CFA Institute®

# Curriculum Errata Notice

## 2026 Level I 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!*

## Table of Contents

# 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.

<table>
<tr><th>Revised</th><th>Course, Module</th><th>Lesson</th><th>Location (PDF)</th><th>Replace</th><th>With</th></tr>
<tr><td>2 Mar 2026</td><td>Quantitative Methods<br>10: Simple Linear Regression</td><td>10.04 Hypothesis Tests in the Simple Linear Regression Model</td><td>Page 288</td><td>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.</td><td>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.</td></tr>
<tr><td>3 Mar 2026</td><td>Quantitative Methods<br>3: Statistical Measures of Asset Returns</td><td>3.03 Measures of Dispersion</td><td>Pages 108-109<br>Question 1</td><td colspan="2">Remove from curriculum:<br><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>
</table>

| | | | | | |
|---|---|---|---|---|---|
| 3 Mar 2026 | Quantitative Methods 3: Statistical Measures of Asset Returns | 3.03 Measures of Dispersion | Page 109 Question 2 | Remove Question 2 from curriculum. | |
| 4 Mar 2026 | Quantitative Methods 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.. |
| 9 Mar 2026 | Economics 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.<br><br>Ratio stable.<br><br>Ratio increases. Signals weakening economy.<br><br>Ratio begins to fall back to normal. | Begins to fall, **reaching low levels** as sales recovery outpaces production.<br><br>**Ratio begins to increase and finally restores to a normal level.**<br><br>Ratio increases**, signalling a weakening economy, and reaches high levels.**<br><br>Ratio begins to fall back to normal **levels.** |
| 9 Mar 2026 | Economics 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.** |

| | | | | | |
|---|---|---|---|---|---|
| 10 Mar 2026 | Quantitative Methods 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. |
| 16 Mar 2026 | Quantitative Methods 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. |

| | | | | | |
|---|---|---|---|---|---|
| 24 Mar 2026 | Pre Requisite Quantitative Methods 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**. |

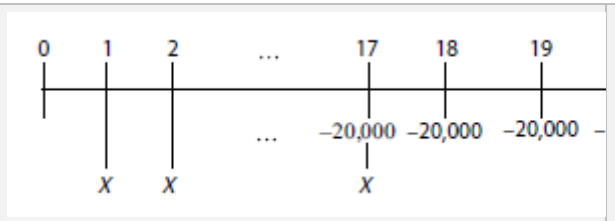
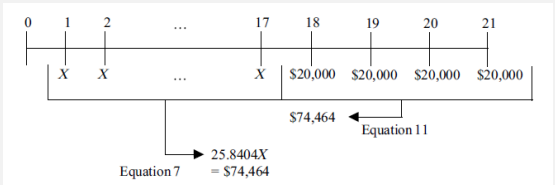
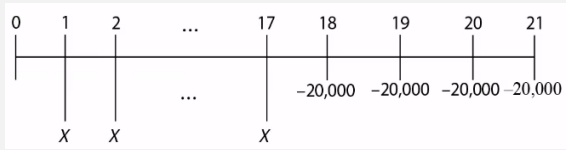
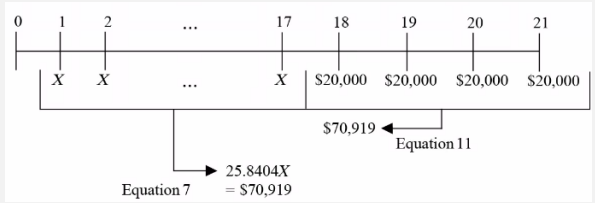
| | | | | | |
|---|---|---|---|---|---|
| 24 Mar 2026 | Pre Requisite Quantitative Methods 3: Probability Concepts | 3.01 Probability Concepts and Odds Ratios | Page159 Example 1 Question 1 & Question 2 Solutions | EXAMPLE 1<br>Odds of Passing a Quantitative Methods Investment Course<br><br>Two of your colleagues are taking a quantitative methods investment course.<br><br>1. If your first colleague has a 0.40 probability of passing, what are his odds for passing?<br><br>Solution:<br>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.<br><br>2. If your second colleague has odds of passing of 4 to 1, what is the probability of her passing?<br><br>Solution:<br>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<br>Odds of Passing a Quantitative Methods Investment Course<br><br>Two of your colleagues are taking a quantitative methods investment course.<br><br>1. If your first colleague has a 0.40 probability of passing, what are his odds for passing?<br><br>Solution:<br>**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**<br><br>2. If your second colleague has odds of passing of 4 to 1, what is the probability of her passing?<br><br>Solution:<br>**This means there would hypothetically be 4 "wins" for every 1 "loss", so the** probability of the event is 4/(1 + 4) = 4/5 = 0.80. |
| 24 Mar 2026 | Pre Requisite Quantitative Methods 3: Probability Concepts | 3.01 Probability Concepts and Odds Ratios | Page159 Under Example 1 | 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%.** |

