

Curriculum Errata Notice

2025 Level III CFA Program

UPDATED 17 JANUARY 2025

This document outlines the errors submitted to CFA Institute that have been corrected.

Due to the nature of our publishing process, we may not be able to correct errors submitted after 1 September 2025 in time for the publication of the following year's print materials. However, we update all errors in the Learning Ecosystem (LES) and in this document at the end of each month.

We recommend checking either the LES or this document regularly for the most current information. Depending on when you purchase the print materials, they may or may not have the errors corrected.



All errors can be submitted via <https://cfainst.is/errata>

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Asset Allocation

Capital Market Expectations, Part 1: Framework and Macro Considerations

| Lesson | Location | PDF Pg | Revised | Correction |
|--|------------------------------------|--------|------------------|---|
| Challenges in Forecasting | The Argentine Peso Devaluations | 13 | 3 September 2024 | <p>Replace: The currency was allowed to fluctuate freely, and the peso further depreciated to 3.8 ARS/USD by June 2001.</p> <p>With: The currency was allowed to fluctuate freely, and the peso further depreciated to 3.8 ARS/USD by June 2002.</p> |
| Analysis of Monetary and Fiscal Policies | Example 12 - Guideline Answer to 3 | 40 | 3 September 2024 | <p>Replace: Short-term market interest rates will be dragged downward by weak demand and inflation.</p> <p>With: Short-term market interest rates will be dragged downward by weak demand and deflation.</p> |

Capital Market Expectations, Part 2: Forecasting Asset Class Returns

| Lesson | Location | PDF Pg | Revised | Correction |
|----------------------------------|---------------------------|--------|------------------|--|
| Forecasting Fixed Income Returns | Example 1 - Solution to 1 | 73 | 3 September 2024 | <p>Replace: Reinvesting for three more years at the 2.0% higher rate adds another 6.0% to the cumulative return, so the five-year annual return would be approximately 0.46% [= $3.25 + (1 + 1.0 + 6.0)/5$].</p> <p>With an additional two years of reinvestment income, the seven-year annual return would be about 1.99% [= $1 + (-9.68 + 1.0 + 6.0 + 4.0)/7$].</p> <p>With: Reinvesting for three more years at the 2.0% higher rate adds another 6.0% to the cumulative return, so the five-year annual return would be approximately 0.46% [= $1.0 + (-9.68 + 1.0 + 6.0)/5$].</p> <p>With an additional two years of reinvestment income, the seven-year annual return would be about 1.19% [= $1 + (-9.68 + 1.0 + 6.0 + 4.0)/7$].</p> |

Portfolio Construction

Overview of Fixed-Income Portfolio Management

| Lesson | Location | PDF Pg | Revised | Correction |
|----------------------------------|---------------------------|--------|------------------|---|
| Fixed-Income Portfolio Measures | Second bullet | 57 | 3 September 2024 | <p>Replace: Coupon-paying bonds have more convexity than zero-coupon bonds of the same duration: A 30-year coupon-paying bond with a duration of approximately 18 years has more convexity than an 18-year zero-coupon bond.</p> <p>With: Coupon-paying bonds have more convexity than zero-coupon bonds of the same duration: A 30-year coupon-paying bond with a duration of approximately 18 years has more convexity than an 18-year zero-coupon bond.</p> |
| Bond Market Liquidity | Third bullet point | 65 | 3 September 2024 | <p>Move the third bullet point: As a funding cost arbitrage transaction, the TRS can allow investors to gain particular access to subsets of the fixed-income markets, such as bank loans or high-yield instruments for which cash markets are relatively illiquid or the cost and administrative complexity of maintaining a portfolio of these instruments is prohibitive for the investor.</p> <p>To the paragraph preceding bulleted list: The potential for both a smaller initial cash outlay and lower swap bid–offer costs compared with the transaction costs of direct purchase or use of a mutual fund or ETF are the most compelling reasons to consider a TRS to add fixed-income exposure. As a funding cost arbitrage transaction, the TRS can allow investors to gain particular access to subsets of the fixed-income markets, such as bank loans or high-yield instruments for which cash markets are relatively illiquid or the cost and administrative complexity of maintaining a portfolio of these instruments is prohibitive for the investor.</p> |
| A Model for Fixed-Income Returns | Views of Benchmark Yields | 67 | 3 September 2024 | <p>Replace: $E(\text{Change in price based on investor's views of yields and yield volatility})$ $= (-\text{ModDur} \times \Delta\text{Yield}) + [\frac{1}{2} \times \text{Convexity} \times (\Delta\text{Spread})^2]$</p> <p>With: $E(\Delta\text{Price based on investor's view of yields and yield volatility})$ $= (-\text{ModDur} \times \Delta\text{Yield}) + [\frac{1}{2} \times \text{Convexity} \times (\Delta\text{Yield})^2]$</p> |

