

## Errata and Updates for ASM Exam IFM (Second Edition) Sorted by Page

- [10/26/2021] On page 3, on the sixth line, change the comma after “value” to a period.
- [10/26/2021] On page 67, 6 lines from the bottom of the page, change 0.18 $q$  to 0.18 $b$ .
- [10/26/2021] On page 91, 5 lines after Quiz 7-1, change “the unlevered cost of capital is higher” to “the unlevered beta is higher”.
- [10/26/2021] On page 98, in the solution to exercise 7.2, on the fourth line, change 0.18 to 0.08.
- [10/26/2021] On page 110, replace the solution to exercise 8.6 with
- APT can use various risk factors, and does not have to use the market portfolio, so I is true and II is false. However, its structure is more complicated than CAPM, which just uses one factor. **(A)**
- [10/26/2021] On page 137, in the solution to exercise 11.8, on the fourth line, change “beta of distress costs” to “rate of return of distress costs”. On the fifth line, change  $(1 - (-0.12))$  to  $(1 + (-0.12))$ .
- [10/26/2021] On page 445, in the solution to exercise 27.19, 3 lines from the end (the line beginning with “2.”), change “There is 1 down” to “There is 1 down and 1 up in either order”.
- [10/26/2021] On page 492, in the solution to exercise 29.27, 4 lines from the end, move the last right parenthesis to the end of the line so that it reads
- $$= \Pr(\ln Q(2) + 2 \ln Q(3) > 0)$$
- [10/26/2021] On page 499, in exercise 30.3, on the last line of the paragraph beginning with “2.”, change “flowx” to “flows”.
- [10/26/2021] On page 508, 3 lines above the paragraph beginning with “2. *Guaranteed*”, change “MDBG” to “GMDB”.
- [10/26/2021] On page 509, 4 lines above Section 31.3, change “strike price  $R$ ” to “strike price  $B + C$ ”.
- [10/26/2021] On page 529, in question 16, on the second and last lines, change “MDBG” to “GMDB”.
- [10/26/2021] On page 530, in question 21, in answer choice (D), change “i” to “I”.
- [10/26/2021] On page 535, in question 4, on the first line of the matrix, change 0,32 to 0.32 (change the comma to a period).
- [10/26/2021] On page 566, change question 15(v) to  $\text{Var}(\ln F_{0.25-t, 0.25}^P(S)) = 0.09t$ .
- [10/26/2021] On page 626, in the solution to question 16, on the third displayed line and on the second-to-last displayed line, change  $-d2$  to  $-d_2$ , once on each line. Also, on the first and last lines, change “MDBG” to “GMDB”.
- [10/26/2021] On page 653, in the solution to question 15, in the second sentence, change “variance of a prepaid forward” to “variance of the logarithm of a prepaid forward”.