<table>
<tr>
<td>25 Mar 2026</td>
<td>Pre Requisite Economics 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<br><br><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<br><br><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>
<tr>
<td>25 Mar 2026</td>
<td>Pre Requisite Economics 3: Aggregate Output, Prices, and Economic Growth</td>
<td>3.02 Aggregate Output and Income</td>
<td>Page 81 Paragraph below Exhibit 7</td>
<td>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%).</td>
<td>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%).</td>
</tr>
</table>

# 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 |  …<br>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.<br>$$\text{PV} = \$20,000\left[\frac{1-\frac{1}{(1.05)^4}}{0.05}\right]\times 1.05 = \$74,464$$<br>…<br>$$\$74,464 = \left[\frac{(1.05)^{17}-1}{0.05}\right]X = 25.840366X$$<br>$$X = \$2,881.69$$<br>\| Notation Used on Most Calculators \| Numerical Value f This Problem \|<br>\| --- \| --- \|<br>\| FV \| $74,464 \|<br>  |  …<br>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.**<br>$$\text{PV} = \$20,000\left[\frac{1-\frac{1}{(1.05)^4}}{0.05}\right] = \mathbf{\$70,919}$$<br>…<br>$$\mathbf{\$70,919} = \left[\frac{(1.05)^{17}-1}{0.05}\right]X = 25.840366X$$<br>$$X = \mathbf{\$2,744.50}$$<br>\| Notation Used on Most Calculators \| Numerical Value f This Problem \|<br>\| --- \| --- \|<br>\| FV \| **$70,919** \|<br>  |

| | | | | | |
|---|---|---|---|---|---|
| 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)<br>= 10.50% | = 0.25 (5.3) + 0.45 (12.7) + 0.30 (11.5)<br>= **10.49**% |
| 28 Jan 2026 | 2: Organizing, Visualizing, and Describing Data | 2.07 Measures of Central Tendency | Page 112 Equations above Example 10 | $(1+R_{harmonic}) = n\sum[1/(1+R_n)], R_{harmonic} = n\sum[1/(1+R_n)]-1$ | $(1+R_{harmonic}) = n/\sum[1/(1+R_n)], R_{harmonic} = n/\sum[1/(1+R_n)]-1$ |

| | | | | | |
|---|---|---|---|---|---|
| **New:** 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**. |

| | | | | | |
|---|---|---|---|---|---|
| **New:** 24 Mar 2026 | 3: Probability Concepts | 3.01 Probability Concepts and Odds Ratios | Page159 Example 1 Question 1 & Question 2 Solutions | EXAMPLE 1<br>Odds of Passing a Quantitative Methods Investment Course<br><br>Two of your colleagues are taking a quantitative methods investment course.<br><br>1. If your first colleague has a 0.40 probability of passing, what are his odds for passing?<br><br>Solution:<br>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.<br><br>2. If your second colleague has odds of passing of 4 to 1, what is the probability of her passing?<br><br>Solution:<br>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<br>Odds of Passing a Quantitative Methods Investment Course<br><br>Two of your colleagues are taking a quantitative methods investment course.<br><br>1. If your first colleague has a 0.40 probability of passing, what are his odds for passing?<br><br>Solution:<br>**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**<br><br>2. If your second colleague has odds of passing of 4 to 1, what is the probability of her passing?<br><br>Solution:<br>**This means there would hypothetically be 4 "wins" for every 1 "loss", so the** probability of the event is 4/(1 + 4) = 4/5 = 0.80. |
| **New:** 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)<br>Upper: norm.ppf(.975, 23) | Lower: norm.ppf**(.025)**<br>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>New: 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<br><br><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<br><br><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>

| | | | | | |
|---|---|---|---|---|---|
| **New:** 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%**). |