| Lesson | Location | PDF Pg | Revised | Correction |
|----------------------------------|---|--------|------------------|--|
| A Model for Fixed-Income Returns | Exhibit 11 | 69 | 3 September 2024 | Replace row: Expected average bond price in one year (assuming an unchanged yield curve) £97.27 Replace solution: In one year's time, assuming an unchanged yield curve and zero interest rate volatility, the rolldown return is $0.17\% = (\text{£}97.27 - \text{£}97.12)/\text{£}97.12$. With: Expected average bond price in one year (assuming an unchanged yield curve) £97.285 With: In one year's time, assuming an unchanged yield curve and zero interest rate volatility, the rolldown return is $0.17\% = (\text{£}97.285 - \text{£}97.12)/\text{£}97.12$. |
| A Model for Fixed-Income Returns | Decomposing Expected Returns - Solution | 69 | 3 September 2024 | Replace: In one year's time, assuming an unchanged yield curve and zero interest rate volatility, the rolldown return is $0.17\% = (\text{£}97.27 - \text{£}97.12)/\text{£}97.12$. The rolling yield, which is the sum of the coupon income and the rolldown return, is $3.00\% = 2.83\% + 0.17\%$ With: In one year's time, assuming an unchanged yield curve and zero interest rate volatility, the rolldown return is 0.15% = $(\text{£}97.27 - \text{£}97.12)/\text{£}97.12$. The rolling yield, which is the sum of the coupon income and the rolldown return, is $3.00\% = \mathbf{2.98\% + 0.15\%}$ |
| A Model for Fixed-Income Returns | Exhibit 12 | 70 | 3 September 2024 | Replace second calculation under column header Calculation: $(\text{£}97.27 - \text{£}97.12)/\text{£}97.12 = 0.17\%$ With: $(\text{£}97.285 - \text{£}97.12)/\text{£}97.12 = 0.17\%$ |

