CFA Institute®

Curriculum Errata Notice

2026 Level II CFA Program

Issue date: April 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.

Good luck with your studies!

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
2 Mar 2026	Corporate Issuers 3: Cost of Capital: Advanced Topics	3.07 Mini-Case 2	Page 147 Above Exhibit 19	Other notes about Precision are as follows: ■ The company's founder and CEO continues to be highly involved in all aspects of the company's operations, with no clear succession plan in place. ■ Approximately 60% of the company's revenues come from software subscriptions, and 70% come from five major customers within close geographic proximity of each other.	Other notes about Precision are as follows: ■ The company's founder and CEO continues to be highly involved in all aspects of the company's operations, with no clear succession plan in place. ■ Approximately 60% of the company's revenues come from software subscriptions, and 70% come from five major customers within close geographic proximity of each other. **■ There are no other liabilities outside of total debt.**
3 Mar 2026	Equity Valuation 6: Private Company Valuation	6.08 Private Company Valuation: Income-Based Approach	Page 448 Step 3	Terminal Value (Downside) = FCFF(Downside)5x(1+0.02)/(0.1255-0.03) =SGD 13,625,696/(0.0955) =SGD 142,680,302	Terminal Value (Downside) = FCFF(Downside)5x(1+0.02)/(0.1255-0.03) =SGD **13,493,678**/(0.0955) =SGD **141,295,057**

3 Mar 2026	Equity Valuation 1: Applications and Processes	1.04 Analysis of Financial Reports and Sources of Information	Page 16 'Sources of ESG Information: The Case of the US Auto Industry' case study	Removed the following link: https://www.globalreporting.org/information/sustainability-reporting/Pages/default.aspx	
3 Mar 2026	Quantitative Methods 4: Extensions of Multiple Regression	Practice Problems	Page 103 Question 8	Based on the output for Logistic Regression 1 in the table below, which of the following alternatives is closest to the probability that any ETF will be a winning fund? **A.** 6.75% **B.** 5.96% **C.** 5.67%	Based on the output **in Exhibit 1: Output for Logistic Regression 1**, which of the following alternatives is closest to the probability that any ETF will be a winning fund? A. 6.75% B. 5.96% C. 5.67%
3 Mar 2026	Quantitative Methods 4: Extensions of Multiple Regression	Practice Problems	Page 104 Table above Question 9	Add title: **Exhibit 1: Output for Logistic Regression**	

3 Mar 2026	Quantitative Methods 4: Extensions of Multiple Regression	Practice Problems	Page 104 Question 9	Based on the output for Logistic Regression 1 and the information in the table above, which of the following alternatives is closest to the change in the probability that an ETF will be a winning fund if its price-to-earnings ratio increases by one unit and all else stays constant? **A.** 17.0% **B.** 0.16% **C.** 1.5%	Based on the output **in Exhibit 1: Output for Logistic Regression 1,** which of the following alternatives is closest to the change in the probability that an ETF will be a winning fund if its price-to-earnings ratio increases by one unit and all else stays constant? **A.** 17.0% **B.** 0.16% **C.** 1.5%
3 Mar 2026	Quantitative Methods 4: Extensions of Multiple Regression	Practice Problems	Page 104 Question 10	Based on the output from with Logistic Regression 1, how will the change in the probability that an ETF will be a winning fund increase if one of the other independent variable values, except for net_assets, is decreased by one unit, holding all else constant?	Based on the output **in Exhibit 1: Output for Logistic Regression 1**, how will the change in the probability that an ETF will be a winning fund increase if **all** independent variable values, except for net_assets, is decreased by one unit, holding all else constant?

6 Mar 2026	Equity Valuation 3: Free Cash Flow Valuation	3.10 Free Cash Flow Model Variations	Page 164 Exhibit 12	As Exhibit 12 shows, the value of Petrobras is very sensitive to the inputs. The value is negatively related to changes in the beta, the risk-free rate, and the equity risk premium and positively related to changes in the FCFE growth rate. Of the four variables considered, the stock valuation is most sensitive to the range of estimates for the FCFE growth rate (a range from BRL24.02 to BRL38.57. The ranges of the estimates for the other three variables, while still large, are less than the range for changes in the FCFE growth rate. Of course, the variables to which a stock price is most sensitive vary from case to case. A sensitivity analysis gives the analyst a guide as to which variables are most critical to the final valuation.	As Exhibit 12 shows, the value of Petrobras is very sensitive to the inputs. The value is negatively related to changes in the beta, the risk-free rate, and the equity risk premium and positively related to changes in the FCFE growth rate. Of the four variables considered, the stock valuation is most sensitive to the range of estimates for the FCFE growth rate (a range from BRL24.02 to BRL38.57). The ranges of the estimates for the other three variables, while still **relatively large**, are less than the range for changes in the FCFE growth rate. Of course, the variables **and degrees** to which a stock price is most sensitive vary from case to case. A **ranged based** sensitivity analysis gives the analyst a guide as to which variables are most critical to the final valuation.
10 Mar 2026	Equity Valuation 4: Market-Based Valuation: Price and Enterprise Value Multiples	4.08 Price/Dividends and Dividend Yield	Page 282 Example 32 Question 2	The dividend yield is \$0.976/\$15.20 = 0.0642, or 6.52%.	The dividend yield is \$0.976/\$15.20 = 0.0642, or **6.42**%.

