MILLION DOLLAR QUESTION:
HOW WELL DO YOU KNOW INVESTMENTS?

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VICE PRESDIENT

5/3 SECURITIES, INC.

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Who Wants to Be a Millionaire Theme - Team Style Competition

- We need 12 Volunteers Total – 6 Finance Professionals For Each Team
  - 4 each with 0-5 yrs of experience (2 on Each Team)
  - 4 each with 5-10yrs of experience (2 on Each Team)
  - 4 each with 10yrs+ of experience (2 of Each Team)
- Choose Team Names – 10 Total Questions – 3 Questions for Each Group and 1 Team Question
- Additional Bonus Question and Tie-Break Question if Needed
- Team With Most Points / Correct Answers Wins
- 2 Lifelines Available - If Needed – Only for the First 6 Questions
  - Ask The Audience
  - 50/50

*****PRIZES WILL BE AWARDED*****

Question #1

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C. 3 years

D. 5 years

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(4.5) obligations of corporations organized in the United States with assets exceeding $500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest classifications established by at least 2 standard rating services and which mature more than 270 days but less than 3 years from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations, and (iii) no more than one-third of the public agency's funds may be invested in obligations of corporations under this paragraph (4.5)

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B. Bullet Investment Strategy

C. Discount Bond Investment Strategy

D. Laddered Investment Strategy

E. Premium Bond Strategy

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Different Investment Strategies:

- Barbell Investment Strategy – Invests in the short and long end of the yield curve
- Bullet Investment Strategy – Invests at different times to the same maturity timeframe
- Discount Bond Investment Strategy - Purchasing Lower Coupon bonds at a discount to their par value
- Premium Bond Strategy – Purchasing Higher Coupon Bonds at a premium to their par value
- Laddered Investment Strategy - A laddered portfolio is structured by purchasing several bonds with consecutive maturities. As each bond matures, proceeds are reinvested in a new bond having a maturity that corresponds with the longest term on the ladder, which often is near the highest point of the yield curve.

  This investment technique provides the benefit of blending higher long-term rates with short-term liquidity. The resulting diversification helps to reduce risk, improve returns and allow for reinvestment flexibility, while also providing liquidity and a predictable cash flow.

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C. You – As the Investor
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D. 20 years

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A. A Taxable Muni Bond with a 5.00% Coupon and a 1.00% Yield (Premium Price)
B. A US Treasury Bond with a 4.00% Coupon and a 2.00% Yield (Premium Price)
C. A CD with a 3.00% Coupon and a 3.00% Yield (Par Price)
D. A Corporate Bond with a 2.00% Coupon and a 4.00% Yield (Discounted Price)
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E. $60,000

F. $80,000

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Option	#1	#2
Term	2yr	2yr
Par Amount	$1,000,000	$1,000,000
Coupon	3.00%	4.00%
Discount / Par	$98.00	$100.00
Dollars Spent (Cost)	$980,000	$1,000,000
Maturity Amount - Dollars Paid Back on Maturity	$1,000,000	$1,000,000
Net Price Appreciation/Depreciation	$20,000.00	-
Interest Earned from Coupon Payments	$30,000 x 2yrs = $60,000	$40,000 x 2yrs = $80,000
Total Dollars Earned Over 2 Years	$80,000	$80,000
Yield	4.00%	4.00%

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Must answer both questions right in or to get the question right?

Choose 1: A. Market Value Up or B. Market Value Down

Choose 1: C. Realized Gain, D. Realized Loss, E. Unrealized Gain, F. Unrealized Loss

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Question #10 – No Lifelines Available

Last week the CPI, YoY Data came out. What was the Number?