An Overview of Private Wealth Management

| Lesson | Location | PDF Pg | Revised | Correction | | | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------------------|---|-----------------|-------------------|--|--|-----------------|-----------------|--|-----|-----|--|-------|-------|--|-------|--------------|--|--------|--------------|--|--------|---------------|--|---------|----------------|--|---------|----------------|
| The Impact of Taxation and Inflation | Case Study: Natalia Kozłowska: Tax Rates and Tax Calculations | 254 | 18 September 2024 | Replace: <table style="width: 100%; border: none;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">Tax on column 1</th> <th style="width: 25%; text-align: center;">Tax on column 1</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">---</td> <td style="text-align: center;">---</td> </tr> <tr> <td></td> <td style="text-align: center;">1,500</td> <td style="text-align: center;">1,500</td> </tr> <tr> <td></td> <td style="text-align: center;">6,000</td> <td style="text-align: center;">4,500</td> </tr> <tr> <td></td> <td style="text-align: center;">13,500</td> <td style="text-align: center;">9,000</td> </tr> <tr> <td></td> <td style="text-align: center;">50,000</td> <td style="text-align: center;">41,000</td> </tr> <tr> <td></td> <td style="text-align: center;">150,000</td> <td style="text-align: center;">116,000</td> </tr> <tr> <td></td> <td style="text-align: center;">400,000</td> <td style="text-align: center;">316,000</td> </tr> </tbody> </table> With: | | Tax on column 1 | Tax on column 1 | | --- | --- | | 1,500 | 1,500 | | 6,000 | 4,500 | | 13,500 | 9,000 | | 50,000 | 41,000 | | 150,000 | 116,000 | | 400,000 | 316,000 |
| | Tax on column 1 | Tax on column 1 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | --- | --- | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1,500 | 1,500 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 6,000 | 4,500 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 13,500 | 9,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 50,000 | 41,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 150,000 | 116,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 400,000 | 316,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Lesson | Location | PDF Pg | Revised | Correction |
|--------------------------------------|---|--------|-------------------|---|
| The Impact of Taxation and Inflation | Case Study – Solution to 2 | 255 | 18 September 2024 | <p>Replace: For incomes between EUR500,000 and EUR1,000,000, the tax rate is 40%. For the first EUR500,000, the tax is EUR150,000, and for the next EUR200,000 the tax rate is $40\% \times (\text{EUR}700,000 - \text{EUR}500,000) = \text{EUR}80,000$. The total tax payable is then $\text{EUR}150,000 + \text{EUR}80,000 = \text{EUR}230,000$, and the average tax rate is 32.86%.</p> <p>With: For incomes between EUR500,000 and EUR1,000,000, the tax rate is 40%. For the first EUR500,000, the tax is EUR116,000, and for the next EUR200,000 the tax rate is $40\% \times (\text{EUR}700,000 - \text{EUR}500,000) = \text{EUR}80,000$. The total tax payable is then EUR116,000 + EUR80,000 = EUR196,000, and the average tax rate is 28%.</p> |
| The Impact of Taxation and Inflation | Case Study – Solution to 3 | 255 | 18 September 2024 | <p>Replace: Considering the expected investment income of EUR10,000 in interest income and EUR5,000 in dividend income, the total income is EUR715,000. For the first EUR500,000 in ordinary income tax, the tax is EUR150,000, and for the next EUR215,000, the tax rate is $40\% \times (\text{EUR}715,000 - \text{EUR}500,000) = \text{EUR}86,000$. The total tax payable is then $\text{EUR}150,000 + \text{EUR}86,000 = \text{EUR}236,000$. Thus, 33.01% of the total income of EUR715,000 is paid in taxes.</p> <p>With: Considering the expected investment income of EUR10,000 in interest income and EUR5,000 in dividend income, the total income is EUR715,000. For the first EUR500,000 in ordinary income tax, the tax is EUR116,000, and for the next EUR215,000, the tax rate is $40\% \times (\text{EUR}715,000 - \text{EUR}500,000) = \text{EUR}86,000$. The total tax payable is then EUR116,000 + EUR86,000 = EUR202,000. Thus, 28.25% of the total income of EUR715,000 is paid in taxes.</p> |
| The Impact of Taxation and Inflation | Case Study – Solution to 4 - ii | 256 | 18 September 2024 | <p>Replace: ii. The ordinary income tax amounts to EUR150,000 for the first EUR500,000 and EUR82,000 for the remaining EUR205,000 (including the taxed portion of her interest income). This is calculated as $40\% \times (\text{EUR}705,000 - \text{EUR}500,000) = \text{EUR}82,000$, resulting in a total income tax of EUR232,000.</p> <p>For the dividend income of EUR5,000, there is a 15% tax, equating to EUR750. In total, she pays EUR232,000 in ordinary income tax and EUR750 in investment income tax on the dividends, with a total tax liability of EUR232,750. She pays 32.55% of her total income of EUR715,000 in taxes, and her taxable income is EUR710,000.</p> <p>With: ii. The ordinary income tax amounts to EUR116,000 for the first EUR500,000 and EUR82,000 for the remaining EUR205,000 (including the taxed portion of her interest income). This is calculated as $40\% \times (\text{EUR}705,000 - \text{EUR}500,000) = \text{EUR}82,000$, resulting in a total income tax of EUR198,000.</p> <p>For the dividend income of EUR5,000, there is a 15% tax, equating to EUR750. In total, she pays EUR198,000 in ordinary income tax and EUR750 in investment income tax on the dividends, with a total tax liability of EUR198,750. She pays 27.80% of her total income of EUR715,000 in taxes, and her taxable income is EUR710,000.</p> |
| The Impact of Taxation and Inflation | The Impact of Different Tax Rates, Sources of | 265 | 7 October 2024 | <p>Replace: Section titled: “The Impact of Different Tax Rates, Sources of Return, and Inflation”</p> <p>With: Content posted here</p> |

