

## CFA® SAMPLE QUESTION – LEVEL I

### Fixed Income

**Q:** Assume that the current price of a bond is 102.50. If interest rates increase by 0.5% the value of the bond decreases to 100 and if interest rates decrease by 0.5% the price of the bond increases to 105.5. What is the effective duration of the bond?

- (a)** 5.37
- (b)** 5.50
- (c)** 5.48



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