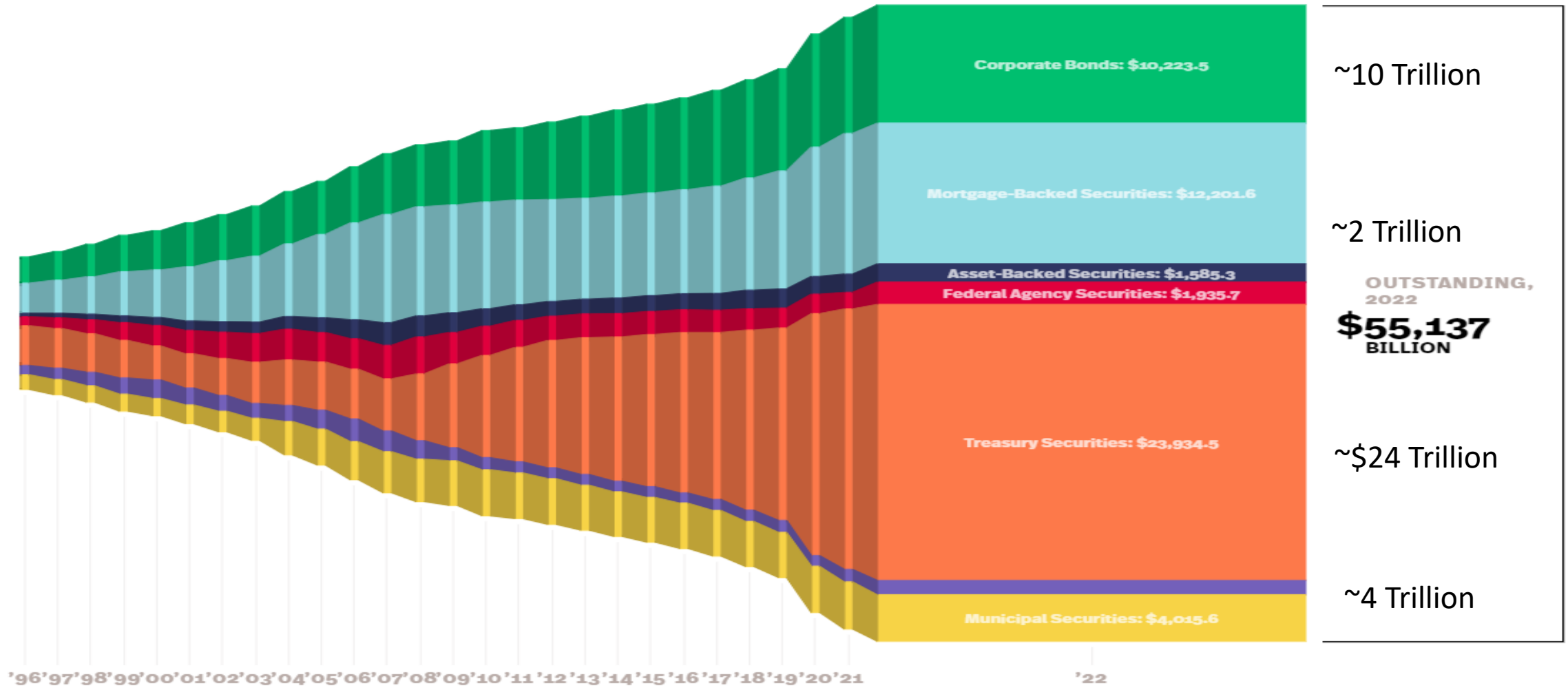
Bonus Question: No Lifelines Available

Out of these 4 Different Bond Asset Classes Listed Below, which Asset Class currently has the Most Outstanding Debt?