| Lesson | Location | PDF Pg | Revised | Correction |
|--------|-----------------------|--------|---------|------------|
| | Return, and Inflation | | | |

Performance Measurement

Portfolio Performance Evaluation

| Lesson | Location | PDF Pg | Revised | Correction |
|--|--|--------|------------------|---|
| Factor-Based and Fixed-Income Return Attribution | First bullet after Exhibit 7 | 24 | 3 September 2024 | Replace: <ul style="list-style-type: none"> The portfolio underperformed its benchmark by 20 bps With: <ul style="list-style-type: none"> The portfolio underperformed its benchmark by 26 bps |
| Return Attribution Analysis at Multiple Levels | Third bullet | 32 | 3 September 2024 | Replace: <p>The large-cap value benchmark underperformed the total benchmark (-1.08% versus -0.03%). Because the portfolio was underweight large-cap value, this led to a positive allocation effect of 0.03.</p> With: <p>The large-cap growth benchmark underperformed the total benchmark (-1.08% versus -0.03%). Because the portfolio was underweight large-cap growth, this led to a positive allocation effect of 0.03.</p> |
| Benchmark Selection | Importance of Choosing the Correct Benchmark - last bullet | 45 | 3 September 2024 | Replace: <p>Investor (Mismeasured) Active Return = Mgr Return - Investor Benchmark return = (Mgr Return - Normal portfolio Return) + (Normal Portfolio Return - Investor Benchmark return) = True Active Return + Misfit Active Return = 18.0 - 20.0 = -9.0 + (-11.0) = -2.0%</p> With: <p>Investor (Mismeasured) Active Return = Mgr Return - Investor Benchmark return = (Mgr Return - Normal portfolio Return) + (Normal Portfolio Return - Investor Benchmark return) = True Active Return + Misfit Active Return = (18.0 - 9.0) + (9.0 - 20.0) = 9.0+ (-11.0) = -2.0%</p> |
| Performance Appraisal: | Exhibit 20 | 60 | 3 September 2024 | Replace: <p>"Recovery begins" under July 2020</p> With: <p>Move "Recovery begins" to April 2020</p> |

| Lesson | Location | PDF Pg | Revised | Correction |
|---|------------|--------|------------------|---|
| Capture Ratios and Drawdowns | | | | |
| Performance Appraisal: Capture Ratios and Drawdowns | Exhibit 21 | 60 | 3 September 2024 | Replace: “Drawdown begins” label on chart with April “Recovery begins” label on chart with September With” Move “Drawdown begins” label on chart to January Move “Recovery begins” label on chart to April |

Investment Manager Selection

| Lesson | Location | PDF Pg | Revised | Correction |
|-------------------|----------------|--------|------------------|---|
| Practice Problems | Question 26 | 127 | 3 September 2024 | Replace: Asked about Lyon’s regulatory context, Moore states, “The regulatory environment is strong and seeks to decrease information symmetries.” With: Asked about Lyon’s regulatory context, Moore states, “The regulatory environment is strong and seeks to decrease information asymmetries. ” |
| Solutions | Solution to 26 | 137 | 3 September 2024 | Replace: The reliance of Lyon’s strategy on unique information is a drawback as it is difficult for Lyon to have an informational edge in a regulatory environment that seeks to reduce informational symmetries. With: The reliance of Lyon’s strategy on unique information is a drawback as it is difficult for Lyon to have an informational edge in a regulatory environment that seeks to reduce informational asymmetries. |

