

Fixed income

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This part presents an introduction to fixed income investment world. Fixed income is the exam topic for all three levels of CFA exam. In level 1 exam, the candidates will learn lots of introductory definitions which act as basic stones to build the analyzing and valuation skills in higher level exams.

The syllabus can be split into 4 parts: basic concepts, risk analysis, fixed income instruments, and valuation methods. Important topics include features of fixed income investments, durations and convexity, discounted cash flow pricing method, types of risks and risk measurements, mortgage back securities etc. Lots of concepts look very similar at the first reading and possibly create confusions. The candidates are recommended to have careful studies to be able to clear confusions and apply them to solve the exam questions

The exam questions will be both qualitative and quantitative forms. To succeed in this topic, a thorough understanding of the topic is required, not just memorizing. The candidate will need to use financial calculators.