A. Corporate Bonds
B. Government Agency Bonds
C. US Treasuries
D. Municipal Bonds

Fixed Income Outstanding

ALL QUARTERS | **ALL YEARS** | 2-YR. INTERVAL | 5-YR. INTERVAL



~10 Trillion

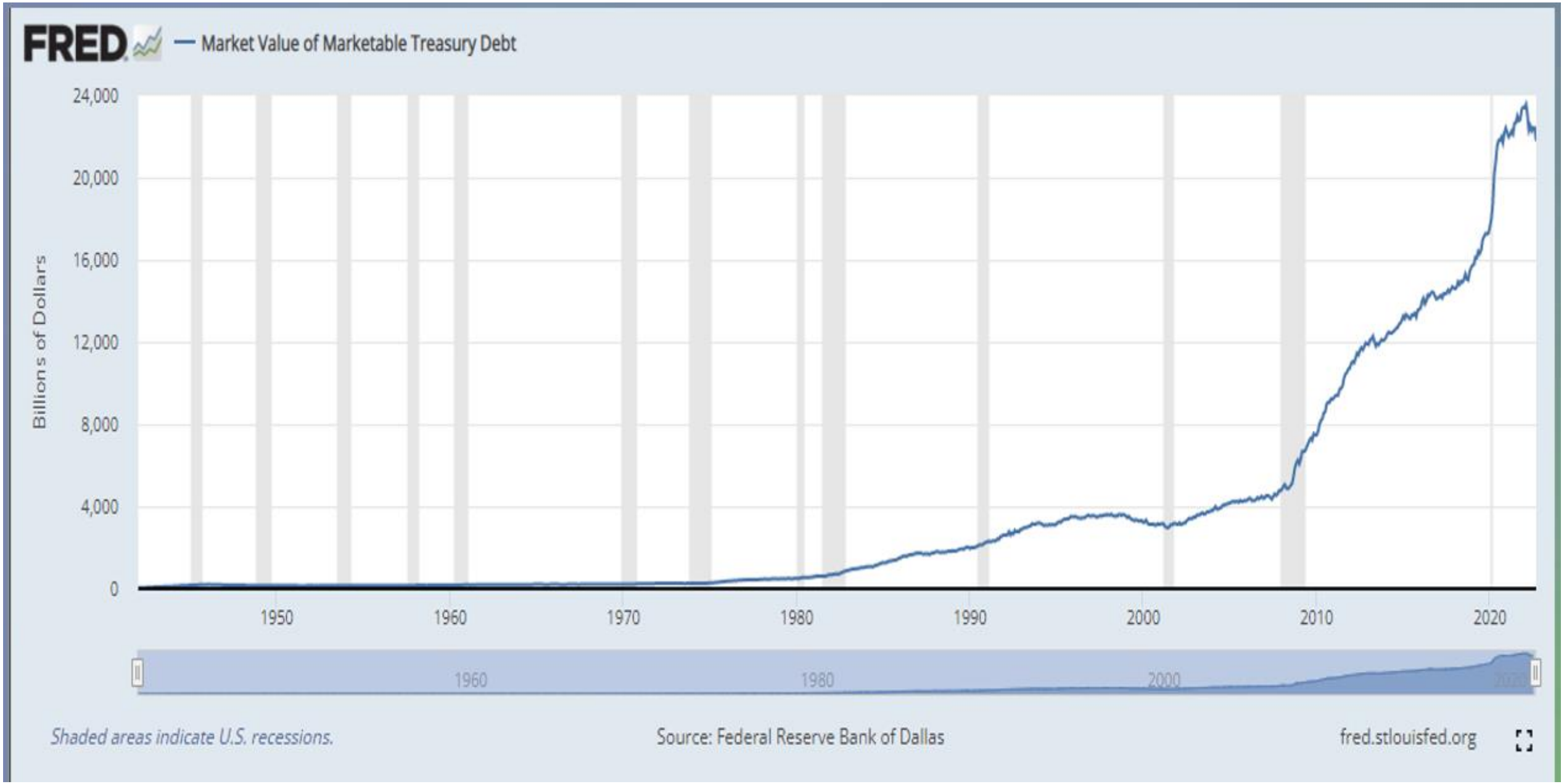
~2 Trillion

OUTSTANDING, 2022
$55,137 BILLION

~$24 Trillion

~4 Trillion

Source: SIFMA


FRED
— Market Value of Marketable Treasury Debt
Billions of Dollars
24,000
20,000
16,000
12,000
8,000
4,000
0
1950
1960
1970
1980
1990
2000
2010
2020
1960
1980
2000
Shaded areas indicate U.S. recessions.
Source: Federal Reserve Bank of Dallas
fred.stlouisfed.org