Derivatives and Risk Management

Swaps, Forwards, and Future Strategies

| Lesson | Location | PDF Pg | Revised | Correction |
|-------------------|---------------------------------------|--------|------------------|--|
| Practice Problems | Information relating to questions 2-8 | 125 | 3 September 2024 | Replace: Statement 1 If the basis is positive, a trade would make a profit by "selling the basis." Statement 2 If the basis is negative, a trader would make a profit by selling the bond and buying the futures. |
| | | | | With: Statement 4 If the basis is positive, a trade would make a profit by "selling the basis." Statement 5 If the basis is negative, a trader would make a profit by selling the bond and buying the futures. |

Currency Management: An Introduction

| Lesson | Location | PDF Pg | Revised | Correction |
|---|-------------------------------------|--------|------------------|---|
| Foreign Exchange Concepts | Paragraph following bullet number 4 | 147 | 3 September 2024 | Replace: In the example above, this would be done by redenominating the mark-to-market in USD, by selling 240,000 AUD 90-days forward against the USD at the prevailing USD/AUD 90-day forward bid rate. |
| | | | | With: In the example above, this would be done by redenominating the mark-to-market in USD, by selling 206,000 AUD 90-days forward against the USD at the prevailing USD/AUD 90-day forward bid rate. |
| Forward Contracts, FX Swaps, and Currency Options | Table within Executing a Hedge | 180 | 3 September 2024 | Replace: JPY/HKD 14.4/14.4 -1.2/-1.1 |
| | | | | With: JPY/HKD 14.4/14.42 -1.2/-1.1 |
| Forward Contracts, FX | Example 4 - Solution to 1 | 184 | 3 September 2024 | Replace: With: |

| Swaps, and Currency Options | | | | Kwun Tong is long the GBP against the HKD, and HKD/GBP is selling at a small forward discount of -0.106% compared with the current spot rate.... However, the firm's market strategist expects the GBP to depreciate by 3.92% against the HKD. | Kwun Tong is long the GBP against the HKD, and HKD/GBP is selling at a small forward discount of 0.099% compared with the current spot rate.... However, the firm's market strategist expects the GBP to depreciate by 3.77% against the HKD. | | | | | | | | | | | | |
|---|---------------------------|---------------------------------------|------------------|---|---|------------------|---------------------------------------|------|------|-----|---|---------------------------------|------------------|---------------------------------------|------|------|-----|
| Forward Contracts, FX Swaps, and Currency Options | Example 4 - Solution to 2 | 184 | 3 September 2024 | Replace: But the firm's strategist also forecasts that the ZAR will depreciate against the HKD by 2.2% . | With: But the firm's strategist also forecasts that the ZAR will depreciate against the HKD by 2.11% . | | | | | | | | | | | | |
| Currency Management Tools and Strategies: A Summary | Table within Example 8 | 203 | 3 September 2024 | Replace: <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>$s(\% \Delta S_{GBP/USD})$</th> <th>$\sigma(R_{DC})$</th> <th>$\rho(R_{DC}; \% \Delta S_{GBP/USD})$</th> </tr> </thead> <tbody> <tr> <td>2.7%</td> <td>4.4%</td> <td>0.2</td> </tr> </tbody> </table> | $s(\% \Delta S_{GBP/USD})$ | $\sigma(R_{DC})$ | $\rho(R_{DC}; \% \Delta S_{GBP/USD})$ | 2.7% | 4.4% | 0.2 | With: <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>$\sigma(\% \Delta S_{GBP/USD})$</th> <th>$\sigma(R_{DC})$</th> <th>$\rho(R_{DC}; \% \Delta S_{GBP/USD})$</th> </tr> </thead> <tbody> <tr> <td>2.7%</td> <td>4.4%</td> <td>0.2</td> </tr> </tbody> </table> | $\sigma(\% \Delta S_{GBP/USD})$ | $\sigma(R_{DC})$ | $\rho(R_{DC}; \% \Delta S_{GBP/USD})$ | 2.7% | 4.4% | 0.2 |
| $s(\% \Delta S_{GBP/USD})$ | $\sigma(R_{DC})$ | $\rho(R_{DC}; \% \Delta S_{GBP/USD})$ | | | | | | | | | | | | | | | |
| 2.7% | 4.4% | 0.2 | | | | | | | | | | | | | | | |
| $\sigma(\% \Delta S_{GBP/USD})$ | $\sigma(R_{DC})$ | $\rho(R_{DC}; \% \Delta S_{GBP/USD})$ | | | | | | | | | | | | | | | |
| 2.7% | 4.4% | 0.2 | | | | | | | | | | | | | | | |

