

CACS Paper 2 – Industry & Product Knowledge

Summary of Updates (May 2019 – Version 2.2)

The updates made to the CACS Paper 2 (Apr 2019 – Version 2.1) are summarized as follows:

- *Additions / updates / corrections are indicated in blue italics.
Deletions are indicated in strikethrough.
Section and page references relate to the updated study guide.*

Chapter / Section	Page No	Update / Amendment
Chapter 3 – Foreign Exchange Analysis		
3.4.1 – Forward Rates	35	<p>Example – Forward Rates</p> <p>The spot exchange rate and 3-month interest rates are as follows:</p> <ul style="list-style-type: none"> • Spot USD/SGD = 1.3228 • 3 month SGD interest rate = 1.51% • 3 month USD interest rate = 2.36% <p>Therefore the 3-month USD/SGD Forward Rate:</p> <p><i>Assume that the day count for both SGD and USD currencies is 360. The 3-month USD/SGD Forward Rate would therefore be:</i></p> $1.3228 \times [(1 + (1.51\% \times 90/360)) / (1 + (2.36\% \times 90/360))] = 1.3200$
Chapter 5 – Equity Analysis and Strategies		
5.5.1 – Market Weighted or Capitalization Weighted Indices	58	<p>This is the most popular method. In this category are the Standard & Poor’s (“S&P”) 500, Straits Times (“STI”) and Hang Seng (“HS <i>HSI</i>”) Indices.</p>

Chapter / Section	Page No	Update / Amendment
Chapter 8 - Derivatives		
8.4.7 – Maximum Gain, Maximum Loss and Breakeven at Expiration	129	Using example above, if the price of the call <i>put</i> option is \$4 and the option's exercise price is \$130, the breakeven point for the put option buyer is when the price of the underlying is exactly \$126.