chapter 18 but mostly lecture notes) is also available. When you finish with the bond yields and pricing calculations, please get started on this section. They are a very small part of the investing universe and the few calculations are extremely easy. (The assignment is incredibly easy – the easiest 5 points all semester!) Please use the bond discussion forum for your questions on hybrid securities as well as bonds. The forum dedicated to bonds and hybrid securities is called *The Bond Beanery*. You can post your questions anonymously.

Please remember that there is a text book in the library that you can read in the library and that you can always submit your assignments, even if they are late. There will be a penalty for submitting them late, but it is worth your while. *Please* check the feedback on your assignments. Often, there will be an opportunity to resubmit the assignment for further credit. You don't want to miss out on the opportunity to get further credit, right?

After Spring Break, we will get started on chapter 11, Asset Allocation. Here is where we will look back upon our studies of stocks, bonds, and mutual funds, and tie them all together. Our next exam (#4) will then be available the week after we get back from Spring Break. It will cover bonds, hybrid securities, and asset allocation. It will also contain the same calculations from chapter 6 that were on exam #2 and exam #3. Make sure you can do the Constant Perpetual Growth Model and the Discounted Cash Flow Model problems! (You are not going to leave this class without knowing how to discount a stream of future cash flows!)

I do so hope that you are enjoying your studies about investments. It is a very great honor and privilege to teach this material. Keep Up The Great Work! Don't Give Up! *Never* Give Up!

Sincerely,

Frank Paiano

P.S. Finish chapter 9 if you have not done so already and get started on chapter 10, Bond Yields and Pricing. Next we will cover chapter 18, Hybrid Securities, and chapter 11, Asset Allocation. The week after we return from Spring Break, we will have exam #4 on bonds (chapters 9 & 10), hybrid securities (chapter 18), and asset allocation (chapter 11).

P.P.S. *Psst!* Spring Break Is A Great Time To Catch Up On Your Studies And Submit Late Assignments! Don't Give Up! *Never* Give Up! (Yes, yes, I know. I repeat myself over and over. That is okay as the message is so important, especially when you are feeling completely overwhelmed, like right now!)