Portfolio Management Pathway, Vol. 1

Active Equity Investing: Portfolio Construction

| Lesson | Location | PDF Pg | Revised | Correction |
|----------------------------|---------------------------|--------|------------------|---|
| Allocating the Risk Budget | 3 rd paragraph | 157 | 3 September 2024 | Replace: The risk attribution in Exhibit 15 not only considers the Market factor but also adds a sector factor and a style factor. |
| Allocating the Risk Budget | Example 5 - Question 1 | 158 | 3 September 2024 | Replace: Using the information in Exhibit 15, discuss key differences in the risk profiles of Manager A and Manager C. |
| Allocating the Risk Budget | Example 5 - Solution to 2 | 159 | 3 September 2024 | Replace: |

| Lesson | Location | PDF Pg | Revised | Correction |
|--------------------------|---|--------|------------------|---|
| | | | | <p>From Equation 8b (repeated below), the contribution of an asset to total portfolio variance is equal to the product of the weight of the asset and its covariance with the entire portfolio.</p> <p>From Equation 9 (repeated below), the contribution of an asset to total portfolio variance is equal to the product of the weight of the asset and its covariance with the entire portfolio.</p> |
| Additional Risk Measures | Second paragraph under Formal Constraints | 161 | 3 September 2024 | <p>Replace: Exhibit 18 presents five different risk measures for the same three products discussed in Exhibit 15.</p> <p>With: Exhibit 18 presents five different risk measures for the same three products discussed in Exhibit 16.</p> |

Liability-Driven and Index-Based Strategies

| Lesson | Location | PDF Pg | Revised | Correction |
|-------------------|-------------|--------|------------------|--|
| Practice Problems | Question 12 | 267 | 3 September 2024 | <p>Replace:</p> <p style="padding-left: 20px;">A. only B. only</p> <p>With:</p> <p style="padding-left: 20px;">A. Statement 1 only B. Statement 2 only</p> |

Portfolio Management Pathway, Vol. 2

Yield Curve Strategies

| Lesson | Location | PDF Pg | Revised | Correction |
|------------------------|-------------|--------|------------------|--|
| Yield Curve Strategies | Example 3 | 16 | 3 September 2024 | Replace: Rolldown return: The difference between the 10-year and 9.5-year PV with no change in yield-to-maturity of £262,363, or [PV (0.029535/2, 20, 1.125, 100)] – [PV (0.024535/2, 19, 1.125, 100)] × £1 million]. With: Rolldown return: The difference between the 10-year and 9.5-year PV with no change in yield-to-maturity of £262,363, or [PV (0.029535/2, 20, 1.125, 100)] – [PV (0.029535 /2, 19, 1.125, 100)] × £1 million]. |
| Yield Curve Strategies | Equation 10 | 34 | 3 September 2024 | Replace: $\text{KeyRateDur}_k = \frac{1}{PV} \times \frac{\Delta PV}{\Delta r_k}$ With: $\text{KeyRateDur}_k = -\frac{1}{PV} \times \frac{\Delta PV}{\Delta r_k}$ |

