



## Yield

The Yield shows the interest actually received or anticipated by investors. Current Yield shows the rate actually gained at the current price. Calculating the current yield requires the price for the bond, which may not be easy to find depending on the bond.

$$\text{Current Yield} = \text{Annual Coupon Interest} / \text{Current Price}$$

Current yields received change based on whether the price is purchased at a premium or discount to the actual coupon rate. Since price changes daily, the potential current yield for a bond being purchased changes daily. Since you can buy into a bond after issue at a price different than par value, it's possible to receive a different actual yield than the coupon rate. The Purchase Yield shows the rate at your bond purchase price.

$$\text{Purchase Yield} = \text{Annual Coupon Interest} / \text{Purchase Price}$$

Your yield will always be the price you purchased the bond at, assuming it is not called between interest payments, defaulted, or converted for shares. This excludes variable or adjustable bonds. Variable or adjustable bonds can change their interest payment during the year, so their yield can change after purchase.

The Yield to Maturity states the annual rate the bondholder receives if they hold the bond until it matures. This includes the capital gain at the redemption of the bond. This measure factors in several differing statistics.

$$\text{Yield to Maturity} = (\text{Coupon Rate} + ((\text{Face Value} - \text{Price}) / \text{Years to Maturity})) / ((\text{Face Value} + \text{Price}) / 2)$$