Public

CFA Institute®

Curriculum Errata Notice

2026 Level I CFA Program

Issue date: October 2026

Welcome to the Curriculum Errata Notice.

We review and confirm potential errors to ensure you can study with confidence. This notice includes reported issues that could affect your understanding, such as miscalculations, incorrect explanations, or mislabeled exhibits.

For the most current information, regularly check the Learning Ecosystem (Canvas) or this document. Due to the nature of our publishing process, corrections may not appear immediately in our printed materials.

In this document, you will find:

- Table of Contents by Course
- New Errata marked since the last notice
- Full list of errata organized by Course

If you spot something that seems incorrect, please let us know: cfainst.is/errata. Every report is carefully reviewed and investigated by our subject matter experts.

All the best as you continue your studies!

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New errata

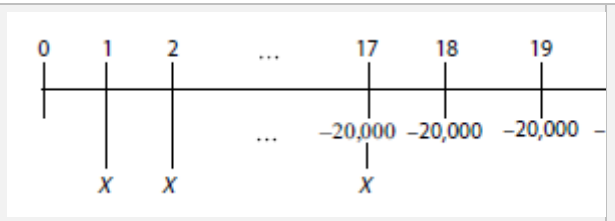
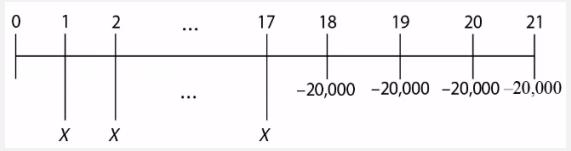
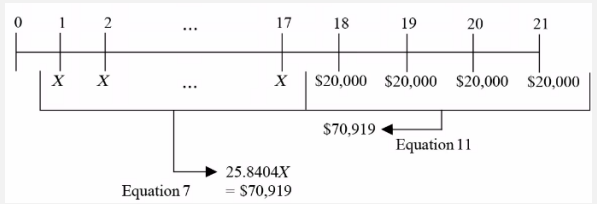
Here are new posted errata since our last issue. You'll also find these same errata listed in the "Complete list of errata" below.

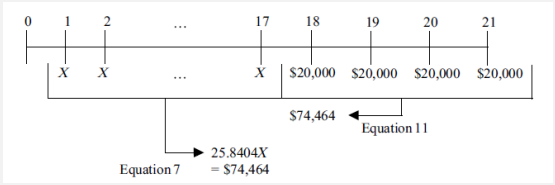
Revised	Course, Module	Lesson	Location (PDF)	Replace	With
10 Sept 2026	Fixed Income 8: Yield and Yield Spread Measures for Floating-Rate Instruments	Solutions	Page 208 Solution – Question 1	B is correct. … Using the RATE function in Microsoft Excel, Google Sheets, or a financial calculator and using *PV* = -101.20, *FV* = 100, *PMT* =0.275, and *N* = 8, we solve for the discount rate per period of 12.4161%. The discount margin can then be estimated by solving for *DM*: $r = \frac{MRR + DM}{m}$ $0.124161 = \frac{-0.005 + DM}{4}$ *DM* = 0.4525. The estimated discount margin is 45.25 bps.	**C** is correct. … Using the RATE function in Microsoft Excel, Google Sheets, or a financial calculator and using *PV* = -101.20, *FV* = 100, *PMT* =**0.2625**, and *N* = 8, we solve for the discount rate per period of **0.11175**%. The discount margin can then be estimated by solving for *DM*: $r = \frac{MRR + DM}{m}$ c $\mathbf{0.0011175} = \frac{\mathbf{-0.0055} + DM}{4}$ *DM* = **0.9970%** The estimated discount margin is **99.7** bps.

Complete list of errata

Pre Requisite: Quantitative Methods

Revised	Module	Lesson	Location (PDF)	Replace	With

27 Jan 2026	1: Interest Rates, Present Value, and Future Value	Solutions	Pages 53-54 Solution to Question 24	 … Equate the value of the four $20,000 payments to a single payment in Period 17 using the formula for the present value of an annuity (Equation 11), with $r = 0.05$. The present value of the college costs as of $t = 17$ is $74,464. $$\text{PV} = \$20,000\left[\frac{1-\frac{1}{(1.05)^4}}{0.05}\right]\times 1.05 = \$74,464$$ … $$\$74,464 = \left[\frac{(1.05)^{17}-1}{0.05}\right]X = 25.840366X$$ $$X = \$2,881.69$$ | Notation Used on Most Calculators | Numerical Value f This Problem | | --- | --- | | FV | $74,464 |	 … Equate the value of the four $20,000 payments to a single payment in Period 17 using the formula for the present value of an annuity (Equation 11), with $r = 0.05$. The present value of the college costs as of $t = 17$ is **$70,919.** $$\text{PV} = \$20,000\left[\frac{1-\frac{1}{(1.05)^4}}{0.05}\right] = \mathbf{\$70,919}$$ … $$\mathbf{\$70,919} = \left[\frac{(1.05)^{17}-1}{0.05}\right]X = 25.840366X$$ $$X = \mathbf{\$2,744.50}$$ | Notation Used on Most Calculators | Numerical Value f This Problem | | --- | --- | | FV | **$70,919** | 

					
27 Jan 2026	2: Organizing, Visualizing, and Describing Data	2.07 Measures of Central Tendency	Page 107 Question 1 Solution	= 0.25 (5.3) + 0.45 (12.7) + 0.30 (11.5) = 10.50%	= 0.25 (5.3) + 0.45 (12.7) + 0.30 (11.5) = **10.49**%
28 Jan 2026	2: Organizing, Visualizing, and Describing Data	2.07 Measures of Central Tendency	Page 112 Equations above Example 10	$(1+R_{harmonic}) = n\sum[1/(1+R_n)], R_{harmonic} = n\sum[1/(1+R_n)]-1$	$(1+R_{harmonic}) = n/\sum[1/(1+R_n)], R_{harmonic} = n/\sum[1/(1+R_n)]-1$
8 Apr 2026	3: Probability Concepts	3.01 Probability Concepts and Odds Ratios	Page 157 Third paragraph below Exhibit 1	If it has a probability of 1, it is likely to happen 100% of the time, and if it has a probably of 0, it is likely to never happen.	If it has a probability of 1, it is likely to happen 100% of the time, and if it has a **probability** of 0, it is likely to never happen.

24 Mar 2026	3: Probability Concepts	3.01 Probability Concepts and Odds Ratios	Page 158 Paragraph 5	Another way of stating probabilities often encountered in investments is in terms of odds—for instance, “the odds for E” or the “odds against E.” A probability is the fraction of the time you expect an event to occur, and the odds for an event is the probability that an event will occur divided by the probability that the event will not occur. Consider a football team that has a 0.25 probability of winning the World Cup, and a 0.75 probability of losing. The odds for winning are 0.25/0.75 = 0.33 (and the odds for losing are 0.75/0.25 = 3.0). If another team has a 0.80 probability of winning, the odds for winning would be 0.80/0.20 = 4.0. If, for a third team, the probability of winning was 0.50, the odds are even: odds = 0.50/0.50 = 1. If the probability is low, the odds are very close to the probability. For example, if the probability of winning is 0.05, the odds for winning are 0.05/0.95 = 0.0526	Another way of stating probabilities often encountered in investments is in terms of odds—for instance, “the odds for E” or the “odds against E.” A probability is the fraction of the time you expect an event to occur, and the odds for an event is the probability that an event will occur divided by the probability that the event will not occur. **More simply put, we state “the odds for E” as the # success: # failures, and the probability of E occurring are #sucesses/(#successes+ # failures)**. Consider a football team that has a 0.25 probability of winning the World Cup, and a 0.75 probability of losing. T**his means that for every 4 times they play, they are expected win once and lose 3 times, so the odds are stated as 1:3 for winning and 3:1 for losing**. If another team has a 0.80 probability of winning, **this means they are expected to win 4 times for every 1 loss, so the odds would be stated as 4:1**. If, for a third team, the probability of winning was 0.50, the odds are even: **they are expected to win as many times as they lose, so 1:1**.

4 June 2026	3: Probability Concepts	3.01 Probability Concepts and Odds Ratios	Page159 Example 1 Question 1 & Question 2 Solutions	EXAMPLE 1 Odds of Passing a Quantitative Methods Investment Course Two of your colleagues are taking a quantitative methods investment course. 1. If your first colleague has a 0.40 probability of passing, what are his odds for passing? Solution: The odds are the probability of passing divided by the probability of not passing. The odds are 0.40 / 0.60 = 2/3 ≈ 0.667. 2. If your second colleague has odds of passing of 4 to 1, what is the probability of her passing? Solution: In the example, if the odds against your second colleague passing the exam are 1 to 4, this means the probability of the event is 4/(1 + 4) = 4/5 = 0.80.	EXAMPLE 1 Odds of Passing a Quantitative Methods Investment Course Two of your colleagues are taking a quantitative methods investment course. 1. If your first colleague has a 0.40 probability of passing, what are his odds for passing? Solution: **With a 40% probability of passing, we would (informally) expect that were the test to be taken 5 times there would be 2 wins for every 3 losses, so the odds are 2:3, which could also be stated as 0.667:1** 2. If your second colleague has odds of passing of 4 to 1, what is the probability of her passing? Solution: **In the example, if the odds against your second colleague passing the exam are 1 to 4, this means the probability of the event happening (e.g., the second colleague passing) is 4/(4+1)=0.90 or 80%.**

24 Mar 2026	3: Probability Concepts	3.01 Probability Concepts and Odds Ratios	Page159 Number 2	In the example, if the odds against your second colleague passing the exam are 1 to 4, this means that the probability of the event is 1/(4 + 1) = 1/5 = 0.20.	In the example, if the odds against your second colleague passing the exam are 1 to 4, this means that the probability of the event **occurring (e.g., the second colleague passing)** is **4/(4 + 1) = 4/5 = 0.80 or 80%.**
1 Dec 2025	6: Basics of Hypothesis Testing	6.09 Tests Concerning a Single Mean	Page 288 Step 4	Lower: norm.ppf(.025, 23) Upper: norm.ppf(.975, 23)	Lower: norm.ppf**(.025)** Upper: norm.ppf**(.975)**

Pre Requisite: Economics

<table>
<tr><th>Revised</th><th>Module</th><th>Lesson</th><th>Location (PDF)</th><th>Replace</th><th>With</th></tr>
<tr><td>13 Aug 2025</td><td>1: Topics in Demand and Supply Analysis</td><td>2.01 Demand Concepts</td><td>Page 5 Below Equation 3</td><td>The quantity of gasoline demanded is a function of the price of gasoline (6.39 per liter)</td><td>The quantity of gasoline demanded is a function of the price of gasoline (P_x 6.39 per liter)</td></tr>
<tr><td>25 Mar 2026</td><td>3: Aggregate Output, Prices, and Economic Growth</td><td>3.02 Aggregate Output and Income</td><td>Page 81 Exhibit 7</td><td>Exhibit 7: Household Final Consumption Expenditures as a Percentage of GDP, 2018

<table><tr><td>United States</td><td>68.0%</td></tr><tr><td>Mexico</td><td>64.8%</td></tr><tr><td>Italy</td><td>60.3%</td></tr><tr><td>Japan</td><td>55.6%</td></tr><tr><td>Canada</td><td>57.9%</td></tr><tr><td>France</td><td>53.9%</td></tr><tr><td>Germany</td><td>52.1%</td></tr></table></td><td>Exhibit 7: Household Final Consumption Expenditures as a Percentage of GDP, 2022

<table><tr><td>United States</td><td>68.4%</td></tr><tr><td>Mexico</td><td>70.6%</td></tr><tr><td>Italy</td><td>58.4%</td></tr><tr><td>Japan</td><td>55.5%</td></tr><tr><td>Canada</td><td>53.1%</td></tr><tr><td>France</td><td>53.1%</td></tr><tr><td>Germany</td><td>49.6%</td></tr></table></td></tr>
</table>

25 Mar 2026	3: Aggregate Output, Prices, and Economic Growth	3.02 Aggregate Output and Income	Page 81 Paragraph below Exhibit 7	Comparing Germany's 55.0% APC with Mexico's 67.8%, the implication is that the Mexican economy is more sensitive to changes in disposable household income than is the German economy. All else being equal, macroeconomic policies that increase disposable household income, such as lowering government taxes, would have a larger effect on the economies of Mexico (67.8%) and the United States (68.3%) than similar policies would have in Germany (55.0%) or France (55.4%).	Comparing Germany's **49.6%** APC with Mexico's **70.6%**, the implication is that the Mexican economy is more sensitive to changes in disposable household income than is the German economy. All else being equal, macroeconomic policies that increase disposable household income, such as lowering government taxes, would have a larger effect on the economies of Mexico (**70.6%**) and the United States (**68.4%**) than similar policies would have in Germany (**49.6%**) or France (**53.1%**).