10 Mar 2026	Equity Valuation 4: Market-Based Valuation: Price and Enterprise Value Multiples	Solutions	Page 328-329 Question 22 Solution	A is correct. Based on the method of average ROE, normalized EPS are calculated as the average ROE from the most recent full business cycle multiplied by current book value per share. The most recent business cycle was 2011–2014, and the average ROE over that period was 0.1_3_01 +_ 0_._137_1_ _4 + _ 0_.1_1_5_8_ +_ 0.1_4_21 = 0.131. The book value of (common) equity, or simply book value, is the value of shareholders' equity less any value attributable to the preferred stock: €1,027 million – €80 million = €947 million. Current book value per share (BVPS) is calculated as €947 million/41.94 million = €22.58. So, normalized EPS is calculated as Average ROE × BVPS = 0.131 × €22.58 = €2.96.	A is correct. Based on the method of average ROE, normalized EPS are calculated as the average ROE from the most recent full business cycle multiplied by current book value per share. The most recent business cycle was **2016-2019**, and the average ROE over that period was 0.1_3_01 +_ 0_._137_1_ _4 + _ 0_.1_1_5_8_ +_ 0.1_4_21 = 0.131. The book value of (common) equity, or simply book value, is the value of shareholders' equity less any value attributable to the preferred stock: €1,027 million – €80 million = €947 million. Current book value per share (BVPS) is calculated as €947 million/41.94 million = €22.58. So, normalized EPS is calculated as Average ROE × BVPS = 0.131 × €22.58 = €2.96.
10 Mar 2026	Equity Valuation 5: Residual Income Valuation	5.05 Accounting and International Considerations	Pages 371-372 Exhibit 14 Question 4	Given the estimated 8% growth in net income and dividends in Year 6, the estimated Year 6 net income is $4.92 ($4.56 × 1.08), and the estimated amount of Year 6 dividends is $0.42 ($0.38 × 1.08).	Given the estimated 8% growth in net income and dividends in Year 6, the estimated Year 6 net income is $4.92 ($4.56 × 1.08), and the estimated amount of Year 6 dividends is **$0.41** ($0.38 × 1.08).

23 Mar 2026	Quantitative Methods 5: Time-Series Analysis	5.04 Trend Models and Testing for Correlated Errors	Page 122 In the 3rd paragraph	(Remember that significantly small values of the Durbin–Watson statistic indicate positive serial correlation; significantly large values point to negative serial correlation; here the Durbin–Watson statistic of 1.09 indicates positive serial correlation.)	(Remember that significantly small values of the Durbin–Watson statistic indicate positive serial correlation; significantly large values point to negative serial correlation; here the Durbin–Watson statistic of **1.2145** indicates positive serial correlation.)

Complete list of errata

Quantitative Methods

Revised	Module	Lesson	Location (PDF)	Replace	With
19 Aug 2025	1: Basics of Multiple Regression and Underlying Assumptions	1.03 The Basics of Multiple Regression	Page 8 Bullet 2	The change in the bond index return for a given one-unit change in the monthly government bond yield, BY, is –5.0585%, holding CS constant. This means that the bond index has an empirical duration of 5.0585.	The change in the bond index return for a given one-unit change in the monthly government bond yield, BY, is –5.0585%, holding CS constant. This means that the bond index has an **effective** duration of 5.0585.
25 Aug 2025	1: Basics of Multiple Regression and Underlying Assumptions	1.03 The Basics of Multiple Regression	Page 9 Question 3—Solution	R = 1.534 + 0.5892(1) − 0.8719(4) − 0.0560(−2) = −1.2524.	R = 1.534 + 0.5892(1) − 0.8719(4) − 0.0560(−2) = **−1.254**.
30 Oct 2025	2: Evaluating Regression Model Fit and Interpreting Model Results	2.02 Goodness of Fit	Page 27 Above Exhibit 1	If the coefficient's t-statistic > |1.0|, then R^2 increases. If the coefficient's t-statistic < |1.0|, then R^2 decreases.	If the coefficient's **|t-statistic|** > 1.0, then R^2 increases. If the coefficient's **|t-statistic|** < 1.0, then R^2 decreases.
20 Aug 2025	2: Evaluating Regression Model Fit and Interpreting Model Results	2.02 Goodness of Fit	Page 29 Text after Exhibit 2	(Equation 3)	(Equation **2**)

22 Aug 2025	2: Evaluating Regression Model Fit and Interpreting Model Results	2.03 Testing Joint Hypotheses for Coefficients	Page 41 Knowledge Check—Question 2 Step 5	F = 54.4039, as given in the regression output. (Note small difference vs. MSR/MSE from rounding.)	**F = 54.4029**, as given in the regression output. (Note small difference vs. MSR/MSE from rounding.)
New: 3 Mar 2026	4: Extensions of Multiple Regression	Practice Problems	Page 103 Question 8	Based on the output for Logistic Regression 1 in the table below, which of the following alternatives is closest to the probability that any ETF will be a winning fund? **A.** 6.75% **B.** 5.96% **C.** 5.67%	Based on the output **in Exhibit 1: Output for Logistic Regression 1**, which of the following alternatives is closest to the probability that any ETF will be a winning fund? A. 6.75% B. 5.96% C. 5.67%
New: 3 Mar 2026	4: Extensions of Multiple Regression	Practice Problems	Page 104 Table above Question 9	Add title: **Exhibit 1: Output for Logistic Regression**	
New: 3 Mar 2026	4: Extensions of Multiple Regression	Practice Problems	Page 104 Question 9	Based on the output for Logistic Regression 1 and the information in the table above, which of the following alternatives is closest to the change in the probability that an ETF will be a winning fund if its price-to-earnings ratio increases by one unit and all else stays constant? **A.** 17.0% **B.** 0.16% **C.** 1.5%	Based on the output **in Exhibit 1: Output for Logistic Regression 1,** which of the following alternatives is closest to the change in the probability that an ETF will be a winning fund if its price-to-earnings ratio increases by one unit and all else stays constant? **A.** 17.0% **B.** 0.16% **C.** 1.5%