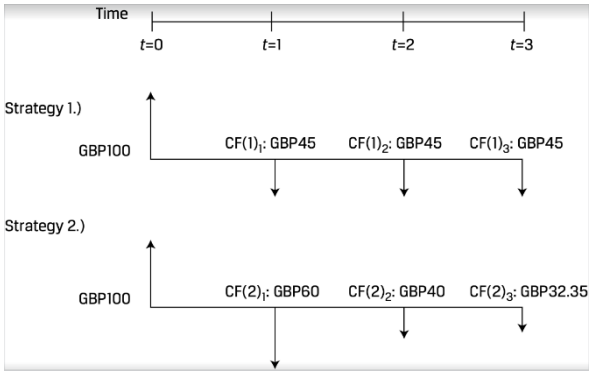
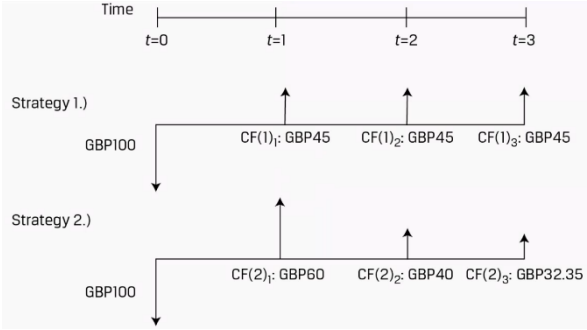
# Pre Requisite: Financial Statement Analysis

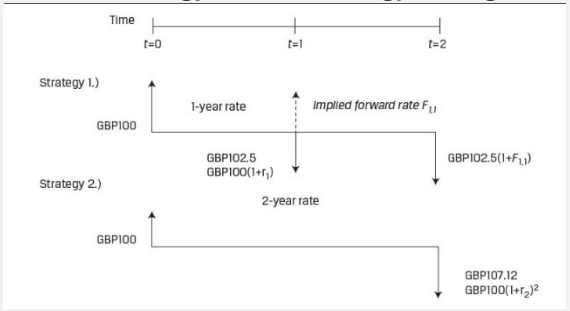
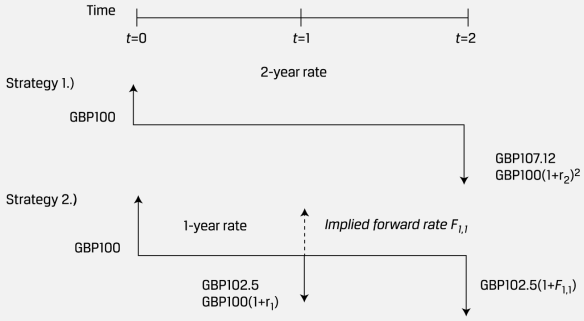
| Revised | Module | Lesson | Location (PDF) | Replace | With |
|---|---|---|---|---|---|
| 1 Dec 2025 | 2: Income Statements | Non-Operating Items | Page 51 Second paragraph | Similarly, in Exhibit 3, Danone's 2017 income statement shows interest income of €130 million, interest expense of €276 million, 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.** |
| 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<br><br><u>Year</u><br>20X8<br>20X9<br>20X0 | Exhibit 3: Mutual Fund Performance, 20X8–20**Y**0<br><br>Year<br>20X8<br>20X9<br>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: |

| | | | | | |
|---|---|---|---|---|---|
| **New:** 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:<br><br>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:<br>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):<br><br>2.25 | Year 2, Investment Gain (Loss):<br><br>**-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, |
| 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**<br>  |

| | | | | | |
|---|---|---|---|---|---|
| 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   |   |
| 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. |
| 24 Sept 2025 | 3: Statistical Measures of Asset Returns | 3.02 Measures of Central Tendency and Location | Page 95 Exhibit 5 | Lowest Boundary for $Q_2$ | **Lower** Boundary for $Q_2$ |