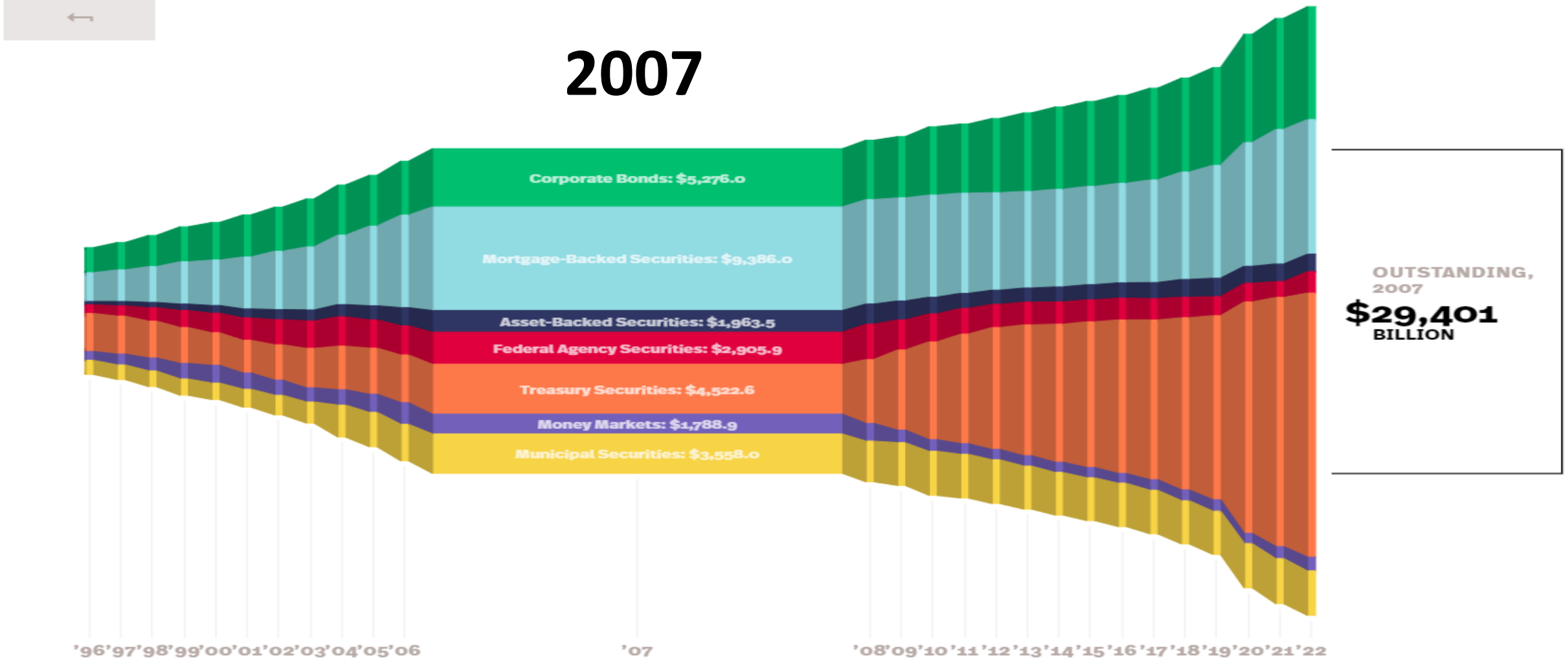
Additional Bonus/Tie-Break Question:

What was the last year where Treasuries did NOT have the most Outstanding of those 4 different asset classes?

A. 2006
B. 2007
C. 2008
D. 2009

Fixed Income Outstanding

ALL QUARTERS | **ALL YEARS** | 2-YR. INTERVAL | 5-YR. INTERVAL



Source: SIFMA

Any Questions?
Thanks for Playing!

JOE PELLEGRINO
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