New: 3 Mar 2026	4: Extensions of Multiple Regression	Practice Problems	Page 104 Question 10	Based on the output from with Logistic Regression 1, how will the change in the probability that an ETF will be a winning fund increase if one of the other independent variable values, except for net_assets, is decreased by one unit, holding all else constant?	Based on the output **in Exhibit 1: Output for Logistic Regression 1**, how will the change in the probability that an ETF will be a winning fund increase if **all** independent variable values, except for net_assets, is decreased by one unit, holding all else constant?
22 Aug 2025	4: Extensions of Multiple Regression	Practice Problems	Page 107 Question 10—Solution	Therefore, as the portfolio_bonds variable increases by one unit, it results in a larger increase in profit than the price-to-earnings variable (0.1113 versus 0.0292), since its product is larger than the price-to-earnings product increase by one unit.	Therefore, as the portfolio_bonds variable increases by one unit, it results in a larger increase in profit than the price-to-earnings variable (0.1113 versus 0.0292), since its product is larger than the price-to-earnings product **decreases** by one unit.
20 Aug 2025	5: Time-Series Analysis	5.04 Trend Models and Testing for Correlated Errors	Page 120 Exhibit 10	Regression Statistics R^2 0.9771	Regression Statistics R^2 **0.95**
New: 23 Mar 2026	5: Time-Series Analysis	5.04 Trend Models and Testing for Correlated Errors	Page 122 In the 3rd paragraph	(Remember that significantly small values of the Durbin–Watson statistic indicate positive serial correlation; significantly large values point to negative serial correlation; here the Durbin–Watson statistic of 1.09 indicates positive serial correlation.)	(Remember that significantly small values of the Durbin–Watson statistic indicate positive serial correlation; significantly large values point to negative serial correlation; here the Durbin–Watson statistic of **1.2145** indicates positive serial correlation.)

21 Aug 2025	5: Time-Series Analysis	5.07 Mean Reversion and Multiperiod Forecasts	Page 126 Example 4—Question 1	Analyst Melissa Jones decides to use a time-series model to predict Intel Corporation's gross margin [(Sales − Cost of goods sold)/Sales] using quarterly data from the first quarter of 2003 through the second quarter of 2019. She does not know the best model for gross margin but believes that the current-period value will be related to the previous-period value. She decides to start out with a first-order autoregressive model, AR(1): Gross margint = b0 + b1(Gross margint−1) + εt. Her observations on the dependent variable are 1Q 2003 through 2Q 2019. Exhibit 12 shows the results of estimating this AR(1) model, along with the autocorrelations of the residuals from that model.	Analyst Melissa Jones decides to use a time-series model to predict Intel Corporation's gross margin [(Sales − Cost of goods sold)/Sales] using quarterly data from the first quarter of 2003 through the **first** quarter of 2019. She does not know the best model for gross margin but believes that the current-period value will be related to the previous-period value. She decides to start out with a first-order autoregressive model, AR(1): Gross margint = b0 + b1(Gross margint−1) + εt. Her observations on the dependent variable are 1Q 2003 through **1Q** 2019. Exhibit 12 shows the results of estimating this AR(1) model, along with the autocorrelations of the residuals from that model.
15 Aug 2025	5: Time-Series Analysis	5.07 Mean Reversion and Multiperiod Forecasts	Page 129 Exhibit 13 Table 2	<table><tr><th></th><th>Coefficient</th><th>Standard Error</th><th>*t*-Statistic</th></tr><tr><td>Intercept</td><td>0.13346</td><td>0.2134</td><td>0.6254</td></tr></table>	<table><tr><th></th><th>Coefficient</th><th>Standard Error</th><th>*t*-Statistic</th></tr><tr><td>Intercept</td><td>**1.3346**</td><td>0.2134</td><td>**6.254**</td></tr></table>

Economics

Revised	Module	Lesson	Location (PDF)	Replace	With
15 Aug 2025	1: Currency Exchange Rates: Understanding Equilibrium Value	1.10 The Carry Trade	Page 40 Question 4	A.+0.03% B.+1.53% C.+1.63%	A.+0.03% B.**+1.42%** C.+1.63%
17 Dec 2025	1: Currency Exchange Rates: Understanding Equilibrium Value	1.13 Monetary and Fiscal Policies	Page 54 Exhibit 6	The Mundell-Fleming and portfolio balance models can be combined into a single integrated framework in which expansionary fiscal policy under conditions of high capital mobility may be positive for a currency in the short run but negative in the long run. Exhibit 6 illustrates this concept. A domestic currency may rise in value when the expansionary fiscal policy is first put into place. Exhibit 6: The Short- and Long-Run Response of Exchange Rates to Changes in Fiscal Policy	The Mundell–Fleming and portfolio balance models can be combined into a single integrated framework in which expansionary fiscal policy under conditions of high capital mobility may be positive for a currency in the short run but negative in the long run**. A domestic currency may rise in value when the expansionary fiscal policy is first put into place.** **Delete Exhibit 6**

<table>
<tr>
<td>4 Dec 2025</td>
<td>2: Economic Growth</td>
<td>2.10 Theories of Growth</td>
<td>Page 125 Example 10</td>
<td>Move table from Question 2 in Example 10 to right after the sentence “Given the following data, address these questions:”
<table>
<tr><th></th><th>Labor Cost in Total Factor Cost (%)</th><th>TFP Growth (%)</th><th>Labor Force Growth (%)</th></tr>
<tr><td>China</td><td>56.1</td><td>2.9</td><td>1.2</td></tr>
<tr><td>Japan</td><td>53.8</td><td>0.2</td><td>0.0</td></tr>
<tr><td>Ireland</td><td>57.4</td><td>0.9</td><td>0.3</td></tr>
</table>
</td>
</tr>
</table>

Financial Statement Analysis

Revised	Module	Lesson	Location (PDF)	Replace	With
26 Aug 2025	1: Intercorporate Investments	1.02 Basic Corporate Investment Categories	Page 5 Exhibit 1	Remove last row in table.	
17 Feb 2026	1: Intercorporate Investments	1.05 Amortization of Excess Purchase Price, Fair Value Option, and Impairment	Page 15 Last paragraph	Goodwill, however, is included in the carrying amount of the investment, because investment is reported as a single line item on the investor's balance sheet.	Goodwill, however, is included in the carrying amount of the investment, **not as a separate asset,** because **under the equity method,** the investment is reported as a single line item on the investor's balance sheet.
17 Feb 2026	1: Intercorporate Investments	1.07 Acquisition Method	Page 25 Above Acquisition Method	Remove from curriculum: In the past, business combinations could be accounted for either as a purchase transaction or as a uniting (or pooling) of interests. However, the use of the pooling accounting method for acquisitions is no longer permitted, and IFRS and US GAAP now require that all business combinations be accounted for in a similar manner. The *acquisition method* developed by the IASB and the FASB replaces the purchase method, and substantially reduces any differences between IFRS and US GAAP for business combinations.	

