

CFA® SAMPLE QUESTION - LEVEL I

Fixed Income

Q: A 15-year bond pays no interest for 5 years. Then it pays \$366.5, followed by payments of \$50 semiannually for 8 years. Finally it pays an additional \$1,500 at maturity.

This bond is an example of:

CORRECT ANSWER:

Ⓒ deferred coupon bond

The above coupon payment pattern describes a "Deferred Coupon Bond".

The first payment of \$366.5 is the value of the accrued coupon payments for the first 5 years of time.



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