

ACTEX IFM Study Manual

2019 Edition

Errata

March 16, 2020

- M1-8, lines 3 and 6 of the solution of Example 1.1.5: change 8 before the second “=” to 9 [Note: This correction applies to Spring 2019 Edition only]
- M1-11 Example 1.1.7. Change “the previous example” to “Example 1.1.5”.
- M1-37 Example 1.2.3 should be labelled as Example 1.2.4; likewise, Example 1.2.4 and Example 1.2.5 on M1-39 should be labelled as Example 1.2.5 and Example 1.2.6, respectively.
- M1-63 #21 statement (ii): Change to “The stock’s volatility is 31%”.
- M2-10 Table for Questions #1 to #3 Change “Average default rate” to “Default rate in a normal economy”.
- M7-23 #4 Change the two 14620.9213 in the table to 104620.9213.
- M7-24 #9(a) Change the first β_D to β_U .
- M7-34 Example 7.2.3 solution: Last row of the table: Change 30 to 40.
- M7-30 Example 7.2.1: (2) Equity plus a **zero-coupon** debt with...
last line: There is nothing **left** for the equity holders.
- M7-33 The end of the first paragraph in “Indirect Costs of Financial Distress”
... are often higher than direct costs and **there is** no limit on the indirect costs.
- M7-39 #2 (III): The use **of** equity financing ...
- M7-45 2nd paragraph of Description of Questions 20 to 23: ... is equity plus **a zero-coupon** debt ...
- M7-50 #21 last sentence: change 84.62 to **87.62**.
- M7-63 Solution at the top: (b) line 2: ... out to be **unsuccessful** (the ...
- M7-65 3 lines preceding Example 7.3.6: packing should read **pecking**

- M8-37 Delete “book-to-market ratios” in line 2 in the section labelled “Size Effects”. Also, delete the last sentence in the same paragraph.
- M9-44 #3 The correct answer is (D).
- M10-7 line 10: Change $P(m)$ to $P(t)$.
- M10-23, Section 10.2.2, line 13: Delete “a constant”