17 Feb 2026	1: Intercorporate Investments	1.07 Acquisition Method	Page 26 Recognition and Measurement of Contingent Liabilities	On the acquisition date, the acquirer must recognize any contingent liability assumed in the acquisition if 1) it is a present obligation that arises from past events, and 2) it can be measured reliably. Costs that the acquirer expects (but is not obliged) to incur, however, are not recognized as liabilities as of the acquisition date. Instead, the acquirer recognizes these costs in future periods as they are incurred. For example, expected restructuring costs arising from exiting an acquiree's business will be recognized in the period in which they are incurred.	On the acquisition date, the acquirer must recognize any contingent liability assumed in the acquisition if 1) it is a present obligation that arises from past events, and 2) it can be measured reliably. **For example, the acquirer may need to recognize a contingent liability for a potential warranty obligation of the acquiree, even if the acquiree did not previously recognize the obligation.** Costs that the acquirer expects (but is not obliged) to incur, however, are not recognized as liabilities as of the acquisition date. Instead, the acquirer recognizes these costs in future periods as they are incurred. For example, expected restructuring costs arising from exiting an acquiree's business will be recognized in the period in which they are incurred.

17 Feb 2026	1: Intercorporate Investments	1.08 The Consolidation Process	Pages 34-35 Goodwill Impairment	Goodwill impairment testing is then conducted under a two-step approach: identification of impairment and then measurement of the loss. First, the carrying amount of the reporting unit (including goodwill) is compared to its fair value. If the carrying value of the reporting unit exceeds its fair value, potential impairment has been identified. The second step is then performed to measure the amount of the impairment loss. The amount of the impairment loss is the difference between the implied fair value of the reporting unit's goodwill and its carrying amount. The implied fair value of goodwill is determined in the same manner as in a business combination (it is the difference between the fair value of the reporting unit and the fair value of the reporting unit's assets and liabilities). The impairment loss is applied to the goodwill that has been allocated to the reporting unit.	**Before proceeding to a quantitative impairment test, a reporting entity may elect to first perform an optional qualitative assessment of whether it is more likely than not (i.e., a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. If the entity concludes that the fair value of the reporting unit is more likely than not greater than its carrying amount, no further testing is required. However, if the qualitative assessment indicates potential impairment, or if the entity elects to bypass the qualitative assessment, the entity must perform a quantitative test. The quantitative test compares the fair value of the reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the entity should recognize a goodwill impairment loss equal to the excess of carrying amount over fair value, limited to the amount of goodwill that is allocated to that reporting unit. The impairment loss reduces the carrying amount of goodwill that has been allocated to the reporting unit.**

17 Feb 2026	1: Intercorporate Investments	1.08 The Consolidation Process	Pages 35-36 Example 10	Replace Example 10 with the content here.	
17 Feb 2026	1: Intercorporate Investments	1.12 Summary	Pages 44-45 4th Bullet	Goodwill is the difference between the acquisition value and the fair value of the target's identifiable net tangible and intangible assets. Because it is considered to have an indefinite life, it is not amortized. Instead, it is evaluated at least annually for impairment. Impairment losses are reported on the income statement. IFRS use a one-step approach to determine and measure the impairment loss, whereas US GAAP uses a two-step approach.	Goodwill is the difference between the acquisition value and the fair value of the target's identifiable net tangible and intangible assets. Because it is considered to have an indefinite life, it is not amortized. Instead, it is evaluated at least annually for impairment. Impairment losses are reported on the income statement. **IFRS uses a single-step quantitative test to determine if goodwill is impaired. U.S. GAAP permits companies the option of performing a qualitative test to determine if goodwill is impaired. Under this approach, if a company concludes it is more likely that fair value is greater than carrying value, a quantitative test does not need to be performed.**
18 Aug 2025	2: Employee Compensation: Post-Employment and Share-Based	2.04 Share-Based Compensation Tax and Share Count Effects, Note Disclosures	Page 76 Discussion Box	Discussion box removed from curriculum.	

<table>
<tr><td>31 Oct 2025</td><td>2: Employee Compensation: Post-Employment and Share-Based</td><td>2.06 Financial Reporting for Post-Employment Benefits</td><td>Page 92 Under “Pension obligation”</td><td colspan="3">If the funded status is negative, the plan is an overfunded plan…</td><td colspan="3">If the funded status is negative, the plan is an underfunded plan…</td></tr>
<tr><td>3 Nov 2025</td><td>2: Employee Compensation: Post-Employment and Share-Based</td><td>2.06 Financial Reporting for Post-Employment Benefits</td><td>Page 95 Example 10 Question 1</td><td>Financial Statement
Income Statement

Statement of Stockholders’ Equity</td><td>Impact
Operating expense 5 million

Remeasurements of – 2.13 million</td><td>Note
Service costs. No interest costs because the beginning plan obligation is zero.
Difference in actual return on plan assets from net interest income.</td><td>Financial Statement
Income Statement

Statement of Stockholders’ Equity</td><td>Impact
Operating expense 5 million

Financing income 14.2 million
Remeasurements of – 35.5 million</td><td>Note
Service costs 5 million and net interest income 14.2 million (2% x 710 million).
Difference in actual return on plan assets (-21.3 million) from net interest income (14.2 million).</td></tr>
<tr><td>4 Dec 2025</td><td>2: Employee Compensation: Post-Employment and Share-Based</td><td>2.06 Financial Reporting for Post-Employment Benefits</td><td>Page 95 Example 10 – Solution to 2</td><td>Statement of Stockholder’s Equity</td><td>Remeasurements of 30.3 million</td><td>Difference between actual return on plan assets and net interest income</td><td>Statement of Stockholder’s Equity</td><td>Remeasurements of 32.24 million</td><td>Difference between actual return on plan assets [5% of 1,010] and net interest income [2% of (1,010 – benefit obligation of 97 = 913)]</td></tr>
</table>

