

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

- [2/20/2022] On page 4975, in the solution to Example 30B, the final answer is 4.70880 million. The last sentence of the solution should be deleted.
- [2/11/2022] On page 509, replace the sentence after the list of five items in Section 31.2 with  
The insurance company pays the excess of the balance of the loan and these costs over the proceeds of the foreclosure sale, if positive.
- [1/12/2022] On page 455, on the first line of the solution to Example 28C, change “strike price 50” to “strike price 40”.
- [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  $0.18q$  to  $0.18b$ .
- [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”.