Pre Requisite: Financial Statement Analysis

Revised	Module	Lesson	Location (PDF)	Replace	With
1 Dec 2025	2: Income Statements	Non-Operating Items	Page 51 Second paragraph	Similarly, in Exhibit 3, Danone's 2017 income statement shows interest income of €130 million, interest expense of €276 million, and cost of net debt of €146 million.	Similarly, in Exhibit 3, Danone's 2017 income statement shows interest income of **€151 million**, interest expense of **€414 million**, and cost of net debt of **€263 million.**
1 May 2026	5: Inventories	5.11 Evaluation of Inventory Management: Disclosures & Ratios	Page 146 Inventory Ratios	Alternatively, a high inventory ratio and a low number of days of inventory on hand could indicate that the company does not carry an adequate amount of inventory or that the company has written down inventory values.	Alternatively, a high inventory **turnover** ratio and a low number of days of inventory on hand could indicate that the company does not carry an adequate amount of inventory or that the company has written down inventory values.
4 May 2026	6: Long-Lived Assets	6.03 Depreciation of Long-Lived Assets: Methods and Calculation	Page 192 Example 3 Question 3 Solution	Year 3 ROA of 118.21% and Year 4 ROA of 119.42%	Year 3 ROA of **118.19%** and Year 4 ROA of **119.38%**
20 Jan 2026	7: Income Taxes	7.03 Changes in Income Tax Rates	Page 229 Under table	Although the difference between the carrying amount and the tax base of the depreciable asset is the same, the deferred tax liability for 2017 will be £643 (instead of £771 or a reduction of £128 in the liability)—2017: £(14,000− 11,429) × 25% = £643.	Although the difference between the carrying amount and the tax base of the depreciable asset is the same, the deferred tax liability for **Year 3** will be £643 (instead of £771 or a reduction of £128 in the liability)—2017: £(14,000− 11,429) × 25% = £643.

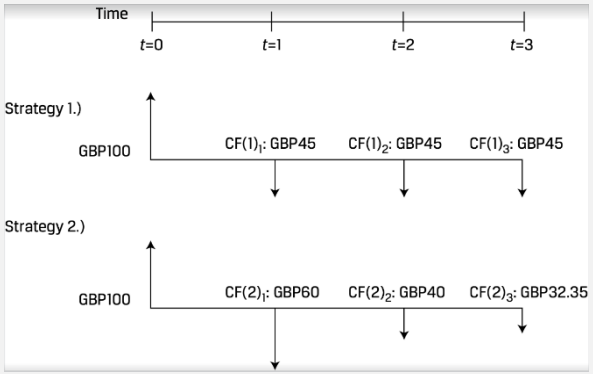
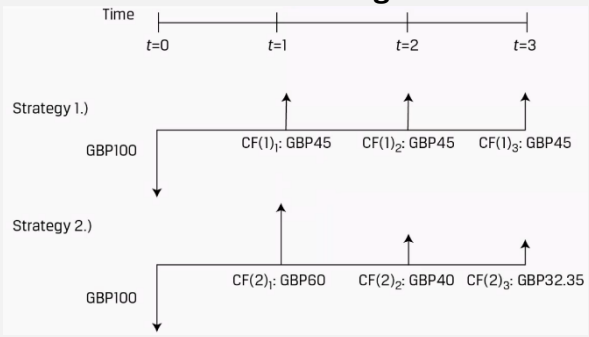
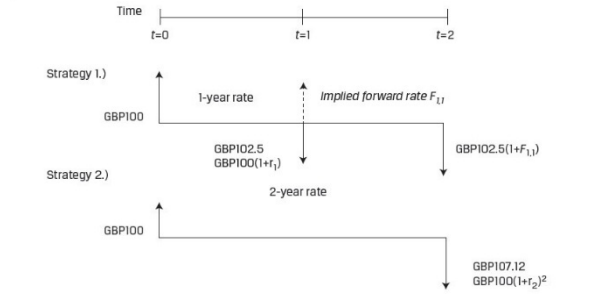
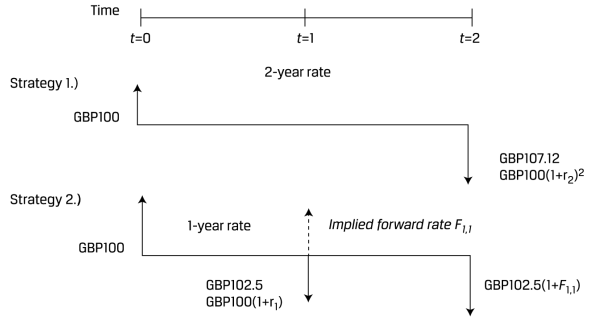
8 Dec 2025	8: Non-Current (Long-Term) Liabilities	Accounting for Bond Amortisation, Interest Expense, and Interest Payments	Page 248 Question 4 Solution	Under the straight-line method, the premium is evenly amortised over the life of the bonds. In this example, the £44,518 premium would be amortised by £8,903.60 (£44,518 divided by 5 years) each year under the straight-line method. So, the annual interest expense under the straight-line method would be £41,096.40 (£50,000 less £8,903.60).	Under the straight-line method, the **discount** is evenly amortised over the life of the bonds. In this example, the **£42,124** discount would be amortised by **£8,424.80** (**£42,124** divided by 5 years) each year under the straight-line method. So, the annual interest expense under the straight-line method would be **£58,424.80** (£50,000 plus **£8,424.80**).

Quantitative Methods

Revised	Module	Lesson	Location (PDF)	Replace	With
12 Feb 2026	1: Rates and Returns	1.02 Interest Rates and Time Value of Money	Page 6 Determinants of Interest Rates	Nominal risk-free rate = Real risk-free rate + inflation premium.	Nominal risk-free rate **≈** Real risk-free rate + inflation premium.
22 Aug 2025	1: Rates and Returns	1.03 Rates of Return	Page 10 Second Paragraph	Using Equation 4, we can calculate the geometric mean return from the same three annual returns:	Using Equation **3**, we can calculate the geometric mean return from the same three annual returns:
18 Aug 2025	1: Rates and Returns	1.03 Rates of Return	Page 11 Solution to Example 2	C is correct. Applying Equation 2, the holding period return is −10.1 percent, calculated as follows:	C is correct. Applying Equation **1**, the holding period return is −10.1 percent, calculated as follows:
20 Aug 2025	1: Rates and Returns	1.03 Rates of Return	Page 11 Exhibit 3 Title and Table	Exhibit 3: Mutual Fund Performance, 20X8–20X0 <u>Year</u> 20X8 20X9 20X0	Exhibit 3: Mutual Fund Performance, 20X8–20**Y**0 Year 20X8 20X9 20**Y0**

18 Aug 2025	1: Rates and Returns	1.03 Rates of Return	Page 12 Solution to Example 4	A is correct. Applying Equation 4, the fund's geometric mean return over the three-year period is 0.52 percent, calculated as follows:	A is correct. Applying Equation **3**, the fund's geometric mean return over the three-year period is 0.52 percent, calculated as follows:
4 Mar 2026	1: Rates and Returns	1.03 Rates of Return	Page 15 Example 6	Using Equation 5, the harmonic mean price..	Using Equation **4**, the harmonic mean price..
14 Aug 2025	1: Rates and Returns	1.03 Rates of Return	Page 16 Paragraph and Equation after Example 6	Remove the following text: Because they use the same data but involve different progressions in their respective calculations, the arithmetic, geometric, and harmonic means are mathematically related to one another. We will not go into the proof of this relationship, but the basic result follows: Arithmetic mean × Harmonic mean = (Geometric mean)2.	
22 Aug 2025	1: Rates and Returns	1.04 Money-Weighted and Time-Weighted Return	Page 22 Exhibit 13	Year 2, Investment Gain (Loss): 2.25	Year 2, Investment Gain (Loss): **-2.25**
22 Sept 2025	1: Rates and Returns	1.06 Other Major Return Measures and Their Applications	Page 34 First sentence under real returns	Previously this learning module approximated the relationship between the nominal rate and the real rate by the following relationship:	**Previously the learning model defined the relationship between the nominal rate and the real rate by the following relationship equation:**

12 Feb 2026	1: Rates and Returns	1.06 Other Major Return Measures and Their Applications	Page 34 Equation 14	(1 + real return) = (1 + real risk–free rate) (1 + risk premium) .	(**1 + nominal return**) = (**1 + real return**) (1 + risk premium) .
26 Aug 2025	1: Rates and Returns	1.06 Other Major Return Measures and Their Applications	Page 36 Paragraph under Equation 15	For example, for a EUR10 million equity portfolio that generates an 8 percent total investment return,	For example, for a **leveraged** EUR10 million equity portfolio that generates an 8 percent total investment return,
24 Jun 2026	2: Time Value of Money in Finance	2.02 Time Value of Money in Fixed Income and Equity	Page 51 Example 2 Question 2 Solution	Here we may use the Microsoft Excel or Google Sheets RATE function (RATE (5,2,93.091,100,0,0.1)) to solve for r of 3.532 percent. Investors in fixed coupon bonds face a capital loss when investors expect a higher YTM.	Here we may use the Microsoft Excel or Google Sheets RATE function (RATE (5,2,**-93.091**,100,0,0.1)) to solve for r of 3.532 percent. Investors in fixed coupon bonds face a capital loss when investors expect a higher YTM.
22 Aug 2025	2: Time Value of Money in Finance	2.02 Time Value of Money in Fixed Income and Equity	Page 58 Equation exponent	$PV_t = \sum_{i=1}^{n} \frac{D_t(1+g_s)^i}{(1+r)^i} + \sum_{j=n+1}^{\infty} \frac{D_{t+n}(1+g_l)^j}{(1+r)^j}.$	$PV_t = \sum_{i=1}^{n} \frac{D_t(1+g_s)^i}{(1+r)^i} + \sum_{j=n+1}^{\infty} \frac{D_{t+n}(1+g_l)^{\boldsymbol{j-n}}}{(1+r)^j}.$
2 Feb 2026	2: Time Value of Money in Finance	2.02 Time Value of Money in Fixed Income and Equity	Page 59 Example 7 Solution 2, Step 2	$\frac{E(S_4)}{(1+r)^3}$; with $E(S_4) = \frac{D_4}{r-g_l}$	$\frac{E(S_3)}{(1+r)^3}$; with $E(S_3) = \frac{D_4}{r-g_l}$

26 Jan 2026	2: Time Value of Money in Finance	2.04 Cash Flow Additivity	Page 70 Exhibit 9		**Reversed arrows in Strategies 1 and 2** 
22 Sept 2025	2: Time Value of Money in Finance	2.04 Cash Flow Additivity	Page 72 Exhibit 10	Switch Strategy 1 and Strategy 2 diagrams 	
29 June 2026	2: Time Value of Money in Finance	2.04 Cash Flow Additivity	Page 79 Example 16	Specifically, assume at t = 0, we sell a put option at price p0 and purchase 0.75 units of the underlying stock.	Specifically, assume at t = 0, we **buy** a put option at price p0 and purchase 0.75 units of the underlying stock.
25 Nov 2025	2: Time Value of Money in Finance	Solutions	Page 84 Solution to Question 5	2.29 percent = (92.25/89)(1/3) − 1.	2.29 percent = (**95.25/**89)(1/3) − 1.