20 Feb 2026	2: Employee Compensation: Post-Employment and Share-Based	2.06 Financial Reporting for Post-Employment Benefits	Page 95 Example 10 – Solution to 2	Balance Sheet	Net pension asset of 952.6 million	Beginning net pension asset of 913 million adjusted by return on plan assets, service costs, and interest costs (benefits paid is neutral to funded status).		Balance Sheet	Net pension asset of **952.56** million	**Beginning total pension assets of 1,010 + return of 50.5 - benefits paid of 5 = 1,055.5, then deduct benefit obligations of 97 + service cost of 9 + interest on benefits obligation of 1.94 (2% of 97) - benefits paid of 5 = 102.94. Net is 1,055.5 - 102.94 = 952.56**		
2 Sept 2025	2: Employee Compensation: Post-Employment and Share-Based	2.06 Financial Reporting for Post-Employment Benefits	Pages 96-97 Exhibit 8	IFRS Component Service costs	IFRS Recognition Recognized in P&L. Past service costs	US GAAP Component Current service costs Recognized in OCI and subsequently amortized to P&L over the service life of employees	US GAAP Recognition Recognized in P&L.	IFRS Component Service costs	IFRS Recognition Recognized in P&L.	US GAAP Component Current service costs **Past service costs**	US GAAP Recognition Recognized in P&L. **Recognized in OCI and subsequently amortized to P&L over the service life of employees**	

24 Nov 2025	3: Multinational Operations	Practice Problems	Page 180 Exhibit 2 Note 2	Add to Note 2: Ambleu's consolidated income tax rate decreases by 2.29%, from 34.94% (=94/269) in 2016 to 32.65% (=96/294) in 2017. The largest component of the decrease stems from the 1.42% change in the effect of tax rates in non-domestic jurisdictions, which lowers Ambleu's consolidated income tax rate in 2016 by 3.34% (=9/269) and in 2017 by 4.76% (=14/294).	
26 Jan 2026	5: Evaluating Quality of Financial Reports	5.05 M&A Issues and Divergence from Economic Reality	Page 301	An example is research and development (R&D) expense. Accounting standards do not permit the capitalization of expenditures for R&D expense, yet R&D produces assets that, in turn, produce future benefits. Accounting standards prohibit R&D's capitalization because of the difficulty in assessing which expenditures will actually produce future benefits and which expenditures will produce nothing.	An example is research and development (R&D) expense. **Under US GAAP, capitalization of R&D expenditure is not permitted, yet R&D produces assets that, in turn, produce future benefits. Under IFRS, research expenditures are, similarly, expensed as incurred. However, development expenditure can be capitalized if, and only if, an entity can demonstrate all of the following: (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (b) its intention to complete the intangible asset and use or sell it; (c) its ability to use or sell the intangible asset; (d) how the intangible asset would generate probable future economic benefits; (e) the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.**

10 Feb 2026	6: Integration of Financial Statement Analysis Techniques	6.05 Phases 3 and 4: Adjusting for Unusual Charges	Page 383 Above Exhibit 9	The results are shown in Exhibit 8.	The results are shown in Exhibit **9**.

Corporate Issuers

Revised	Module	Lesson	Location (PDF)	Replace	With
11 Feb 2026	1: Analysis of Dividends and Share Repurchases	1.07 Share Repurchases	Page 32 Number 1	After studying buybacks in 32 countries, findings by Manconi, Peyer, and Vermaelen (2018) suggest that all companies have shareholder authorization in place to allow management the opportunity to buy back undervalued shares in the future.	After studying buybacks in 32 countries, findings by Manconi, Peyer, and Vermaelen (2018) **suggest that all companies have standing shareholder authorization in place to allow management the opportunity to buy back undervalued shares upon board approval, as opposed to the need for a shareholder referendum.**
14 Jan 2026	3: Cost of Capital: Advanced Topics	3.05 The Cost of Equity (Required Return on Equity)	Page 133 Equation 19	$r_e = r_f + \beta_{peer}(\text{ERP}) + \text{SP} + \text{SCRP}$	$r_e = r_f + \beta\textbf{(ERP)} + \text{SP} + \textbf{IP} + \textbf{SCP}$
New: 2 Mar 2026	3: Cost of Capital: Advanced Topics	3.07 Mini-Case 2	Page 147	Other notes about Precision are as follows: ■ The company's founder and CEO continues to be highly involved in all aspects of the company's operations, with no clear succession plan in place. ■ Approximately 60% of the company's revenues come from software subscriptions, and 70% come from five major customers within close geographic proximity of each other.	Other notes about Precision are as follows: ■ The company's founder and CEO continues to be highly involved in all aspects of the company's operations, with no clear succession plan in place. ■ Approximately 60% of the company's revenues come from software subscriptions, and 70% come from five major customers within close geographic proximity of each other.

					■ There are no other liabilities outside of total debt.
1 Aug 2025	3: Cost of Capital: Advanced Topics	3.07 Mini-Case 2	Page 150 Knowledge Check – Question 4 Solution 2	r_e = rf + ERP + SP + SCRP + CRP r_e = 5.41% + 6% + 5% + 6% + 2% = 24.41%	r_e = rf + ERP + SP + **IP** + SCRP + CRP r_e = 5.41% + 6% + 5% +**1%** + 6% + 2% = **25.41%**
18 Aug 2025	3: Cost of Capital: Advanced Topics	3.07 Mini-Case 2	Page 150 Knowledge Check— Solution to 5	= (0.1749)(0.07096)(1 − 0.20) + (0.8251)(0.2441) = 0.2113, or 21.13%	= (0.1749)(**0.0887**)(1 − 0.20) + (0.8251)(0.2441) = **0.2138**, or **21.38**%
17 Nov 2025	4: Corporate Restructuring	4.03 Evaluating Corporate Restructurings	Page 178 Question 4 Solution	However, Wang's colleague could be correct if leverage, for example, is substantially higher for the Media segment spin off than for its peers, which could increase its cost of capital and thus its overall enterprise value.	However, Wang's colleague could be correct if leverage, for example, is substantially higher for the Media segment spin off than for its peers, which could **decrease** its cost of capital and thus its overall enterprise value.

