

# T-503-AFLE: Class Test 1

- **Duration:** 1.5 hours
  - **Total Marks:** 20 marks
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## Academic Integrity Statement

- I commit to completing this exam in the spirit of fairness and academic integrity and I understand that academic dishonesty and cheating are against RU assessment policies and that the consequences of such behaviour may be severe.
- I commit to completing this exam to the best of my ability so that it accurately reflects my learning to date in this course.

By continuing to the exam and/or by submitting the exam, I commit to the above.

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## Instructions

- Use **as much precision as possible** for any intermediate calculations (6 decimal places on a standard calculator).
- You may round your final answers to **2 decimal places**.
- Number each sheet.

## Formulae

### Forward Price Formulas

$$F_{0,T} = \begin{cases} S(0)e^{rT} - \underbrace{\sum_{i=1}^n d_i e^{r(T-t_i)}}_{FV_{0,T}(\text{Div})}, & \text{for discrete dividends} \\ S(0)e^{(r-\delta)T}, & \text{for continuous proportional dividends} \end{cases}$$

### From Prepaid Forwards to Forwards

$$F_{0,T} = FV_{0,T}(F_{0,T}^P) \quad \text{or} \quad F_{0,T}^P = PV_{0,T}(F_{0,T}).$$