<table>
<tr><td>24 Sept 2025</td><td>3: Statistical Measures of Asset Returns</td><td>3.02 Measures of Central Tendency and Location</td><td>Page 95 Exhibit 5</td><td>Lowest Boundary for Q_2</td><td>Lower Boundary for Q_2</td></tr>
<tr><td>3 Mar 2026</td><td>3: Statistical Measures of Asset Returns</td><td>3.03 Measures of Dispersion</td><td>Pages 108-109 Question 1</td><td colspan="2">Remove from curriculum:

<table><tr><td colspan="4">Annual Returns (%)</td></tr><tr><td>Year</td><td>Fund ABC</td><td>Fund XYZ</td><td>Fund PQR</td></tr><tr><td>Year 1</td><td>-20.0</td><td>-33.0</td><td>-14.0</td></tr><tr><td>Year 2</td><td>23.0</td><td>-12.0</td><td>-18.0</td></tr><tr><td>Year 3</td><td>-14.0</td><td>-12.0</td><td>6.0</td></tr><tr><td>Year 4</td><td>5.0</td><td>-8.0</td><td>-2.0</td></tr><tr><td>Year 5</td><td>-14.0</td><td>11.0</td><td>3.0</td></tr><tr><td colspan="4"></td></tr><tr><td>Mean</td><td>-4.0</td><td>-10.8</td><td>-5.0</td></tr><tr><td>Standard Deviation</td><td>17.8</td><td>15.6</td><td>10.5</td></tr></table></td></tr>
<tr><td>3 Mar 2026</td><td>3: Statistical Measures of Asset Returns</td><td>3.03 Measures of Dispersion</td><td>Page 109 Question 2</td><td colspan="2">Remove Question 2 from curriculum.</td></tr>
<tr><td>22 Sept 2025</td><td>4: Probability Trees and Conditional Expectations</td><td>4.04 Bayes' Formula and Updating Probability Estimates</td><td>Page 143 Equation 8</td><td>This is the total probability rule in action. Now you can answer your question by applying Bayes' formula, Equation 8:

P(EPS" " exceeded" " consensus \ DriveMed" " expands)</td><td>This is the total probability rule in action. Now you can answer your question by applying Bayes' formula, Equation 8:

P(EPS exceeded consensus | DriveMed expands)</td></tr>
</table>

30 Sept 2025	4: Probability Trees and Conditional Expectations	4.04 Bayes' Formula and Updating Probability Estimates	Page 144 Example 4 Question 1	What is your estimate of the probability *P(EPS exceeded consensus | DriveMed expands)*	What is your estimate of the probability *P(EPS **met** consensus | DriveMed expands)*
2 Sept 2025	5: Portfolio Mathematics	5.02 Portfolio Expected Return and Variance of Return	Page 153 Equation 2	$\sigma^2(R_p)=E\{[R_p E(R_p)]^2\}$	$\sigma^2(R_p)=\boldsymbol{E[(}R_p-E(R_p)\boldsymbol{)^2]}$
21 Oct 2025	5: Portfolio Mathematics	5.02 Portfolio Expected Return and Variance of Return	Page 152 Learning Module Overview	$\sigma^2(R_p)=E\{[R_p E(R_p)]^2\}$	$\sigma^2(R_p)=\boldsymbol{E[(}R_p-E(R_p)\boldsymbol{)^2]}$
2 Feb 2026	5: Portfolio Mathematics	5.02 Portfolio Expected Return and Variance of Return	Page 154 Equation 4	$\mathrm{Cov}(R_i,R_j)=\sum_{n=1}^{n}\left(R_{i,t},\overline{R}_i\right)\left(R_{j,t}-E\overline{R}_j\right)\Big/(n-1)$	$\mathrm{Cov}(R_i,R_j)=\sum_{\mathbf{t=1}}^{\mathbf{T}}(\boldsymbol{R}_{i,t}-\overline{\boldsymbol{R}}_i)(R_{j,t}-\overline{\boldsymbol{R}}_j)\Big/(n-1)$
2 Sept 2025	5: Portfolio Mathematics	5.02 Portfolio Expected Return and Variance of Return	Page 154 Equation 5	$\sigma^2(R_p)=E[(R_p-ER_p)^2]$ $=E\{[w_1R_1+w_2R_2+w_3R_3-E(w_1R_1+w_2R_2+w_3R_3)]^2\}$ $=E\{[w_1R_1+w_2R_2+w_3R_3-w_1ER_1-w_2ER_2-w_3ER_3)]^2\}$	$\sigma^2(R_p)=E[(R_p-E\boldsymbol{(R_p)})^2]$ $=\boldsymbol{E[(w_1R_1+w_2R_2+w_3R_3-E(w_1R_1+w_2R_2+w_3R_3))^2]}$ $=\boldsymbol{E[(w_1R_1+w_2R_2+w_3R_3-w_1ER_1-w_2ER_2-w_3ER_3)^2]}$

27 Oct 2025	5: Portfolio Mathematics	5.02 Portfolio Expected Return and Variance of Return	Page 154 Equation 5	$= w_1^2\sigma^2(R_1) + w_1w_2\mathrm{Cov}(R_1,R_2) + w_1w_3\mathrm{Cov}(R_1,R_3)$ $+w_1w_2\mathrm{Cov}(R_1,R_2) + w_2^2\sigma^2(R_2) + w_2w_3\mathrm{Cov}(R_2,R_3)$ $+w_1w_3\mathrm{Cov}(R_1,R_3) + w_2w_3\mathrm{Cov}(R_2,R_3) + w_2^3\sigma^2(R_3)$	$= w_1^2\sigma^2(R_1) + w_1w_2\mathrm{Cov}(R_1,R_2) + w_1w_3\mathrm{Cov}(R_1,R_3)$ $+w_1w_2\mathrm{Cov}(R_1,R_2) + w_2^2\sigma^2(R_2) + w_2w_3\mathrm{Cov}(R_2,R_3)$ $+w_1w_3\mathrm{Cov}(R_1,R_3) + w_2w_3\mathrm{Cov}(R_2,R_3) + \boldsymbol{w_3^2}\sigma^2(R_3)$
22 Aug 2025	5: Portfolio Mathematics	5.02 Portfolio Expected Return and Variance of Return	Page 155 Equation below Exhibit 3	$\sigma^2(R_p) = w_1^2\sigma^2(R_1) + w_2^2\sigma^2(R_2) + w_2^3\sigma^2(R_3)$ $+2w_1w_2\mathrm{Cov}(R_1,R_2)$	$\sigma^2(R_p) = w_1^2\sigma^2(R_1) + w_2^2\sigma^2(R_2) + \boldsymbol{w_3^2}\sigma^2(R_3)$ $+2w_1w_2\mathrm{Cov}(R_1,R_2)$
18 Aug 2025	5: Portfolio Mathematics	5.03 Forecasting Correlation of Returns: Covariance Given a Joint Probability Function	Page 163 Last sentence in paragraph starting with "For example, given independence,"	The following condition holds for independent random variables and, therefore, also holds for uncorrelated random variables.	The following condition holds for independent random variables and, therefore, also holds for uncorrelated random variables, **since for two variables E(XY) = E(X)E(Y) + Cov(X,Y), and when the variables are uncorrelated, Cov(X,Y) = 0.**
29 June 2026	6: Simulation Methods	6.03 Monte Carlo Simulation	Page 184 Bottom of page 184	ΔStock price = (μ × Prior stock price × Δt) + (σ × Prior stock price × Zk).	ΔStock price = (μ × Prior stock price × Δt) + (σ × Prior stock price× $\sqrt{\boldsymbol{\Delta}}$t × Zk).

22 Aug 2025	7: Estimation and Inference	7.04 Bootstrapping and Empirical Sampling Distributions	Page 210 Solution to Question 1	Option 2: Apply the bootstrap method to construct the sampling distribution of the sample median, and then compute the standard error using Equation 7.	Option 2: Apply the bootstrap method to construct the sampling distribution of the sample median, and then compute the standard error using **Equation 4.**
18 Sept 2025	8: Hypothesis Testing	8.02 Hypothesis Tests for Finance	Page 216 Learning Module Overview	To determine whether the difference between two population means from normally distributed populations with unknown but equal variances, the appropriate test is a t-test based on pooling the observations of the two samples to estimate the common but unknown variance. This test is based on an assumption of independent samples.	To determine whether the difference between two population means from normally distributed populations with unknown but equal variances **is significant**, the appropriate test is a t-test based on pooling the observations of the two samples to estimate the common but unknown variance. This test is based on an assumption of independent samples.
10 Mar 2026	8: Hypothesis Testing	8.02 Hypothesis Tests for Finance	Page 219 Exhibit 2 Test of independence (categorical data) and associated note	$x^2 = \sum_{i=1}^{m} \frac{(O_{ij} - E_{ij})^2)}{E_{ij}}$ Oij and Eij are observed and expected frequencies, respectively, with r indicating the number of rows and c indicating the number of columns in the contingency table.	$x^2 = \sum_{i=1}^{r} \sum_{i=1}^{c} \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$ Oij and Eij are observed and expected frequencies, respectively, **in row i and column j**, with r indicating the number of rows and c indicating the number of columns in the contingency table.
28 Apr 2026	8: Hypothesis Testing	8.03 Tests of Return and Risk in Finance	Page 224 Exhibit 6 Step 4	We reject the null hypothesis if the calculated χ2 statistic is greater than 13.09051.	We reject the null hypothesis if the calculated χ2 statistic is **less than** 13.09051.