Equity Valuation

Revised	Module	Lesson	Location (PDF)	Replace	With
New: 3 Mar 2026	1: Equity Valuation: Applications and Processes	1.04 Analysis of Financial Reports and Sources of Information	Page 16 'Sources of ESG Information: The Case of the US Auto Industry' case study	Remove the following link: https://www.globalreporting.org/information/sustainability-reporting/Pages/default.aspx	
19 Aug 2025	2: Discounted Dividend Valuation	2.03 The Gordon Growth Model	Page 73 Under Equation 12	If prices reflect value (P0 = V0), P0 less E1/r gives the market's estimate of the company's value of growth, PVGO. Referring back to Example 6, suppose that MSEX is expected to have average EPS of $1.52 if it distributed all earnings as dividends. Its required return of 6.8% and a current price of $43.20 gives $43.20 = ($1.52/0.068) + PVGO = $22.42 + PVGO and PVGO = $43.20 − $22.42 = $20.78. So, 48% ($20.78/$43.20 = 0.48) of the company's value, as reflected in the market price, is attributable to the value of growth.	If prices reflect value (P0 = V0), P0 less E1/r gives the market's estimate of the company's value of growth, PVGO. Referring back to Example 6, suppose that MSEX is expected to have average EPS of $1.52 if it distributed all earnings as dividends. Its required return of 6.8% and a current price of $43.20 gives $43.20 = ($1.52/0.068) + PVGO = **$22.35** + PVGO and PVGO = $43.20 − **$22.35** = $20.78. So, 48% ($20.78/$43.20 = 0.48) of the company's value, as reflected in the market price, is attributable to the value of growth.

8 Jan 2026	2: Discounted Dividend Valuation	2.05 The Gordon Growth Model: Other Issues	Pages 75 & 76 Question 2 Solution	Using Trice's assumptions, the Gordon growth model assigns a value of 3.85(1.0425)/(0.05 − 0.0425) = €297.31, which is above the current market price of €242.70.	Using Trice's assumptions, the Gordon growth model assigns a value of 3.85(1.0425)/(**0.056** − 0.0425) = €297.31, which is above the current market price of €242.70.
30 Oct 2025	2: Discounted Dividend Valuation	Solutions	Page 117 Question 3	B is correct. $V_8/E_8 = 17$ $D_8/E_8 = 1 - 0.70 = 0.30$ From the table with the calculation details for the solution to Problem 22, D_8 = C$0.4992. So, 0.4992/ E_8 = 0.30, which means that $E_8 = 0.4992/0.30 = 1.6640$.	B is correct. $V_8/E_8 = 17$ $D_8/E_8 = 1 - 0.70 = 0.30$ From the table with the calculation details for the solution **to Problem 1**, D_8 = C$0.4992. So, 0.4992/ E_8 = 0.30, which means that $E_8 = 0.4992/0.30 = 1.6640$.
30 Oct 2025	2: Discounted Dividend Valuation	Solutions	Page 117 Question 4	A is correct. As computed earlier, V_8 = 17(1.6640) = C$28.2880. PV of $V_8 = 28.2880/1.0872^8 = 14.4919$ From the table with the calculation details for the solution to Problem 22…	A is correct. As computed earlier, V_8 = 17(1.6640) = C$28.2880. PV of $V_8 = 28.2880/1.0872^8 = 14.4919$ From the table with the calculation details for the solution to **Problem 1**…

New 6 Mar 2026	3: Free Cash Flow Valuation	3.10 Free Cash Flow Model Variations	Page 164 Exhibit 12	As Exhibit 12 shows, the value of Petrobras is very sensitive to the inputs. The value is negatively related to changes in the beta, the risk-free rate, and the equity risk premium and positively related to changes in the FCFE growth rate. Of the four variables considered, the stock valuation is most sensitive to the range of estimates for the FCFE growth rate (a range from BRL24.02 to BRL38.57. The ranges of the estimates for the other three variables, while still large, are less than the range for changes in the FCFE growth rate. Of course, the variables to which a stock price is most sensitive vary from case to case. A sensitivity analysis gives the analyst a guide as to which variables are most critical to the final valuation.	As Exhibit 12 shows, the value of Petrobras is very sensitive to the inputs. The value is negatively related to changes in the beta, the risk-free rate, and the equity risk premium and positively related to changes in the FCFE growth rate. Of the four variables considered, the stock valuation is most sensitive to the range of estimates for the FCFE growth rate (a range from BRL24.02 to BRL38.57). The ranges of the estimates for the other three variables, while still **relatively large**, are less than the range for changes in the FCFE growth rate. Of course, the variables **and degrees** to which a stock price is most sensitive vary from case to case. A **ranged based** sensitivity analysis gives the analyst a guide as to which variables are most critical to the final valuation.
New: 10 Mar 2026	4: Market-Based Valuation: Price and Enterprise Value Multiples	4.08 Price/Dividends and Dividend Yield	Page 282 Example 32 Question 2	The dividend yield is $0.976/$15.20 = 0.0642, or 6.52%.	The dividend yield is $0.976/$15.20 = 0.0642, or **6.42**%.

