

## CFA® SAMPLE QUESTION - LEVEL I

### Fixed Income

**Q:** From the perspective of the bondholder, which of the following pairs of options would add value to a straight (option-free) bond?

#### CORRECT ANSWER:

**(a) Put option, conversion option**

A put option, conversion option, and exchange option all have positive value to the bondholder.

The other options favor the issuer and have a lower value than a straight bond (i.e. accelerated sinking fund provision, Prepayment option)



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