28 Apr 2026	8: Hypothesis Testing	8.03 Tests of Return and Risk in Finance	Page 224 Exhibit 6 Step 6	Fail to reject the null hypothesis because the calculated statistic is greater than the critical value. There is sufficient evidence to indicate that the variance is less than 16% (or, equivalently, that the standard deviation is less than 4%).	**We fail to reject the null hypothesis – there is not sufficient evidence to suggest that the variance is less than 0.04^2 (or, equivalently, that the standard deviation is less than 4%).**
13 Feb 2026	8: Hypothesis Testing	8.03 Tests of Return and Risk in Finance	Page 232 Question 4 Solution	Because 5.06 is greater than 3.325, we reject the null hypothesis; the calculated test statistic falls to the right of the critical value, where the critical value separates the left-side region from the region where we reject the null.	Because 5.06 is **not less** than 3.325, we **do not** reject the null hypothesis; the calculated test statistic falls to the right of the critical value, where the critical value separates the left-side **rejection region from the region where we reject the null.**
26 Aug 2025	8: Hypothesis Testing	Solutions	Page 241 Solution 10	B is correct. The level of significance is used to establish the rejection points of the hypothesis test. A is correct because the significance level is not used to calculate the test statistic; rather, it is used to determine the critical value. C is incorrect because the significance level specifies the probability of making a Type I error.	B is correct. The level of significance is used to establish the rejection points of the hypothesis test. A is **incorrect** because the significance level is not used to calculate the test statistic; rather, it is used to determine the critical value. C is incorrect because the significance level specifies the probability of making a Type I error.
17 Jun 2026	10: Simple Linear Regression	10.4 Hypothesis Tests in the Simple Linear Regression Model	Page 286 Exhibit 21 Step 5	The mean square error is 11.96875 (Exhibit 39).	The mean square error is 11.96875 (**Exhibit 33**).

6 Apr 2026	10: Simple Linear Regression	10.04 Hypothesis Tests in the Simple Linear Regression Model	Page 287 Exhibit 22 Step 5	4.00163	**4.001**
6 Apr 2026	10: Simple Linear Regression	10.04 Hypothesis Tests in the Simple Linear Regression Model	Page 288 Exhibit 23 Step 5	4.00131	**4.001**
6 Apr 2026	10: Simple Linear Regression	10.04 Hypothesis Tests in the Simple Linear Regression Model	Page 288 Equation 20	$t\text{ intercept} = \frac{\hat{b}_0 - B_0}{s_{\hat{b}_0}} = \frac{\hat{b}_0 - B_0}{s\sqrt{\frac{1}{n} + \frac{\overline{X}^2}{\sum_{i-1}^{n}(X_i - \overline{X})^2}}}$	$t\text{ intercept} = \frac{\hat{b}_0 - B_0}{s_{\hat{b}_0}} = \frac{\hat{b}_0 - B_0}{s_e\sqrt{\frac{1}{n} + \frac{\overline{X}^2}{\sum_{i-1}^{n}(X_i - \overline{X})^2}}}$
2 Mar 2026	10: Simple Linear Regression	10.04 Hypothesis Tests in the Simple Linear Regression Model	Page 288 Hypothesis Tests of the Intercept	As you can see, we reject the null hypothesis. In other words, evidence is sufficient that if there are no capital expenditures (CAPEX = 0), ROA is greater than 3 percent.	As you can see, we do not reject the null hypothesis. In other words, evidence is not sufficient that if there are no capital expenditures (CAPEX = 0), ROA is greater than 3 percent.

17 Jun 2026	10: Simple Linear Regression	10.04 Hypothesis Tests in the Simple Linear Regression Model	Page 291 After Question 3	The following applies to questions 4–6:	The following applies to questions **4–5:**
16 Mar 2026	10: Simple Linear Regressions	10.05 Prediction in the Simple Linear Regression Model	Page 296 Below Equation 22	We show the ANOVA table for our ROA regression example in Exhibit 32, using the information from Exhibit 33.	We show the ANOVA table for our ROA regression example in Exhibit 33, using the information from Exhibit 33.
23 Sept 2025	10: Simple Linear Regression	Practice Problems	Page 320-321 Practice Problems 35-38	Espey Jones is examining the relation between the net profit margin (NPM) of companies, in percent, and their fixed asset turnover (FATO). He collected a sample of 35 companies for the most recent fiscal year and fit several different functional forms, settling on the following model: Source df Sum of Squares Mean Square Residual 32 2.2152 0.0692	Espey Jones is examining the relation between the net profit margin (NPM) of companies, in percent, and their fixed asset turnover (FATO). He collected a sample of 34 companies for the most recent fiscal year and fit several different functional forms, settling on the following model: Source df Sum of Squares Mean Square Residual 32 **2.2151** 0.0692

Economics

Revised	Module	Lesson	Location (PDF)	Replace	With
9 Mar 2026	2: Understanding Business Cycles	2.04 Economic Indicators over the Business Cycle	Page 64 Exhibit 9 Inventory sales ratio	Begins to fall as sales recovery outpaces production. Ratio stable. Ratio increases. Signals weakening economy. Ratio begins to fall back to normal.	Begins to fall, **reaching low levels** as sales recovery outpaces production. **Ratio begins to increase and finally restores to a normal level.** Ratio increases**, signalling a weakening economy, and reaches high levels.** Ratio begins to fall back to normal **levels.**
9 Mar 2026	2: Understanding Business Cycles	2.04 Economic Indicators over the Business Cycle	Page 64 Example 2 Question 2	A is correct. When the economy starts to recover, sales of inventories can outpace production, which results in low inventory–sales ratios. Companies then need to accumulate more inventories to restore the ratio to normal level. C is incorrect because in the early stages of a recovery, inventories are likely to fall as sales increase faster than production.	**A is correct. Inventory-sales ratios are low at the end of the Recovery phase, when sales can outpace production. As the economy enters Expansion and production rises rapidly, companies accumulate inventories to restore the ratio to a normal level.**
15 Jan 2026	3: Fiscal Policy	3.05 Fiscal Policy Implementation	Page 102 Question 4	A.An increase in the budget deficit is always expansionary	A.An increase in the budget deficit is **usually** expansionary.

20 Oct 2025	4: Monetary Policy	4.02 Role of Central Banks	Page 108 Exhibit 1	Commission Bancaire	**Autorité de Contrôle Prudentiel et de Résolution (ACPR)**
4 May 2026	Economics 5: Introduction to Geopolitics	5.03 Forces of Globalization	Page 155 Example 4 Question 1 Solution	Although political cooperation and non-cooperation can be driven by national actors, globalization as the result of economic and financial cooperation is carried out mostly by subnational actors, such as corporations, individuals, or organizations.	Although political cooperation and non-cooperation can be driven by national actors, globalization as the result of economic and financial cooperation is carried out mostly by **non-state** actors, such as corporations, individuals, or organizations.
4 June 2025	8: Exchange Rate Calculations	Practice Problems	Page 268 Solution 6	Ff/d/ Sf/d = (1+rfτ / 1+rdτ)	$F_{f/d}/ S_{f/d} = (1+r_f\tau / 1+r_d\tau)$

Corporate Issuers

Revised	Module	Lesson	Location (PDF)	Replace	With
18 Jun 2026	1: Organizational Forms, Corporate Issuer Features, and Ownership, Corporate Issuer Features, and Ownership	1.04 Publicly vs. Privately Owner Corporate Issuers	Page 30	This structure is used by the United States Postal Service (USPS), while postal services in some countries, such as the Netherlands (KPN), the United Kingdom (Royal Mail), and Germany (Deutsche Post), are partly or fully investor owned.	This structure is used by the United States Postal Service (USPS), while postal services in some countries, such as the Netherlands **(PostNL)**, the United Kingdom (Royal Mail), and Germany (Deutsche Post), are partly or fully investor owned.
2 Feb 2026	4: Working Capital and Liquidity	4.01 Introduction	Pages 98-99 Question 2	A is correct. Forgoing the discount is using the supplier's financing and will result in the issuer stretching out payments on accounts payable, putting less drain on liquidity in the short run. This action increases the issuer's cash conversion cycle.	A is correct. Forgoing the discount is using the supplier's financing and will result in the issuer stretching out payments on accounts payable, putting less drain on liquidity in the short run. This action **decreases** the issuer's cash conversion cycle.
18 Aug 2025	6: Capital Structure	6.02 The Cost of Capital	Page 178 Discussion Box underneath Knowledge Check	Discussion box removed from curriculum	

Financial Statement Analysis

Revised	Module	Lesson	Location (PDF)	Replace	With
22 June 2026	2: Analyzing Income Statements	2.03 Expense Recognition	Pages 51 and 52 Solution to Exhibit 2	=GBP600,00/GBP9,850,000	=GBP**600,000**/GBP9,850,000
4 Aug 2026	2: Analyzing Income Statements	2.03 Expense Recognition	Page 57 Example 5 Question 2	If the interest had been expensed rather than capitalized, financing cash flows would have been higher in all three years.	If the interest had been expensed rather than capitalized, **investing** cash flows would have been higher in all three years.
24 Sept 2025	4: Analyzing Statements of Cash Flows I	4.02 Linkages between the Financial Statements	Page 130 Exhibit 8, First Column	30 September	30 **November**
15 Apr 2026	5: Analyzing Statements of Cash Flows II	Ratios and Common-Size Analysis	Page 161 Exhibit 3	Net cash used for financial activities (2,120)	Net cash used for financial activities **(2,220)**
5 Sept 2025	6: Analysis of Inventories	6.04 Presentation and Disclosure	Page 187 Exhibits 4&5 Title	Alcatel-Lucent	**Jollof Inc.**

18 Jun 2026	8: Topics in Long-Term Liabilities and Equity	8.03 Financial Reporting for Postemployment and Share-Based Compensation Plans	Page 262 Example 6 Exhibit 6 2nd paragraph	Total stock-based compensation expense was $337 million, $141 million and $201 million in 2021, 2020 and 2019, respectively. In 2020, for certain employees who accepted voluntary separation from the Company as a result of our strategic realignment initiatives, the Company modified their outstanding equity awards granted prior to 2020 so that the employees	Total stock-based compensation expense was $337 million, $141 million and $201 million in 2021, 2020 and 2019, respectively. In 2020, for certain employees who accepted voluntary separation from the Company as a result of our strategic realignment initiatives, the Company modified their outstanding equity awards granted prior to 2020 so that the employees **retained all or some of their awards.**
7 May 2026	9: Analysis of Income Taxes	9.03 Deferred Tax Assets and Liabilities	Page 284 Realizability of Deferred Tax Assets	A deferred tax liability may be created only if the company expects to be able to realize the economic benefit of the deferred tax liability in the future.	A deferred tax **asset** may be created only if the company expects to be able to realize the economic benefit of the deferred tax **asset** in the future.