<table>
<tr>
<td>New:<br>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:<br><br>
<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>New:<br>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:<br><br>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:<br><br>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 | $\sigma^2(R_p)=E\{[R_pE(R_p)]^2\}$ | $\sigma^2(R_p)=E\mathbf{[(}R_p-E(R_p)\mathbf{)^2]}$ |
| 21 Oct 2025 | 5: Portfolio Mathematics | 5.02 Portfolio Expected Return and Variance of Return | Page 152 Learning Module Overview | $\sigma^2(R_p)=E\{[R_pE(R_p)]^2\}$ | $\sigma^2(R_p)=E\mathbf{[(}R_p-E(R_p)\mathbf{)^2]}$ |
| 2 Feb 2026 | 5: Portfolio Mathematics | 5.02 Portfolio Expected Return and Variance of Return | Page 154 Equation 4 | $\mathrm{Cov}\left(R_i,R_j\right)=\sum_{n=1}^{n}\left(R_{i,t},\overline{R}_i\right)\left(R_{j,t}-E\overline{R}_j\right)\Big/(n-1)$ | $\mathrm{Cov}(R_i,R_j)=\sum_{\mathbf{t=1}}^{\mathbf{T}}(\boldsymbol{R}_{i,t}-\overline{\boldsymbol{R}}_i)(R_{j,t}-\overline{\boldsymbol{R}}_j)\Big/(n-1)$ |
| 2 Sept 2025 | 5: Portfolio Mathematics | 5.02 Portfolio Expected Return and Variance of Return | Page 154 Equation 5 | $\sigma^2(R_p) = E[(R_p - ER_p)^2]$<br>$= E\{[w_1R_1 + w_2R_2 + w_3R_3 - E(w_1R_1 + w_2R_2 + w_3R_3)]^2\}$<br>$= E\{[w_1R_1 + w_2R_2 + w_3R_3 - w_1ER_1 - w_2ER_2 - w_3ER_3)]^2\}$ | $\sigma^2(R_p) = E[(R_p - E\boldsymbol{(R_p)})^2]$<br>$= \boldsymbol{E[(w_1R_1 + w_2R_2 + w_3R_3 - E(w_1R_1 + w_2R_2 + w_3R_3))^2]}$<br>$= \boldsymbol{E[(w_1R_1 + w_2R_2 + w_3R_3 - w_1ER_1 - w_2ER_2 - w_3ER_3)^2]}$ |

| | | | | | |
|---|---|---|---|---|---|
| 27 Oct 2025 | 5: Portfolio Mathematics | 5.02 Portfolio Expected Return and Variance of Return | Page 154 Equation 5 | $= w_1^2\sigma^2(R_1) + w_1w_2\text{Cov}(R_1,R_2) + w_1w_3\text{Cov}(R_1,R_3)$ $+w_1w_2\text{Cov}(R_1,R_2) + w_2^2\sigma^2(R_2) + w_2w_3\text{Cov}(R_2,R_3)$ $+w_1w_3\text{Cov}(R_1,R_3) + w_2w_3\text{Cov}(R_2,R_3) + w_2^3\sigma^2(R_3)$ | $= w_1^2\sigma^2(R_1) + w_1w_2\text{Cov}(R_1,R_2) + w_1w_3\text{Cov}(R_1,R_3)$ $+w_1w_2\text{Cov}(R_1,R_2) + w_2^2\sigma^2(R_2) + w_2w_3\text{Cov}(R_2,R_3)$ $+w_1w_3\text{Cov}(R_1,R_3) + w_2w_3\text{Cov}(R_2,R_3) + \boldsymbol{w_3^2}\sigma^2(R_3)$ |
| 22 Aug 2025 | 5: Portfolio Mathematics | 5.02 Portfolio Expected Return and Variance of Return | Page 155 Equation below Exhibit 3 | $\sigma^2(R_p) = w_1^2\sigma^2(R_1) + w_2^2\sigma^2(R_2) + w_2^3\sigma^2(R_3)$ $+2w_1w_2\text{Cov}(R_1,R_2)$ | $\sigma^2(R_p) = w_1^2\sigma^2(R_1) + w_2^2\sigma^2(R_2) + \boldsymbol{w_3^2}\sigma^2(R_3)$ $+2w_1w_2\text{Cov}(R_1,R_2)$ |
| 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.** |
| 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. |
| **New** 10 Mar 2026 | 8: Hypothesis Testing | 8.02 Hypothesis Tests for Finance | Page 219 Exhibit 2 Test of independence (categorical data) and associated note | $x^2 = \sum_{i=1}^{m} \frac{(O_{ij} - E_{ij})^2)}{E_{ij}}$<br><br>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. | $x^2 = \sum_{i=1}^{r} \sum_{i=1}^{c} \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$<br><br>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. |
| 13 Feb 2026 | 8: Hypothesis Testing | 8.03 Tests of Return and Risk in Finance | Page 224 Exhibit 6 | We reject the null hypothesis if the calculated *χ2* statistic is greater than 13.09051.<br><br>Reject the null hypothesis because the calculated $\chi$ 2 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 reject the null hypothesis if the calculated *χ2* statistic is **less** than 13.09051.<br><br>**Fail to reject** the null hypothesis because the calculated $\chi$ 2 statistic is greater than the critical value. There is insufficient evidence to indicate that the variance is less than 16% (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. |
| **New:** 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. |
| **New:** 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:<br><br>Source df Sum of Squares Mean Square<br>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:<br><br>Source df Sum of Squares Mean Square<br>Residual 32 **2.2151** 0.0692 |

