# Bonds & Fixed Income Securities

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| Instructor |  | Name |  |
|  |  | Class |  |
|  |  | Period |  |
|  |  | Date |  |

Read each question carefully, and then write T (true) or F (false) on the line next to the question.

1. A bond is a financial contract where one -party, the debtor, loans money to the borrower, or creditor, in return for a series of fixed interest payments and the return of the face value, or par value of the bond.
2. Fixed income securities pay a fixed amount and promise to return your principal at some point in the future.
3. Fixed income securities often appeal to people in their 20’s.
4. US Treasury is the largest issuer of debt securities in the world.
5. Bondholders have priority over stockholders.
6. Bond yield is the rate of return if you hold the bond until maturity.
7. Market interest rates and bond prices move in the same direction.
8. Bonds are considered less risky than stocks.
9. If you sell a CD before the maturity date there is usually not penalty or fee.
10. A call feature on a bond means the issuer can call away your bond in exchange for cash payment in excess of the face value, before the maturity date.
11. Default risk means inflation will reduce the buying power of your future fixed cash flows.
12. Interest rate risk means interest rate rise will cause bond prices to fall.
13. **F** A bond is a financial contract where one -party, the debtor, loans money to the borrower, or creditor, in return for a series of fixed interest payments and the return of the face value, or par value of the bond.
14. **T** Fixed income securities pay a fixed amount and promise to return your principal at some point in the future.
15. **F** Fixed income securities often appeal to people in their 20’s.
16. **T** US Treasury is the largest issuer of debt securities in the world.
17. **T** Bondholders have priority over stockholders.
18. **T** Bond yield is the rate of return if you hold the bond until maturity.
19. **F** Market interest rates and bond prices move in the same direction.
20. **T**  Bonds are considered less risky than stocks.
21. **F**  If you sell a CD before the maturity date there is usually not penalty or fee.
22. **T**  A call feature on a bond means the issuer can call away your bond in exchange for cash payment in excess of the face value, before the maturity date.
23. **F** Default risk means inflation will reduce the buying power of your future fixed cash flows.
24. **T** Interest rate risk means interest rate rise will cause bond prices to fall.