21 Apr 2026	9: Analysis of Income Taxes	9.05 Presentation and Disclosure	Page 301 Example 6 Question 1	Use the financial statement information and disclosures provided by MU in Exhibit 18–Exhibit 20 to answer the following questions: 1. MU discloses a valuation allowance of USD2,321 million (see Exhibit 20) against gross deferred assets of USD3,782 million in 2017. Does the existence of this valuation allowance have any implications concerning MU's future earnings prospects? Solution: According to Exhibit 20, MU's deferred tax assets expire gradually until 2037 (2018 to 2037 for the net operating loss carryforwards and the tax credit carryforwards).	Use the financial statement information and disclosures provided by MU in Exhibit 18–**Exhibit 22** to answer the following questions: 1. MU discloses a valuation allowance of USD2,321 million (see **Exhibit 22**) against gross deferred assets of USD3,782 million in 2017. Does the existence of this valuation allowance have any implications concerning MU's future earnings prospects? Solution: According to **Exhibit 22**, MU's deferred tax assets expire gradually until 2037 (2018 to 2037 for the net operating loss carryforwards and the tax credit carryforwards).
17 Jun 2026	12: Introduction to Financial Statement Modeling	12.02 Building a Financial Statement Model	Page 456 Exhibit 7 Last row, last column	53.1	**52.6**

Equity Investments

Revised	Module	Lesson	Location (PDF)	Replace	With
5 Sept 2025	3: Market Efficiency	Practice Problems	Page 155 Question 23	A. Semi-strong-form efficient	A. **Strong form efficient**
25 Jun 26	4: Overview of Equity Securities	4.04 Non-Domestic Equity Securities	Page 176	Level II and III ADRs allow companies to raise capital and make acquisitions using these securities.	**While Level II ADRs may not be used to raise capital, Level III ADRs may be used for that purpose.**
18 Aug 2025	5: Company Analysis: Past and Present	5.03 Determining the Business Model	Page 212 Discussion Board Question Box	Discussion box removed from curriculum	
18 Aug 2025	5: Company Analysis: Past and Present	5.04 Revenue Analysis	Page 222 Discussion Board Question box under Case Study	Discussion box removed from curriculum	
17 Sept 2025	5: Company Analysis: Past and Present	5.06 Capital Investments and Capital Structure	Page 240 Question 3	Iliso's degree of financial leverage in 2X19 is *closest* to: A. 0.77. B. 1.13. C. 1.84.	Iliso's degree of financial leverage in 2X19 is *closest* to: A. 0.77. B. **1.15.** C. 1.84.

29 Sept 2025	6: Industry and Competitive Analysis	6.06 Competitive Positioning	Page 276 First sentence in third paragraph	Clearly, the analysis and the answers to these questions are company and industry specific (CFA Institute has published a helpful industry-by-industry reference titled *Sector Analysis: A Framework for Investors* with examples).	Clearly, the analysis and the answers to these questions are company and industry specific.
26 May 2026	6: Industry and Competitive Analysis	6.06 Competitive Positioning	Pages 277-278 Question Set Question 1	A represents a cost leadership competitive strategy, while B represents a differentiation strategy.	**B** represents a cost leadership competitive strategy, while **A** represents a differentiation strategy.
20 Oct 2025	7: Company Analysis: Forecasting	Practice Problems	Page 333 Question 8	An analyst predicts that if a company's technological developments are a success, the company's operating costs will be reduced by 15%. As a result of the reduction in costs, the company will reduce the average selling price of its products by 5% and the volume of sales will increase by 8%. The company's current gross profit margin is 40%. If technological developments occur, the company's gross profit margin will be closest to:	An analyst predicts that if a company's technological developments are a success, the company's operating costs **(specifically COGS)** will be reduced by 15%. As a result of the reduction in costs, the company will reduce the average selling price of its products by 5% and the volume of sales will increase by 8%. The company's current gross profit margin is 40%. If technological developments occur, the company's gross profit margin will be closest to:
23 June 2026	7: Company Analysis: Forecasting	Practice Problems	Page 334 Question 8 Solution	Gross profit = 102.2 – 55.1 = 47.5	Gross profit = **102.6** – 55.1 = 47.5

17 Oct 2025	8: Equity Valuation: Concepts and Basic Tools	8.06 Preferred Stock Valuation	Page 349 Solution to Question 3	V_0 = [¥79.5/1.01525 + ¥79.5/1.01525^2 + ¥106/1.01525^3 + ¥106/1.01525^4 + ¥132.5/1.01525^5 + ¥132.5/1.01525^6 + ¥10,598/1.01525^6]	V_0 = [¥79.5/$1.01525^{0.5}$ + ¥79.5/$1.01525^{1.5}$ + ¥106/$1.01525^{2.5}$ + ¥106/$1.01525^{3.5}$ + ¥132.5/$1.01525^{4.5}$ + ¥132.5/$1.01525^{5.5}$ + ¥10,598/1.01525^6]

Fixed Income

Revised	Module	Lesson	Location (PDF)	Replace	With
1 Apr 2026	1: Fixed-Income Instrument Features	1.01 Introduction	Page 4 Question 1	For example, a bond with a par value of 100 and a coupon rate of 6% paid quarterly would pay coupon payments of 0.06 × 100 = 60/4 = 15 four times per year.	For example, a bond with a par value of 100 and a coupon rate of 6% paid quarterly would pay coupon payments of **(0.06 x 100)/4 = 1.5**, four times per year
12 Aug 2025	3: Fixed-Income Issuance and Trading	3.02 Fixed-Income Segments, Issuers, and Investors	Page 65 Question 3	B is correct.	**A** is correct.
16 Dec 2025	3: Fixed-Income Issuance and Trading	Solutions	Page 77 Question 1	A. Commercial paper – III. Money market funds B. Unsecured corporate bonds – I. Insurance companies C. Secured corporate bonds – II. Hedge funds	A. Commercial paper – III. Money market funds B. Unsecured corporate bonds – I. Insurance companies C. **Distressed debt** – II. Hedge funds
1 June 2026	6: Fixed-Income Bond: Valuation: Prices and Yields	6.04 Matrix Pricing	Page 150 Below Exhibit 11	$\frac{0.04181 + 0.04196}{2} = 4.1855\%$	$\frac{0.04181 + 0.04196}{2} = \mathbf{4.1885}\%$

<table>
<tr>
<td>16 Dec 2025</td>
<td>7: Yield and Yield Spread Measures for Fixed-Rate Bonds</td>
<td>7.03 Other Yield Measures, Conventions, and Accounting for Embedded Options</td>
<td>Page 169 Exhibit 4</td>
<td colspan="2">
<table>
<tr><td>Issuer:</td><td>Vivivyu Incorporate</td></tr>
<tr><td>Settlement Date:</td><td>[T + 3 Business Days]</td></tr>
<tr><td>Maturity Date:</td><td>[Seven Years from Settlement Date]</td></tr>
<tr><td>Principal Amount:</td><td>US$ 400 million</td></tr>
<tr><td>Price (per 100 of par):</td><td>106.50</td></tr>
<tr><td>Interest</td><td>6.5% fixed coupon</td></tr>
</table>
</td>
</tr>
<tr>
<td>4 Sept 2025</td>
<td>7: Yield and Yield Spread Measures for Fixed-Rate Bonds</td>
<td>7.03 Other Yield Measures, Conventions, and Accounting for Embedded Options</td>
<td>Page 171 Question set, Solution 4</td>
<td>101.5 + 2 / $(1 + r)^2$</td>
<td>101.25 + 2 / $(1 + r)^2$</td>
</tr>
<tr>
<td>29 June 2026</td>
<td>7: Yield and Yield Spread Measures for Fixed-Rate Bonds</td>
<td>7.04 Yield Spread Measures for Fixed-Rate Bonds and Matrix Pricing</td>
<td>Page 178 Equation 4</td>
<td>The Z-spread over the benchmark spot curve can be calculated with Equation 4:
$$PV = \frac{PMT}{(1+z_1+Z)^1} + \frac{PMT}{(1+z_2+Z)^2} + \ldots + \frac{PMT+FV}{(1+z_N+Z)^N}$$</td>
<td>The Z-spread over the benchmark spot curve can be calculated with Equation 4 (assuming semi-annual compounding):
$$PV = \frac{PMT}{(1+\frac{z_1+Z}{2})^1} + \frac{PMT}{(1+\frac{z_2+Z}{2})^2} + \ldots + \frac{PMT+FV}{(1+\frac{z_N+Z}{2})^N}$$</td>
</tr>
</table>

29 June 2026	7: Yield and Yield Spread Measures for Fixed-Rate Bonds	7.04 Yield Spread Measures for Fixed-Rate Bonds and Matrix Pricing	Page 179 Example 9	The government spot rates (stated as effective annual rates) are as follows.	**The government spot rates are as follows (annualized by multiplying by 2):**
29 June 2026	7: Yield and Yield Spread Measures for Fixed-Rate Bonds	7.04 Yield Spread Measures for Fixed-Rate Bonds and Matrix Pricing	Page 179 Example 9 Solution to 1	r = 0.006357 x 2 = 0.01271	**This gives r = 0.006357, or 1.271% annualized**
29 June 2026	7: Yield and Yield Spread Measures for Fixed-Rate Bonds	7.04 Yield Spread Measures for Fixed-Rate Bonds and Matrix Pricing	Page 179 Example 9 Solution to 1	r = 0.002618 x 2 = 0.005235	**This gives r = 0.001865, or 0.373% annualized**

20 Oct 2025	7: Yield and Yield Spread Measures for Fixed-Rate Bonds	7.04 Yield Spread Measures for Fixed-Rate Bonds and Matrix Pricing	Page 179 Example 9—Solution to 1	Therefore, the G-spread is 0.01271 – 0.005235 = 75 bps.	Therefore, the G-spread is 0.01271 – **0.003733 = 89.8 bps.**
29 June 2026	7: Yield and Yield Spread Measures for Fixed-Rate Bonds	7.04 Yield Spread Measures for Fixed-Rate Bonds and Matrix Pricing	Page 179 Example 9 Solution to 2	$100.45 = \frac{0.75}{(1+0.00127+Z)^1} + \frac{0.75}{(1+0.00249+Z)^2} + \frac{0.75}{(1+0.00314+Z)^3} + \frac{100.75}{(1+0.00373+Z)^4}$	$100.45 = \frac{0.75}{(1+\frac{0.00127+Z}{2})^1} + \frac{0.75}{(1+\frac{0.00249+Z}{2})^2} + \frac{0.75}{(1+\frac{0.00314+Z}{2})^3} + \frac{100.75}{(1+\frac{0.00373+Z}{2})^4}$
24 June 2026	8: Yield and Yield Spread Measures for Floating-Rate Instruments	8.02 Yield and Yield Spread Measures for Floating-Rate Notes	Page196 Question 4	$\frac{(MRR+QM)\text{x } FV}{m} = \frac{(-0.005+0.0025)\text{ x}100}{4} = 0.5$	$\frac{(MRR+QM)\text{x } FV}{m} = \frac{(-0.005+0.025)\text{ x}100}{4} = 0.5$