31 Oct 2025	4: Market-Based Valuation: Price and Enterprise Value Multiples	4.12 Monumentum Valuation Indicators	Page 298 Question 2--Solution	The December 2019 RSTR for the STOXX Europe 50 Index ends at 0.885, which is 2.7% lower than its value for the prior month (0.909).	The December **2018** RSTR for the STOXX Europe 50 Index ends at 0.885, which is 2.7% lower than its value for the prior month (0.909).
New 10 Mar 2026	4: Market-Based Valuation: Price and Enterprise Value Multiples	Practice Problems	Page 328-329 Question 22 Solution	A is correct. Based on the method of average ROE, normalized EPS are calculated as the average ROE from the most recent full business cycle multiplied by current book value per share. The most recent business cycle was 2011–2014, and the average ROE over that period was 0.1_3_01 +_ 0_._137_1_ _4 + _ 0_.1_1_5_8_ +_ 0.1_4_21 = 0.131. The book value of (common) equity, or simply book value, is the value of shareholders' equity less any value attributable to the preferred stock: €1,027 million – €80 million = €947 million. Current book value per share (BVPS) is calculated as €947 million/41.94 million = €22.58. So, normalized EPS is calculated as Average ROE × BVPS = 0.131 × €22.58 = €2.96.	A is correct. Based on the method of average ROE, normalized EPS are calculated as the average ROE from the most recent full business cycle multiplied by current book value per share. The most recent business cycle was **2016-2019**, and the average ROE over that period was 0.1_3_01 +_ 0_._137_1_ _4 + _ 0_.1_1_5_8_ +_ 0.1_4_21 = 0.131. The book value of (common) equity, or simply book value, is the value of shareholders' equity less any value attributable to the preferred stock: €1,027 million – €80 million = €947 million. Current book value per share (BVPS) is calculated as €947 million/41.94 million = €22.58. So, normalized EPS is calculated as Average ROE × BVPS = 0.131 × €22.58 = €2.96.

2 Feb 2026	5: Residual Income Valuation	5.03 Single-Stage and Multistage Residual Income Valuation	Page 352 Question 1 Solution	$V_0 = 13.22 + \frac{0.12 - 0.085}{0.085 - 0.675}$ x 13.22	$V_0 = 13.22 + \frac{0.12 - 0.085}{0.085 - \mathbf{0.0675}}$ x 13.22
19 Aug 2025	5: Residual Income Valuation	5.03 Single-Stage and Multistage Residual Income Valuation	Page 358 Example 10	Total value is ZL$86.26, calculated by adding the present value of the terminal value, ZL$5.33, to $ZL83.93 (the sum of the PV of residual income in the first 19 years).	Total value is **ZL$89.26**, calculated by adding the present value of the terminal value, ZL$5.33, to $ZL83.93 (the sum of the PV of residual income in the first 19 years).
New: 10 Mar 2026	5: Residual Income Valuation	5.05 Accounting and International Considerations	Pages 371-372 Exhibit 14 Question 4	Given the estimated 8% growth in net income and dividends in Year 6, the estimated Year 6 net income is $4.92 ($4.56 × 1.08), and the estimated amount of Year 6 dividends is $0.42 ($0.38 × 1.08).	Given the estimated 8% growth in net income and dividends in Year 6, the estimated Year 6 net income is $4.92 ($4.56 × 1.08), and the estimated amount of Year 6 dividends is **$0.41** ($0.38 × 1.08).

<table>
<tr>
<td>20 Oct 2025</td>
<td>5: Residual Income Valuation</td>
<td>5.06 Accounting Considerations: Other</td>
<td>Page 373 Example 14—Question 2</td>
<td>
<table>
<tr><th></th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr>
<tr><td>RI = (NI + OCI) – (SE_{t-1} x r)</td><td>$1.14</td><td>$0.45</td><td>$2.30</td><td>$2.00</td><td>$2.77</td></tr>
</table>
So, the estimated value using the RI model, with residual income based on net income adjusted for OCI, is
$$V_0 = \$8.58 + \frac{\$1.14}{(1.10)^1} + \frac{\$.45}{(1.10)^2} + \frac{\$2.30}{(1.10)^3} + \frac{\$2.00}{(1.10)^4} + \frac{\$2.77}{(1.10)^5} + \frac{\$68.40 - \$22.04}{(1.10)^5}$$
$$V_0 = \$8.58 + 35.01 = \$43.59$$
</td>
<td>
<table>
<tr><th></th><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th></tr>
<tr><td>RI = (NI + OCI) – (SE_{t-1} x r)</td><td>$1.14</td><td>$2.45</td><td>$2.30</td><td>$2.00</td><td>$2.77</td></tr>
</table>
So, the estimated value using the RI model, with residual income based on net income adjusted for OCI, is
$$V_0 = \$8.58 + \frac{\$1.14}{(1.10)^1} + \frac{\mathbf{\$2.45}}{(1.10)^2} + \frac{\$2.30}{(1.10)^3} + \frac{\$2.00}{(1.10)^4} + \frac{\$2.77}{(1.10)^5} + \frac{\$68.40 - \$22.04}{(1.10)^5}$$
$$V_0 = \$8.58 + \mathbf{\$36.67} = \mathbf{\$45.24}$$
</td>
</tr>
<tr>
<td>25 Nov 2025</td>
<td>6: Private Company Valuation</td>
<td>6.07 Private Company Valuation Approaches</td>
<td>Page 437 Example 8—Question 2</td>
<td>Determine how Carrenza’s CCF estimate changes if the expected growth rate is 2% instead.</td>
<td>Determine how Carrenza’s CCF estimate changes if the expected growth rate slows to 2% after 1 year.</td>
</tr>
<tr>
<td>25 Aug 2025</td>
<td>6: Private Company Valuation</td>
<td>6.07 Private Company Valuation Approaches</td>
<td>Page 437 Example 8—Solution to 2</td>
<td>$$\text{Firm Value}_t = \frac{\text{BRL15,750,000}}{0.142 - 0.02}$$</td>
<td>$$\text{Firm Value}_t = \frac{\text{BRL15,}\mathbf{300}\text{,000}}{0.142 - 0.02}$$</td>
</tr>
</table>