## Economics

| Revised | Module | Lesson | Location (PDF) | Replace | With |
|---|---|---|---|---|---|
| **New:** 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.<br><br>Ratio stable.<br><br>Ratio increases. Signals weakening economy.<br><br>Ratio begins to fall back to normal. | Begins to fall, **reaching low levels** as sales recovery outpaces production.<br><br>**Ratio begins to increase and finally restores to a normal level.**<br><br>Ratio increases**, signalling a weakening economy, and reaches high levels.**<br><br>Ratio begins to fall back to normal **levels.** |

| | | | | | |
|---|---|---|---|---|---|
| **New:** 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 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 |
|---|---|---|---|---|---|
| 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 |
|---|---|---|---|---|---|
| 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** |
| 5 Sept 2025 | 6: Analysis of Inventories | 6.04 Presentation and Disclosure | Page 187 Exhibits 4&5 Title | Alcatel-Lucent | **Jollof Inc.** |
| 2 Feb 2026 | 6: Analysis of Inventories | Practice Problems | Page 207 Question 34 Solution | C is correct. In a period of rising inventory costs, inventory valued using FIFO would have relatively higher values compared to inventory valued using LIFO. Thus, any mark downs of inventory values to NRV would have the least impact on inventories valued using the LIFO method as they are already conservatively valued. | C is correct. In a period of **declining** inventory costs, inventory valued using FIFO would have relatively **lower** values compared to inventory valued using LIFO. Thus, any mark downs of inventory values to NRV would have the least impact on inventories valued using the **FIFO** method. |
| 15 Jan 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 liability in the future. |

# 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** |
| 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:<br>A. 0.77.<br>B. 1.13.<br>C. 1.84. | Iliso's degree of financial leverage in 2X19 is *closest* to:<br>A. 0.77.<br>B. **1.15.**<br>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. |
| 20 Oct 2025 | 7: Yield and Yield Spread Measures for Fixed-Rate Bonds | 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: |
| 17 Oct 2025 | 8: Equity Valuation: Concepts and Basic Tools | 8.06 Preferred Stock Valuation | Page 349 Solution to Question 3 | $V_0 = [¥79.5/1.01525 + ¥79.5/1.01525^2 + ¥106/1.01525^3 + ¥106/1.01525^4 + ¥132.5/1.01525^5 + ¥132.5/1.01525^6 + ¥10{,}598/1.01525^6]$ | $V_0 = [¥79.5/1.01525^{\mathbf{0.5}} + ¥79.5/1.01525^{\mathbf{1.5}} + ¥106/1.01525^{\mathbf{2.5}} + ¥106/1.01525^{\mathbf{3.5}} + ¥132.5/1.01525^{\mathbf{4.5}} + ¥132.5/1.01525^{\mathbf{5.5}} + ¥10{,}598/1.01525^6]$ |

# Fixed Income

| Revised | Module | Lesson | Location (PDF) | Replace | With |
|---|---|---|---|---|---|
| 15 Jan 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 × 100)/4 = 60/4 = 15**, 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<br>B. Unsecured corporate bonds – I. Insurance companies<br>C. Secured corporate bonds – II. Hedge funds | A. Commercial paper – III. Money market funds<br>B. Unsecured corporate bonds – I. Insurance companies<br>C. **Distressed debt** – II. Hedge funds |

<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>20 Oct 2025</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 179 Example 9—Solution to 1</td><td>Therefore, the G-spread is 0.01271 – 0.005235 = 75 bps.</td><td>Therefore, the G-spread is 0.01271 – 0.003733 = 89.8 bps.</td></tr>
</table>