13 Apr 2026	8: Yield and Yield Spread Measures for Floating-Rate Instruments	8.03 Yield Measures for Money Market Instruments	Page 199 Second paragraph	The sale price for the CD can be calculated using Equation 4 for *FV* = 20,004,918, Days = 45, Year = 365, and *AOR* = 0.0012. The sale price is EUR20,002,958. … *PV* = 20, 003, 438. … $AOR = \frac{365}{45} \times \frac{20,002,958 - 20,000,000}{20,000,000}.$ *AOR* = 0.0012. The rate of return, stated on a 365-day add-on rate basis, is 0.12%.	The sale price for the CD can be calculated using Equation 4 for ***FV* = 20,005,918**, Days = 45, Year = 365, and ***AOR* = 0.0006**. The sale price is **EUR20,004,438.** … ***PV* = 20, 004, 438.** … $AOR = \frac{365}{45} \times \frac{\mathbf{20,005,918 - 20,004,438}}{\mathbf{20,004,438}}.$ ***AOR* = 0.0006.** The rate of return, stated on a 365-day add-on rate basis, is **0.06%.**
12 Feb 2026	8: Yield and Yield Spread Measures for Floating-Rate Instruments	8.03 Yield Measures for Money Market Instruments	Page 200 Example 3	*AOR* = 0.00122. The 90-day commercial paper discount rate of 0.10% converts to an add-on rate for a 365-day year of 0.1014%. This converted rate is called a bond equivalent yield, or sometimes just an “investment yield.” A **bond equivalent yield** is a money market rate stated on a 365-day add-on rate basis. If the risks are the same, BRWA’s CP offers 0.2 bps more in annual return than CFP Bank’s CD.	*AOR* = 0.001014. The 90-day commercial paper discount rate of 0.10% converts to an add-on rate for a 365-day year of 0.1014%. This converted rate is called a bond equivalent yield, or sometimes just an ‘investment yield.’ A **bond equivalent yield** is a money market rate stated on a 365-day add-on rate basis. If the risks are the same, **CFP Bank’s CD** offers **1.86** bps more in annual return than **BRWA’s CP.**

23 Oct 2025	8: Yield and Yield Spread Measures for Floating-Rate Instruments	Practice Problems	Page 206 Question 1	A two-year floating-rate note issued by a French corporation pays the three-month MRR of −0.55% plus 160 bps. The floater is priced at 101.20 per 100 of par value. Assuming the 30/360 day-count convention and 90 days per period, the discount margin for the floater is closest to: A. 25 bps. B. 50 bps. C. 110 bps.	A two-year floating-rate note issued by a French corporation pays the three-month MRR of −0.55% plus 160 bps. The floater is priced at 101.20 per 100 of par value. **Assuming the 30/360 day-count convention and 90 days per period and a flat yield curve**, the discount margin for the floater is closest to: A. 25 bps. B. 50 bps. C. **100 bps.**
New: 10 Sept 2026	8: Yield and Yield Spread Measures for Floating-Rate Instruments	Solutions	Page 208 Solution – Question 1	B is correct. … Using the RATE function in Microsoft Excel, Google Sheets, or a financial calculator and using *PV* = −101.20, *FV* = 100, *PMT* =0.275, and *N* = 8, we solve for the discount rate per period of 12.4161%. The discount margin can then be estimated by solving for *DM*: $r = \frac{MRR + DM}{m}$ $0.124161 = \frac{-0.005 + DM}{4}$ *DM* = 0.4525. The estimated discount margin is 45.25 bps.	**C** is correct. … Using the RATE function in Microsoft Excel, Google Sheets, or a financial calculator and using *PV* = −101.20, *FV* = 100, *PMT* =**0.2625**, and *N* = 8, we solve for the discount rate per period of **0.11175**%. The discount margin can then be estimated by solving for *DM*: $r = \frac{MRR + DM}{m}$ $\mathbf{0.0011175} = \frac{\mathbf{-0.0055} + DM}{4}$ *DM* = **0.9970%** The estimated discount margin is **99.7** bps.

20 Oct 2025	9: The Term Structure of Interest Rates: Spot, Par, and Forward Curves	9.01 Introduction	Page 213 Question 3—Solution	$(1 + 0.01)^1 \times (1 + IFR_{2,1})^2 = (1 + 0.02)^3$ $IFR_{2,1} = 2.50\%$	$(1 + \mathbf{0.015})^{\mathbf{2}} \times (1 + IFR_{2,1})^{\mathbf{1}} = (1 + 0.02)^3$ $IFR_{2,1} = \mathbf{3.01\%}$
9 Dec 2025	9: The Term Structure of Interest Rates: Spot, Par, and Forward Curves	9.02 Maturity Structure of Interest Rates and Spot Rates	Page 220 Question 4 Solution	$(1 + 0.095)^2$	$(1 + \mathbf{0.0095})^2$
14 Apr 2026	9: The Term Structure of Interest Rates: Spot, Par, and Forward Curves	9.03 Par and Forward Rates	Page 224 Example 3	$(1+0.0188) \times (1+0.0277) = (1 + Z2)^2$	$\mathbf{(1+0.0057)^2 \times (1 + IFR_{2,1}) = (1.0080)^3}$

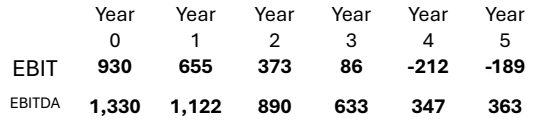
23 Oct 2025	9: The Term Structure of Interest Rates: Spot, Par, and Forward Curves	9.03 Par and Forward Rates	Page 224 Equation under table	$(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$. $(1 + 0.0188)^2 \times (1 + 0.0277)^1 = (1 + Z_2)^3$. $Z_2 = 0.023240 = 2.324\%$	$(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$. $(1 + 0.0188)^{\mathbf{1}} \times (1 + 0.0277)^1 = (1 + Z_2)^{\mathbf{2}}$. $Z_2 = 0.023240 = 2.324\%$
23 Oct 2025	9: The Term Structure of Interest Rates: Spot, Par, and Forward Curves	9.03 Par and Forward Rates	Page 225 Second equation under table	$(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$. $(1 + 0.023240)^2 \times (1 + 0.0277)^1 = (1 + Z_3)^3$. $Z_3 = 0.027278 = 2.73\%$	$(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$. $(1 + 0.023240)^2 \times (1 + \mathbf{0.0354})^1 = (1 + Z_3)^3$. $Z_3 = 0.027278 = 2.73\%$
28 Apr 2026	9: The Term Structure of Interest Rates: Spot, Par, and Forward Curves	9.03 Par and Forward Rates	Page 226 Example 4 Question 2	$\frac{100.50}{1.003117 \text{x} 1.008250 \text{x} 1.0012587}$	$\frac{100.50}{1.003117 \text{x} 1.008250 \text{x} 1.012587}$
25 Aug 2026	10: Interest Rate Risk and Return	Practice Problems	Page 263 Question 7	A. 1.8764 years. B. 2.8386 years. C. 2.8553 years.	A. 1.8764 years. **B. 2.8220 years.** C. 2.8553 years.

21 Apr 2026	10: Interest Rate Risk and Return	Solutions	Page 264 Question 2 Solution	The sale price of the bond at the end of six years is = PV(0.054,2,6.40,100,0) = 98.202	The sale price of the bond at the end of six years is = PV(**0.074**,2,6.40,100,0) = 98.202
17 Jun 2026	11: Yield-Based Bond Duration Measures and Properties	11.02 Modified Duration	Page 274 Example 1	ModDur = 8.86184; AnnModDur = 4.43092. If the annual yield on BRWA's five-year, 3.2% semiannual coupon bond, settling on 15 October 2025 and maturing on 15 October 2030, were to instantaneously (right after issuance) increase by 80 bps, to 4.00%, the estimated change in price would be –3.67%. %ΔPVFull ≈ –4.58676 × 0.0080 = –0.036941. If the yield-to-maturity were to instantaneously (right after issuance) decrease by 80 bps, to 2.40%, the estimated change in price would be +3.67%. %ΔPVFull ≈ –4.58676 × –0.0080 = 0.0366941	ModDur = **8.86181**; AnnModDur = **4.43091**. If the annual yield on BRWA's five-year, 3.2% semiannual coupon bond, settling on 15 October 2025 and maturing on 15 October 2030, were to instantaneously (right after issuance) increase by 80 bps, to 4.00%, the estimated change in price would be **–3.54%**. %ΔPVFull ≈ **–4.43091** × 0.0080 = **–0.0354472**. If the yield-to-maturity were to instantaneously (right after issuance) decrease by 80 bps, to 2.40%, the estimated change in price would be +3.54%. %ΔPVFull ≈ **–4.43091** × –0.0080 = **0.0354472**.

<table>
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<td>14 July 2026</td>
<td>12: Yield-Based Bond Convexity and Portfolio Properties</td>
<td>12.02 Bond Convexity and Convexity Adjustment</td>
<td>Page 302 Above Exhibit 2</td>
<td>(Time to receipt of CF) x (time to receipt of CF + 1) x (Weight of CF) x (1+ Periodic YTM)$^{(-\text{Periods per year})}$</td>
<td>(Time to receipt of CF) x (time to receipt of CF + 1) x (Weight of CF) x (1+ Periodic YTM)$^{(-2)}$</td>
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<td>14 July 2026</td>
<td>12: Yield-Based Bond Convexity and Portfolio Properties</td>
<td>12.02 Bond Convexity and Convexity Adjustment</td>
<td>Page 306 Question 1—Solution</td>
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<tr><td></td><td>Col. 7 = Col. 2 x (Col. 2 +1) x Col. 5 x (1 + YTM)$^{-1}$</td></tr>
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<tr><td>1</td><td>0.04304</td></tr>
<tr><td>2</td><td>0.12628</td></tr>
<tr><td>3</td><td>0.24701</td></tr>
<tr><td>4</td><td>0.40262</td></tr>
<tr><td>5</td><td>0.59064</td></tr>
<tr><td>6</td><td>0.80870</td></tr>
<tr><td>7</td><td>1.05454</td></tr>
<tr><td>8</td><td>1.32601</td></tr>
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<tr><td></td><td>78.26579</td></tr>
<tr><td>Annualized Macaulay Duration and Convexity</td><td>78.26579</td></tr>
<tr><td>Modified Duration</td><td>-</td></tr>
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<tr><td>2</td><td>0.12350</td></tr>
<tr><td>3</td><td>0.24157</td></tr>
<tr><td>4</td><td>0.39376</td></tr>
<tr><td>5</td><td>0.57764</td></tr>
<tr><td>6</td><td>0.79091</td></tr>
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<tr><td>8</td><td>1.29683</td></tr>
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<tr><td></td><td>76.54356</td></tr>
<tr><td>Annualized Macaulay Duration and Convexity</td><td>76.54356</td></tr>
<tr><td>Modified Duration</td><td>-</td></tr>
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18 Aug 2026	12: Yield-Based Bond Convexity and Portfolio Properties	12.03 Portfolio Duration and Convexity	Page 311 Question 4	$PV^{Full} = \text{PRICE}(\text{DATE}(2025,6,30),)$ $\text{DATE}(2032,6,30), 0.0295, 0.0345,$ $100,2,0) = 103.198.$	$PV^{Full} = \text{PRICE}(\text{DATE}(2025,6,30),)$ $\text{DATE}(2032,6,30), 0.0295, \mathbf{0.0245},$ $100,2,0) = 103.1984.$
21 Apr 2026	12: Yield-Based Bond Convexity and Portfolio Properties	Practice Problems	Page 316 Question 1	A 5.5% semiannual-pay fixed-coupon bond is issued at par on 1 May 2025 and matures on 1 May 2029. For a 50 bps increase and decrease in yield-to-maturity, *PV*+ and *PV*- are 99.82283 and 100.177546, respectively. The approximate convexity is *closest* to:	A 5.5% semiannual-pay fixed-coupon bond is issued at par on 1 May 2025 and matures on 1 May 2029. For a **5 bps** increase and decrease in yield-to-maturity, *PV*+ and *PV*- are 99.82283 and 100.177546, respectively. The approximate convexity is *closest* to:
21 Apr 2026	12: Yield-Based Bond Convexity and Portfolio Properties	Solutions	Page 318 Question 1 Solution	B is correct. $ApproxCon = \frac{100.177546 + 99.82283 - (2\text{x}100)}{(0.005)^2\text{x}100} = 15.04$	B is correct. $ApproxCon = \frac{100.177546 + 99.82283 - (2\text{x}100)}{(0.0005)^2\text{x}100} = 15.04$
21 Apr 2026	13: Curve-Based and Empirical Fixed-Income Risk Measures	13.01 Introduction	Page 323 Self-Assessment Question 4	If the benchmark yield curve shifted by 50 bps, what would be the percentage change in the full price of a bond if its effective duration is 6.094 and its effective convexity is –230.097?	If the benchmark yield curve shifted by **+50 bps,** what would be the percentage change in the full price of a bond if its effective duration is 6.094 and its effective convexity is –230.097.