1 Sept 2025	6: Private Company Valuation	6.08 Private Company Valuation: Income-Based Approach	Page 449 Step 3—FLI FCFF and Terminal Value Forecasts (SGD millions) Table	Terminal Value = 142.680	Terminal Value = **141.295**
New: 3 Mar 2026	6: Private Company Valuation	6.08 Private Company Valuation: Income-Based Approach	Page 448 Step 3	Terminal Value (Downside) = FCFF(Downside)5x(1+0.02)/(0.1255-0.03) =SGD 13,625,696/(0.0955) =SGD 142,680,302	Terminal Value (Downside) = FCFF(Downside)5x(1+0.02)/(0.1255-0.03) =SGD **13,493,678**/(0.0955) =SGD **141,295,057**

Fixed Income

Revised	Module	Lesson	Location (PDF)	Replace	With
3 Nov 2025	1: The Term Structure and Interest Rate Dynamics	1.01 Spot Rates, Forward Rates, and the Forward Rate Model	Page 7 Equation 3	$DF_{A,B-A} = \frac{1}{\left(1 + F_{A,B-A}\right)^{B-A}}$	$DF_{A,B-A} = \frac{1}{\left(1 + \boldsymbol{f}_{A,B-A}\right)^{B-A}}$
1 Aug 2025	1: The Term Structure and Interest Rate Dynamics	1.05 The Swap Spread and Spreads as a Price Quotation Convention	Page 30 Paragraph under Exhibit 7	As market participants transition away from survey-based Libor to alternative benchmarks based on actual transaction data, the secured overnight financing rate (SOFR), or overnight cash borrowing rate collateralized by US Treasuries, has gained prominence and is expected to replace Libor in the future.	As market participants transition away from survey-based Libor to alternative benchmarks based on actual transaction data, the secured overnight financing rate (SOFR), or overnight cash borrowing rate collateralized by US Treasuries, has gained prominence and **has replaced** Libor.
19 Aug 2025	5: Credit Default Swaps	5.05 Application of CDS	Page 298 Last Sentence—6th Paragraph	In buying protection without owning the underlying, the investor is taking a position that the entity's credit quality will improve.	In buying protection without owning the underlying, the investor is taking a position that the entity's credit quality will **deteriorate.**

Derivatives

Revised	Module	Lesson	Location (PDF)	Replace	With
31 Oct 2025	2: Valuation of Contingent Claims	2.10 BSM Model: Carry Benefits and Applications	Page 118 Question 3	C is correct. The BSM model option value will be different because d1, d2, and the stock component are all adjusted for dividends.	A is correct. The BSM model option value **Equations (12) and (13) become Equations (10) and (11) when the stock does not pay a dividend.**

Alternative Investments

Revised	Module	Lesson	Location (PDF)	Replace	With
5 Aug 2025	1: Introduction to Commodities and Commodity Derivatives	1.09 Contango, Backwardation, and the Roll Return	Page 38 Paragraph Under Exhibit 14	However, since 2010, the emergence of shale oil production in the United States has increased oil's convenience yield to the point that historical scarcity risk is much lower than before.	However, since 2010, the emergence of shale oil production in the United States has **decreased** oil's convenience yield to the point that historical scarcity risk is much lower than before.
11 Aug 2025	2: Overview of Types of Real Estate Investment	2.02 Real Estate Investment Features	Page 105 Equation 17	$R_t = \frac{R_t^*}{a} + \left(\frac{1-a}{a}\right) R_{t-1}^*.$	$R_t = \frac{R_t^*}{a} - \frac{\mathbf{1-a}}{\mathbf{a}} R_{t-1}^*.$

Portfolio Management

Revised	Module	Lesson	Location (PDF)	Replace	With
25 Nov 2025	1: Economics and Investment Markets	1.24 Commercial Real Estate in	Page 72 Number 1	1.a developed-economy government tenant that agrees to pay rental income that is indexed to inflation (1 + lt,s)	1.a developed-economy government tenant that agrees to pay rental income that is indexed to inflation (1 + lt,s) **(note: in this case the expected cash flows should be expressed in real terms)**
13 Feb 2026	2: Analysis of Active Portfolio Management	Practice Problems	Page 151 Question 14 Solution	C is correct. The information ratio for a portfolio of risky assets will generally shrink if cash is added to the portfolio. Because the diversified asset portfolio is an unconstrained portfolio, its information ratio would be unaffected by an increase in the aggressiveness of active weights.	**A** is correct. The information ratio for a portfolio of risky assets will generally shrink if cash is added to the portfolio. Statement 2 is incorrect. Because the diversified asset portfolio is a **constrained** portfolio, it's information ratio **generally decreases with an increase** in the aggressiveness of active weights.
17 Feb 2026	4: Using Multifactor Models	Solutions	Page 248 Question 9 Solution	A is correct. When using a macroeconomic factor model, the expected return is the intercept (when all model factors take on a value of zero). The intercept coefficient for Portfolio 1 in Exhibit 1 is 2.58.	**C is correct. In a macroeconomic factor model, the expected return equals the intercept only when the factor surprises are zero. Here, the question states that the error term, not the factors, is zero. Because the factor values are provided, the expected return must reflect the intercept and the portfolio's sensitivities to those factors, resulting in a return closest to 6.00%.**

4 Nov 2025	5: Measuring and Managing Market Risk	5.03 The Parametric Method of VaR Estimation	Page 259 Below grey box	With the distribution centered at the expected return of 0.0384% and a one standard deviation move equal to 0.996%, a 5% VaR is obtained by identifying the point on the distribution that lies 1.65 standard deviations to the left of the mean.	With the distribution centered at the expected return of 0.0384% and a one standard deviation move equal to **0.010112**%, a 5% VaR is obtained by identifying the point on the distribution that lies 1.65 standard deviations to the left of the mean.

Ethical and Professional Standards

Revised	Module	Lesson	Location (PDF)	Replace	With

Glossary

Revised	Location (PDF)	Replace	With
25 Aug 2025	G-20	Tokenization: The process of representing ownership rights to physical assets on a blockchain or distributed ledger.	Tokenization: The process of **splitting a given text into separate tokens**.