| | | | | | |
|---|---|---|---|---|---|
| 23 Oct 2025 | 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.<br>...<br>*PV* = 20, 003, 438.<br>...<br>$AOR = \frac{365}{45} \times \frac{20{,}002{,}958 - 20{,}000{,}000}{20{,}000{,}000}.$<br><br>*AOR* = 0.0012.<br><br>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* = 0.0012. The sale price is **EUR20,004,438.**<br>...<br>***PV* = 20, 004, 438.**<br>...<br>$AOR = \frac{365}{45} \times \frac{\mathbf{20{,}005{,}918 - 20{,}004{,}438}}{\mathbf{20{,}004{,}438}}.$<br><br>***AOR* = 0.0006.**<br><br>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.<br><br>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.<br><br>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:<br>A. 25 bps.<br>B. 50 bps.<br>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:<br>A. 25 bps.<br>B. 50 bps.<br>C. **100 bps.** |
| 23 Oct 2025 | 8: Yield and Yield Spread Measures for Floating-Rate Instruments | Solutions | Page 208 Solution – Question 1 | B is correct.<br>…<br>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*:<br>$r = \frac{MRR + DM}{m}$<br>$0.124161 = \frac{-0.005 + DM}{4}$<br>*DM* = 0.4525.<br>The estimated discount margin is 45.25 bps. | **C** is correct.<br>…<br>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 **0.11175**%. The discount margin can then be estimated by solving for *DM*:<br>$r = \frac{MRR + DM}{m}$<br>$\mathbf{0.0011175} = \frac{-0.005 + DM}{4}$<br>*DM* = **0.9970%**<br>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 | $(1 + 0.01)^1 \times (1 + IFR_{2,1})^2 = (1 + 0.02)^3$<br><br>$IFR_{2,1} = 2.50\%$ | $(1 + \mathbf{0.015})^{\mathbf{2}} \times (1 + IFR_{2,1})^{\mathbf{1}} = (1 + 0.02)^3$<br><br>$IFR_{2,1} = \mathbf{3.01\%}$ |
| 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 | $(1 + 0.095)^2$ | $(1 + \mathbf{0.0095})^2$ |
| 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 | $(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$.<br>$(1 + 0.0188)^2 \times (1 + 0.0277)^1 = (1 + Z_2)^3$.<br>$Z_2 = 0.023240 = 2.324\%$ | $(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$.<br>$(1 + 0.0188)^{\mathbf{1}} \times (1 + 0.0277)^1 = (1 + Z_2)^{\mathbf{2}}$.<br>$Z_2 = 0.023240 = 2.324\%$ |

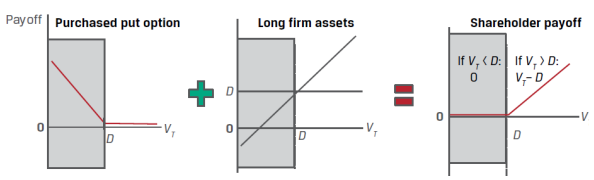
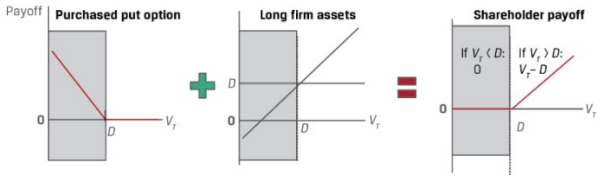
| | | | | | |
|---|---|---|---|---|---|
| 23 Oct 2025 | 9: The Term Structure of Interest Rates: Spot, Par, and Forward Curves | 9.03 Par and Forward Rates | Page 225 Second equation under table | $(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$. $(1 + 0.023240)^2 \times (1 + 0.0277)^1 = (1 + Z_3)^3$. $Z_3 = 0.027278 = 2.73\%$ | $(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$. $(1 + 0.023240)^2 \times (1 + \mathbf{0.0354})^1 = (1 + Z_3)^3$. $Z_3 = 0.027278 = 2.73\%$ |
| 22 Aug 2025 | 13: Curve-Based and Empirical Fixed-Income Risk Measures | Solutions | 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 **downward** 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? |
| 23 Jan 2026 | 13: Curve-Based and Empirical Fixed-Income Risk Measures | Solutions | Page 323 Self-Assessment Question 4 | $- 6.094 \times 0.005$ | $- 6.094 \times \mathbf{(-} 0.005\mathbf{)}$ |
| 23 Jan 2026 | 13: Curve-Based and Empirical Fixed-Income Risk Measures | Solutions | Page 323 Self-Assessment Question 4 | $- 230.097 \times (0.005)^2$ | $- 230.097 \times (-0.005)^2$ |