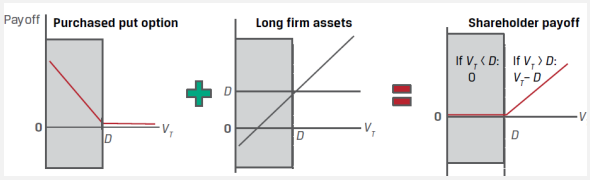
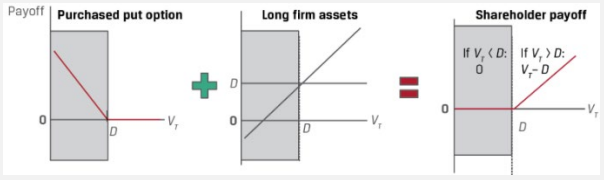
4 May 2026	13: Curve-Based and Empirical Fixed-Income Risk Measures	13.01 Introduction	Page 323 Self-Assessment Question 4 Solution	$\%\Delta PV^{Full} \approx 3.33\%$	$\%\Delta PV^{Full} \approx -3.33\%$
25 Aug 2026	13: Curve-Based and Empirical Fixed-Income Risk Measures	13.03 Bond Risk and Return Using Curve-Based Duration and Convexity	Page 333 Question 5	For the upward shift, the duration contribution is positive and convexity contribution is negative, offsetting each other.	For the **downward** shift, the duration contribution is positive and convexity contribution is negative, **partially** offsetting each other.
22 Aug 2025	13: Curve-Based and Empirical Fixed-Income Risk Measures	13.04 Key Rate Duration as a Measure of Yield Curve Risk	Page 335 Paragraph below Exhibit 5	Assume the portfolio is weighted by the prices of the respective 2-, 5-, and 10-year bonds for a total portfolio value of $293 million, or $1 million × (99.50 + 98.31 + 95.43). The portfolio's modified duration is calculated as 5.345 = [1.991 × (99.5/293.2)] + [4.869 × (98.3/293.2)] + [9.333 × (95.4/293.2)]. Alternatively, we could calculate each key rate duration by maturity. For example, the two-year key rate duration (KeyRateDur2) is 0.676 = 1.991 × (99.5/293.2).	Assume the portfolio is weighted by the prices of the respective 2-, 5-, and 10-year bonds for a total portfolio value of **$277** million, or $1 million × (**99.01 + 93.96 +84.01**). The portfolio's modified duration is calculated as **5.367 = [1.990 × (99.006/277.0)] + [4.938 × (93.960/277.0)] + [9.828 × (84.010/277.0)].** Alternatively, we could calculate each key rate duration by maturity. For example, the two-year key rate duration (KeyRateDur2) is **0.711 = 1.990 × (99.006/277.0).**

26 Aug 2026	13: Curve-Based and Empirical Fixed-Income Risk Measures	13.05 Empirical Duration	Page 340 Question 1 Solution	C is correct. A is incorrect because it is analytical, not empirical, duration and convexity that are measured using mathematical formulas. B is incorrect because it is empirical, not analytical, duration and convexity that are estimated using historical data in non-statistical models that incorporate various factors affecting bond prices.	C is correct. A is incorrect because it is analytical, not empirical, duration and convexity that are measured using mathematical formulas. B is incorrect because it is empirical, not analytical, duration and convexity that are estimated using historical data in **statistical** models that incorporate various factors affecting bond prices.
17 Jun 2026	14: Credit Risk	14.04 Factors Impacting Yield Spreads	Page 372 Example 6	Suppose that two years after issuance, the bond was traded at 122.25/125.75 (bid/offer). This meant that a buyer would have to pay the offer price of 125.75 for the bond and a seller would receive the bid price of 122.25. Bond mid-market price = (122.25 + 125.75)/2 = 124.00.	Suppose that two years after issuance, the bond was traded at **122.75/122.75** (bid/offer). This meant that a buyer would have to pay the offer price of **125.25** for the bond and a seller would receive the bid price of **122.75**. Bond mid-market price = (**122.75 + 125.25**)/2 = 124.00.
19 Sept 2025	16: Credit Analysis for Corporate Issuers	16.03 Financial Ratios in Corporate Credit Analysis	Page 424 Example 4		
19 Sept 2025	16: Credit Analysis for Corporate Issuers	16.03 Financial Ratios in Corporate Credit Analysis	Page 424 Example 4		

5 Aug 2025	16: Credit Analysis for Corporate Issuers	16.04 Seniority Rankings, Recovery Rates, and Credit Ratings	Page 433 Paragraph above Example 6	An issuer rating usually applies to its senior unsecured debt and addresses an obligor's overall creditworthiness. On the other hand, an individual issue rating refers to specific financial obligations of an issuer and takes such factors as seniority into account.	**An issuer rating addresses an obligor's overall creditworthiness. Rating agencies typically map it to the senior-unsecured debt level for consistency across issuers.** On the other hand, an individual issue rating refers to specific financial obligations of an issuer and takes such factors as seniority into account.

Derivatives

Revised	Module	Lesson	Location (PDF)	Replace	With
29 Sept 2025	8: Pricing and Valuation of Options	8.05 Option Time Value	Page 178 Equation 3	$\text{Max}(0, S_t - X(1 + r)^{-(T-t)})$	$\mathbf{C_t} - \text{Max}(0, S_t - X(1 + r)^{-(T-t)})$
27 Oct 2025	8: Pricing and Valuation of Options	8.07 Replication	Page 184 Exhibit 5 and paragraph below	Exhibit 5: Put Option versus Short Forward Position In order to replicate the put option at contract inception…	Exhibit 5: **Short Put Option versus Long Forward Position** Accordingly, as a short put option would require a long position in the underlying for replication, so in order to replicate a long position in the put option at contract inception…

26 Sept 2025	9: Option Replication Using Put-Call Parity	9.02 Put-Call Parity	Page 199 Question 3	Which of the following statements correctly describes a synthetic protective put position according to put–call forward parity? A. A long forward contract on the underlying, a long put option on the underlying, and a short risk-free bond Solution: A is correct. The formula for put–call forward parity is as follows: $F_0(T)(1 + r)^{-T} + p_0 = c_0 + X(1 + r)^{-T}$. Rearranging the terms as follows shows the synthetic protective put position on the left-hand side of the equation: $F_0(T)(1 + r)^{-T} + p_0 - X(1 + r)^{-T} = c_0$.	Which of the following statements correctly describes a synthetic protective put position according to put–call forward parity? A. A long forward contract on the underlying, a long put option on the underlying, and a **long** risk-free bond Solution: A is correct. The formula for put–call forward parity is as follows: $F_0(T)(1 + r)^{-T} + p_0 = c_0 + X(1 + r)^{-T}$.
1 Apr 2026	9: Option Replication Using Put-Call Parity	9.02 Put-Call Parity	Pages 200-201 Exhibits 1 and 3	Exhibit 1: Payoffs at Time for *T* for Two Portfolios Exhibit 3: Portfolio 2 (Protective Put) Payoff at Time *T*	Exhibit **1: Portfolio 2 (Protective Put) Payoff at Time *T*** Exhibit **3: Payoffs at Time for *T* for Two Portfolios**
20 Oct 2025	9: Option Replication Using Put-Call Parity	9.06 Option Put-Call Parity Applications: Firm Value	Page 210 Exhibit 9		

30 Sept 2025	10: Valuing a Derivative Using a One-Period Binomial Model	10.04 Pricing a European Call Option	Page 229 Solution to Question 5	£3/£4 = — 0.75	—£3/£4 = — 0.75
22 Jun 2026	10: Valuing a Derivative Using a One-Period Binomial Model	10.5 Risk Neutrality	Page 230	Specifically, this probability is computed using the risk-free rate and assumed up gross return and down gross return of the underlying as in Equation 7.	Specifically, this probability is computed using the risk-free rate and assumed up gross return and down gross return of the underlying as in **Equation 10**.
22 Jun 2026	10: Valuing a Derivative Using a One-Period Binomial Model	10.5 Risk Neutrality	Page 231	In Equation 7, the risk-neutral probabilities are determined solely by the up and down gross returns, R^u and R^d, representing underlying asset volatility and the risk-free rate used to calculate the present value of future cash flows. This no-arbitrage derivative value established separately from investor views on risk is referred to as risk-neutral pricing.	In **Equation 10**, the risk-neutral probabilities are determined solely by the up and down gross returns, R^u and R^d, representing underlying asset volatility and the risk-free rate used to calculate the present value of future cash flows. This no-arbitrage derivative value established separately from investor views on risk is referred to as risk-neutral pricing.

Alternative Investments

Revised	Module	Lesson	Location (PDF)	Replace	With
28 July 2025	2: Alternative Investment Performance and Returns	2.02 Alternative Investment Performance	Page 39 Knowledge Check: MOIC Calculation Question 1, Last row of table	IRR 20%	IRR **6.82**%
27 Oct 2025	2: Alternative Investment Performance and Returns	2.03 Alternative Investment Returns	Page 47 Example 3, Question 2	Add "Note: P1 is equal to $130 million - $7.04 million = $122.96 million" at the end of Solution.	

