**FINANCIAL MANAGEMENT**

**ASSIGNMENT – 9**

**Valuation – I**

**Fixed Income Securities**

1. A bond is expected to pay Rs 10 every year on Face Value of Rs 100, for 5 years. If the bond is trading in the market at Rs 98, is the yield to maturity higher than 10% or lower than 10%? Explain

2. If the return on a bond is 9%, and the inflation rate is 4%, what is the real rate of return?

3. Explain the ratings structure for rating agencies. A bond with the highest safety would be rated – AAA/ BBB / A