| | | | | | |
|---|---|---|---|---|---|
| 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<br>5.345 = [1.991 × (99.5/293.2)] + [4.869 × (98.3/293.2)] + [9.333 × (95.4/293.2)].<br><br>Alternatively, we could calculate each key rate duration by maturity. For example, the two-year key rate duration (KeyRateDur2) is<br>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<br>**5.367 = [1.990 × (99.006/277.0)] + [4.938 × (93.960/277.0)] + [9.828 × (84.010/277.0)].**<br><br>Alternatively, we could calculate each key rate duration by maturity. For example, the two-year key rate duration (KeyRateDur2) is<br>**0.711 = 1.990 × (99.006/277.0).** |
| 19 Sept 2025 | 16: Credit Analysis for Corporate Issuers | 16.03 Financial Ratios in Corporate Credit Analysis | Page 424 Example 4 | <table><tr><th></th><th>Year 0</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr><tr><td>EBIT</td><td>1,330</td><td>1,122</td><td>890</td><td>632</td><td>346</td><td>364</td></tr><tr><td>EBITDA</td><td>1,730</td><td>1,589</td><td>1,407</td><td>1,180</td><td>906</td><td>916</td></tr></table> | <table><tr><th></th><th>Year 0</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr><tr><td>EBIT</td><td>**930**</td><td>**655**</td><td>**373**</td><td>**86**</td><td>**-212**</td><td>**-189**</td></tr><tr><td>EBITDA</td><td>**1,330**</td><td>**1,122**</td><td>**890**</td><td>**633**</td><td>**347**</td><td>**363**</td></tr></table> |
| 19 Sept 2025 | 16: Credit Analysis for Corporate Issuers | 16.03 Financial Ratios in Corporate Credit Analysis | Page 424 Example 4 | <table><tr><th></th><th>Year 0</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr><tr><td>Debt to EBITDA</td><td>0.36</td><td>0.43</td><td>0.54</td><td>0.71</td><td>1.06</td><td>1.21</td></tr></table> | <table><tr><th></th><th>Year 0</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr><tr><td>Debt to EBITDA</td><td>**0.47**</td><td>**0.61**</td><td>**0.85**</td><td>**1.32**</td><td>**2.77**</td><td>**3.04**</td></tr></table> |

| | | | | | |
|---|---|---|---|---|---|
| 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<br><br>In order to replicate the put option at contract inception… | Exhibit 5: **Short Put Option versus Long Forward Position**<br><br>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 | Question 3 | Which of the following statements correctly describes a synthetic protective put position according to put–call forward parity?<br>A. A long forward contract on the underlying, a long put option on the underlying, and a short risk-free bond<br><br>Solution:<br>A is correct. The formula for put–call forward parity is as follows:<br>F0(T)(1 + r)–T + p0 = c0 + X(1 + r)–T.<br>Rearranging the terms as follows shows the synthetic protective put position on the left-hand side of the equation:<br>F0(T)(1 + r)–T + p0 – X(1 + r)–T = c0. | Which of the following statements correctly describes a synthetic protective put position according to put–call forward parity?<br>A. A long forward contract on the underlying, a long put option on the underlying, and a **long** risk-free bond<br><br>Solution:<br>A is correct. The formula for put–call forward parity is as follows:<br>F0(T)(1 + r)–T + p0 = c0 + X(1 + r)–T. |

| | | | | | |
|---|---|---|---|---|---|
| 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 |