27 Oct 2025	2: Alternative Investment Performance and Returns	2.03 Alternative Investment Returns	Page 48 Example 4, Question 2	The fee structure is as specified in Question 1 of Example 3 but also includes the use of a high-water mark (P_{HWM}) computed net of fees. ... $R_{GP(High\text{-}Water\ Mark)} = (P_2 \times r_m) + \max[0, P_2((1 - r_m) - P_{HWM}) \times p]$ ... r_i = ($110 million − $124.16 million − $1.1 million)/$124.16 million = −12.291%. ... The beginning capital position in the second year for the investors is $130 million − $5.84 million = $124.16 million	The fee structure is as specified in Question **2** of Example 3 but also includes the use of a high-water mark (P_{HWM}) computed net of fees **(note: no hurdle rate)**. ... $R_{GP(High\text{-}Water\ Mark)} = (P_2 \times r_m) + \max[0, \mathbf{(}P_2\mathbf{(}1 - r_m) - P_{HWM}) \times p]$ ... r_i = ($110 million − **$122.96** million − $1.1 million)/$**122.96** million = **−11.435%.** ... The beginning capital position in the second year for the investors is $130 million − **$7.04** million = $**122.96** million

27 Oct 2025	2: Alternative Investment Performance and Returns	2.03 Alternative Investment Returns	Page 48 Example 4, Question 3	$R_{GP(High\text{-}Water\ Mark)} = (P_2 \times r_m) + \max[0, P_2((1- r_m) - P_{HWM}) \times p]$ Note that the high-water mark, PHWM, is the highest value of the fund after fees in all previous years. In Kettleside's case, it was $122.7 million, the ending value in the first year, P1. Year — Fund Value ($m), after Fees 0 — 100.00 1 — 122.70 2 — 108.90 $R_{GP(High\text{-}Water\ Mark)}$ = $128 million × 1% + max[0, ($128 × 0.99 − $124.16) × 20%] = $1.792 million. r_i = ($128 million − $108.9 million − $1.792 million)/$108.9 million = 15.89% … The ending capital position for the third year is $128 million − $1.792 million = $126.208 million..	$R_{GP(High\text{-}Water\ Mark)} = (\mathbf{P_3} \times r_m) + \max[0, (\mathbf{P_3}(1- r_m) - P_{HWM}) \times p]$ Note that the high-water mark, PHWM, is the highest value of the fund after fees in all previous years. In Kettleside's case, it was **$122.96** million, the ending value in the first year, P1. Year — Fund Value ($m), after Fees 0 — 100.00 1 — **122.96** 2 — 108.90 $R_{GP(High\text{-}Water\ Mark)}$ = $128 million × 1% + max[0, ($128 × 0.99 − **$122.96**) × 20%] = **$2.032** million. r_i = ($128 million − $108.9 million − **$2.032** million)/$108.9 million = **15.67**% … The ending capital position for the third year is $128 million − **$2.032** million = $**125.968 million**..

23 Oct 2025	2: Alternative Investment Performance and Returns	2.03 Alternative Investment Returns	Page 49 Example 5	$R_{GP(High\text{-}Water\ Mark)} = (P_3 \times r_m) + \max[0, (P_3 - P_{HWM}) \times p]$. $R_{GP(High\text{-}Water\ Mark)}$ = \$128 million × 1% + max[0, (\$128 million – \$108.9 million) × 20%] = \$5.1 million. r_i = (\$128 million – \$108.9 million – \$5.1 million)/\$108.9 million = 12.856%."	$R_{GP(High\text{-}Water\ Mark)} = (P_3 \times r_m) + \max[0, (P_3$ **$(1 - r_m)$** $- P_{HWM}) \times p]$. $R_{GP(High\text{-}Water\ Mark)}$ = \$128 million × 1% + max[0, (\$128 million **× 0.99** – \$108.9 million) × 20%] = **\$4.85** million. r_i = (\$128 million – \$108.9 million – **\$4.85 million)**/\$108.9 million = **13.09**%."

23 Oct 2025	2: Alternative Investment Performance and Returns	Practice Problems	Page 60 Question 7	A hedge fund has the following fee structure: • Annual management fee based on year-end AUM: 2% • Incentive fee: 20% • Hurdle rate before incentive fee collection starts: 4% • Current high-water mark: $610 million The fund has a value of $583.1 million at the beginning of the year. After one year, it has a value of $642 million before fees. The net percentage return to an investor for this year is closest to: A. 6.72%. B. 6.80%. C. 7.64%.	A hedge fund has the following fee structure: • Annual management fee based on year-end AUM: 2% • Incentive fee: 20% • Hurdle rate before incentive fee collection starts: 4% • Current high-water mark: $610 million • **Incentive fees (and hurdle rate considerations) are determined post management fees** The fund has a value of $583.1 million at the beginning of the year. After one year, it has a value of $642 million before fees. The net percentage return to an investor for this year is closest to: A. 6.72%. B. 6.80%. **C. 7.24%.**

9 July 2026	2: Alternative Investment Performance and Returns	Solutions	Page 63 Solution—Question 7	C is correct. The management fee for the year is $642 million × 0.02 = $12.84 million. Because the ending gross value of the fund of $642 million exceeds the high-water mark of $610 million, the hedge fund can collect an incentive fee on gains above this high-water mark but net of the hurdle rate of return. The incentive fee calculation becomes {$642 – [$610 × (1 + 0.04)]} × 0.20 = $1.52 million. The net return to the investor for the year is [($642 – $12.84 – $1.52)/$583.1] – 1 = 0.07638 ≈ 7.64%.	C is correct. The management fee for the year is $642 million × 0.02 = $12.84 million. Because the ending gross value of the fund of **$642 x 0.98 = 629.16** million exceeds the high-water mark of $610 million and **the hurdle rate of $583.1 x 1.04 = $606.4 million,** the hedge fund can collect an incentive fee on gains above this high-water mark but net of the hurdle rate of return. The incentive fee calculation becomes **Net Value Post Management Fees = (1-0.02) × $642 = $629.16 Million.** **Incentive Fee = max(0,[629.16-max(610,1.04 × 583.1)] × 0.2)=$3.832 Million** **Total fees are 3.832+12.84 = $16.672 Million and the final NAV is 642-16.672 = $625.328 Million. So, the net return is 625.328/583.1-1=7.24%**

18 Sept 2025	3: Investments in Private Capital: Equity and Debt	3.02 Private Equity Investment Characteristics	Page 75 First sentence in *Public Listing* section	Public listing on an exchange can take place either as an initial public offering (IPO), a direct listing, or a special acquisition company (SPAC).	Public listing on an exchange can take place either as an initial public offering (IPO), a direct listing, or a **special purpose acquisition company (SPAC).**
19 Sept 2025	4: Real Estate Infrastructure	4.02 Real Estate Features	Page 98 Exhibit 2	Equity Direct ownership Sole ownership Joint ventures Limited partnerships Indirect ownership Real estate funds Private REITs	Equity Direct ownership Sole ownership Indirect ownership **Joint ventures** **Limited partnerships** Real estate funds Private REITs
4 June 2025	6: Hedge Funds	6.01 Introduction	Pages 149-150 Learning Module Self-Assessment Question 5	16.38 Return to the investors = 20 million – 3.72 million = 16.38 million. Investors' return = 16.38%.	**16.28** Return to the investors = 20 million – 3.72 million = **16.28 million.** Investors' return = **16.28%.**
16 Jan 2026	6: Hedge Funds	6.04 Hedge Fund Investment Risk, Return, and Diversification	Page 171 Under Exhibit 7	The coefficient of variation can be thought of as the price of return in terms of risk or the relative returns adjusted for risk: A higher coefficient of variation provides greater return for the same amount of risk.	The coefficient of variation can be thought of as the price of return in terms of risk or the relative **risk** adjusted for **returns**: A **lower** coefficient of variation provides **lower risk** for the same amount of **returns**.

25 Aug 2025	6: Hedge Funds	Solutions	Page 177 Solution 2	C is correct. Participating in a potential bankruptcy situation would be characteristic of an event-driven hedge fund manager and not a fundamental long/short manager. B is incorrect because a fundamental long/short manager would invest in securities expected to exhibit high growth and capital appreciation. C is incorrect because a fundamental long/short manager would short securities in sectors that project negative growth.	C is correct. Participating in a potential bankruptcy situation would be characteristic of an event-driven hedge fund manager and not a fundamental long/short manager. **A** is incorrect because a fundamental long/short manager would invest in securities expected to exhibit high growth and capital appreciation. **B** is incorrect because a fundamental long/short manager would short securities in sectors that project negative growth.

Portfolio Management

Revised	Module	Lesson	Location (PDF)	Replace	With
19 May 2026	1: Portfolio Risk and Return: Part I	1.07 Portfolio Risk & Portfolio of Two Risky Assets	Page 29 Example 5 Question 2 Solution	$\sigma_D = \sqrt{\sigma_{Ic}^2 + \sigma_{FX}^2 + 2 \times \rho \times \sigma_{Ic} \times \sigma_{FX})}$ $= \sqrt{0.040^2 + 0.090^2 + 2 \times 0.33 \times 0.040 + 0.090}$	$\sigma_D = \sqrt{\sigma_{Ic}^2 + \sigma_{FX}^2 + 2 \times \rho \times \sigma_{Ic} \times \sigma_{FX})}$ $= \sqrt{0.040^2 + 0.090^2 + 2 \times 0.33 \times 0.040 \times 0.090}$
7 July 2026	4: Basics of Portfolio Planning and Construction	4.07 Strategic Asset Allocation	Page 186 Example 10	Gottschalk should aim for portfolios that offer an expected return of at least 6% (the straight horizontal line or above) and a standard deviation of return of 12% or lower (the straight vertical line to the left).	Gottschalk should aim for portfolios that offer an expected return of at least **5%** (the straight horizontal line or above) and a standard deviation of return of **10%** or lower (the straight vertical line to the left).
26 May 2026	6: Introduction to Risk Management	6.11 Risk Modification: Transferring, Shifting, and How to Choose	Page 277 Example 4 Question 4	Risk (standard deviation of returns) for the FTSE 100 is 13.2%, and the risk on US Treasuries in sterling is 11.0% and the risk of USD/GBP is 9%.	**Risk (Standard deviation of returns) for the FTSE is 13.2%, the risk on US Treasuries is 4.0% and the risk of USD/GBP is 9.0%.**
16 Jan 2026	6: Introduction to Risk Management	6.11 Risk Modification: Transferring, Shifting, and How to Choose	Page 278 Question 2 Solution	Because you hedge 40% of current portfolio value, the impact on your expected return is 40% × –0.03%, reducing the hedged portfolio return to 3.87% = 3.9% – 0.03%.	Because you hedge 40% of current portfolio value, the impact on your expected return is 40% × –0.03%, reducing the hedged portfolio return to **3.89%** = 3.9% – **0.012**%.

Ethical and Professional Standards

Revised	Module	Lesson	Location (PDF)	Replace	With
3 Sept 2025	3: Guidance for Standards I-VII	Standard I: Professionalism	Page 57 Exhibit 1, Row 6, Column 1	Member resides in LS country, does business in MS country; LS law applies, but it states that law of locality where business is conducted governs	Member resides in LS country, does business in MS country; **MS** law applies, but it states that law of locality where business is conducted governs
25 Aug 2025	5: Ethics Application	5.08 Responsibilities as a CFA Institute Member or CFA Candidate	Page 286 Analysis under “Taveras”	"C is correct…" "B is incorrect…"	"**B** is correct…" "**C** is incorrect…"

Glossary

Revised	Location (PDF)	Replace	With
19 May 2025	Page G-14	Hedge ratio: The proportion of an underlying that will offset the risk associated with a derivative position	Hedge ratio: The proportion of an underlying **investment position** that will offset the risk associated with a derivative position
20 Aug 2025	Page G-20	Off-the-run securities: Sovereign debt securities outstanding other than on-the-sun securities. Off-the-run securities are less liquid than on-the-run securities.	Off-the-run securities: Sovereign debt securities outstanding other than on-the-**run** securities. Off-the-run securities are less liquid than on-the-run securities.
20 Oct 2025	Page G-22	Partially amortizing bond: A loan or bond with a payment schedule that calls for partial repayment of principle over the life of the bond, with the remaining principal paid at maturity.	Partially amortizing bond: A loan or bond with a payment schedule that calls for partial repayment of **principal** over the life of the bond, with the remaining principal paid at maturity.