# 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. ...<br><br>$R_{GP(High\text{-}Water\ Mark)} = (P_2 \times r_m)$ + max[0,$P_2((1- r_m) - P_{HWM}) \times p$] ...<br><br>$r_i$ = ($110 million − $124.16 million − $1.1 million)/$124.16 million<br><br>= −12.291%. ...<br><br>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}$) computed net of fees **(note: no hurdle rate)**. ...<br><br>$R_{GP(High\text{-}Water\ Mark)} = (P_2 \times r_m)$ + max[0, **(**$P_2$**(**$1- r_m) - P_{HWM}) \times p$] ...<br><br>$r_i$ = ($110 million − **$122.96** million − $1.1 million)/$**122.96** million<br><br>= **−11.435%.** ...<br><br>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 | $R_{GP(High\text{-}Water\ Mark)} = (P_2 \times r_m) + \max[0, P_2((1- r_m) - P_{HWM}) \times p]$<br><br>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 $122.7 million, the ending value in the first year, P1.<br><br>Year — Fund Value ($m), after Fees<br>0 — 100.00<br>1 — 122.70<br>2 — 108.90<br><br>$R_{GP(High\text{-}Water\ Mark)}$<br>= $128 million × 1% + max[0, ($128 × 0.99 − $124.16) × 20%]<br>= $1.792 million.<br>$r_i$ = ($128 million − $108.9 million − $1.792 million)/$108.9 million = 15.89%<br>…<br>The ending capital position for the third year is $128 million − $1.792 million = $126.208 million.. | $R_{GP(High\text{-}Water\ Mark)} = (\mathbf{P_3} \times r_m) + \max[0, (\mathbf{P_3}(1- r_m) - P_{HWM}) \times p]$<br><br>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 **$122.96** million, the ending value in the first year, P1.<br><br>Year — Fund Value ($m), after Fees<br>0 — 100.00<br>1 — **122.96**<br>2 — 108.90<br>$R_{GP(High\text{-}Water\ Mark)}$<br>= $128 million × 1% + max[0, ($128 × 0.99 − **$122.96**) × 20%]<br>= **$2.032** million.<br>$r_i$ = ($128 million − $108.9 million − **$2.032** million)/$108.9 million = **15.67**%<br>…<br>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 | $R_{GP(High\text{-}Water\ Mark)} = (P_3 \times r_m) + \max[0, (P_3 - P_{HWM}) \times p]$.<br><br>$R_{GP(High\text{-}Water\ Mark)}$<br>= \$128 million × 1% + max[0, (\$128 million – \$108.9 million) × 20%]<br>= \$5.1 million.<br><br>$r_i$ = (\$128 million – \$108.9 million – \$5.1 million)/\$108.9 million<br>= 12.856%." | $R_{GP(High\text{-}Water\ Mark)} = (P_3 \times r_m) + \max[0, (P_3$ **$(1 - r_m)$** $- P_{HWM}) \times p]$.<br><br>$R_{GP(High\text{-}Water\ Mark)}$<br>= \$128 million × 1% + max[0, (\$128 million **× 0.99** – \$108.9 million) × 20%]<br>= **\$4.85** million.<br><br>$r_i$ = (\$128 million – \$108.9 million – **\$4.85 million)**/\$108.9 million<br>= **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:<br>• Annual management fee based on year-end AUM: 2%<br>• Incentive fee: 20%<br>• Hurdle rate before incentive fee collection starts: 4%<br>• Current high-water mark: $610 million<br><br>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:<br>A. 6.72%.<br>B. 6.80%.<br>C. 7.64%. | A hedge fund has the following fee structure:<br>• Annual management fee based on year-end AUM: 2%<br>• Incentive fee: 20%<br>• Hurdle rate before incentive fee collection starts: 4%<br>• Current high-water mark: $610 million<br>• **Incentive fees (and hurdle rate considerations) are determined post management fees**<br><br>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:<br>A. 6.72%.<br>B. 6.80%.<br>**C. 7.24%.** |

| | | | | | |
|---|---|---|---|---|---|
| 27 Jan 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.<br>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<br>{$642 – [$610 × (1 + 0.04)]} × 0.20 = $1.52 million.<br>The net return to the investor for the year is<br>[($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.<br>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<br><br>**Net Value Post Management Fees = (1-0.02) × $642 = $6.2916 Million.**<br><br>**Incentive Fee = max(0,[629.16-max(610,1.04 × 583.1)] × 0.2)=$3.832 Million**<br><br>**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<br><br>Direct ownership<br>Sole ownership<br>Joint ventures<br>Limited partnerships<br><br>Indirect ownership<br>Real estate funds<br>Private REITs | Equity<br><br>Direct ownership<br>Sole ownership<br><br>Indirect ownership<br>**Joint ventures**<br>**Limited partnerships**<br>Real estate funds<br>Private REITs |
| 4 June 2025 | 6: Hedge Funds | 6.01 Introduction | Pages 149-150 Learning Module Self-Assessment Question 5 | 16.38<br><br>Return to the investors = 20 million – 3.72 million = 16.38 million.<br>Investors' return = 16.38%. | **16.28**<br><br>Return to the investors = 20 million – 3.72 million = **16.28 million.**<br>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 |
|---|---|---|---|---|---|
| 15 Jan 2026 | 1: Portfolio Risk and Return: Part I | Solutions | Page 57 Question 4 Solution | C is correct. The most risk averse investor has the indifference curve with the greatest slope. | **A is correct. The most risk-adverse investors have the most convexity in their indifference curves. The most risk-averse investor experiences the fastest deterioration in marginal utility from risk.** |
| 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…"<br><br>"B is incorrect…" | "**B** is correct…"<br><br>"**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. |