Fixed-Income Active Management: Credit Strategies

| Lesson | Location | PDF Pg | Revised | Correction |
|--|---------------------------|--------|------------------|--|
| Key Credit and Spread Concepts for Active Management | Example 4 – Solution to 2 | 71 | 3 September 2024 | Replace: Price change: -1.11% (= (99.39 – 100.50)/100.50) With: Price change: -0.497% (= (100 – 100.50)/100.50) |
| Key Credit and Spread Concepts for Active Management | Second to last sentence | 79 | 3 September 2024 | Replace: For fixed-rate bonds priced at a spread over the benchmark, roll-down return from coupon income is higher by the bond's original credit spread. With: For fixed-rate bonds priced at a spread over the benchmark, the roll-down return from coupon income is higher by the bond's original credit spread. |

| Lesson | Location | PDF Pg | Revised | Correction |
|--------------------------------|----------------------------|--------|-------------------|--|
| Credit Strategies | Example 16 – Solution to 2 | 89 | 3 September 2024 | Replace: B rated excess return is $-0.86\% = 3.5\% - (7 \times 0.35\%) - (3.19\% \times 60\%)$. The A rated bond is more attractive under this scenario. |
| | | | | With: B rated excess return is 0.89% $= 3.5\% - (7 \times 0.1\% - (3.19\% \times 60\%))$. The B rated bond is more attractive under this scenario. |
| Credit Strategies | Example 17 | 90 | 3 September 2024 | Replace: 10-year weight: $w_{10} = 0.50\% (= (20 - 10)/(15 - 10))$ 20-year weight: $w_{20} = 0.50\% (= (1 - w_{10}))$ |
| | | | | With: 10-year weight: $w_{10} = 0.5$ $(= (20 - 10)/(15 - 10))$ 20-year weight: $w_{20} = 0.5$ $(= (1 - w_{10}))$ |
| Credit Strategies | Exhibit 21 | 94 | 3 September 2024 | Replace: legend labels for the solid line "10-year Treasury" and for the dotted line with "BB yield spread" |
| | | | | With: the legend labels for the solid line "BB yield spread" and for the dotted line with "10-year Treasury" |
| Credit Spread Curve Strategies | Example 29 – Solution to 1 | 117 | 13 September 2024 | Replace: Since the investor must buy IG protection in one year at a lower discount to par of $(1 - 0.99244)$, it has a \$17,800 loss from the CDX IG position $(= (0.99244 - 0.99066) \times \$10,000,000)$. Subtracting the \$400,000 net coupon payment made by the investor results in a one-year loss from the strategy of \$239,800 $(= \$178,000 - \$17,800 - \$400,000)$ with constant spreads. |
| | | | | With: Since the investor must buy IG protection in one year at a lower discount to par of $(1 - 0.99244)$, it has a \$17,800 gain from the CDX IG position $(= (0.99244 - 0.99066) \times \$10,000,000)$. Subtracting the \$400,000 net coupon payment made by the investor results in a one-year loss from the strategy of \$204,200 $(= \$178,000 + \$17,800 - \$400,000)$ with constant spreads. |
| Credit Spread Curve Strategies | Example 29 - Solution to 2 | 118 | 3 September 2024 | Replace: CDX IG: 99.066 per \$100 face value, or 0.9966 $(= 1 + (-0.2\% \times 34.67))$ |
| | | | | With: CDX IG: 99.066 per \$100 face value, or 0.99066 $(= 1 + (-0.2\% \times 34.67))$ |

Trade Strategy and Execution

| Lesson | Location | PDF Pg | Revised | Correction |
|-----------|--|--------|------------------|---|
| Solutions | Solution 12 – Individual Risk Aversion | 214 | 3 September 2024 | Replace: The portfolio managers at North Circle and Valley Ranch have different aversions to risk, with North Circle’s managers having higher risk aversion than the Valley Ranch managers. |
| | | | | With: The portfolio managers at North Circle and Valley Ranch have different aversions to risk, with Valley Ranch’s managers having higher risk aversion than the North Circle managers. |

Private Markets Pathway, Vol. 1

General Partner and Investor Perspectives and the Investment Process

| Lesson | Location | PDF Pg | Revised | Correction |
|--|----------------------------|--------|------------------|--|
| Investor (LP) Perspectives, Fees and Performance Measurement | Case Study – Solution to 1 | 56 | 6 September 2024 | Replace: With the soft hurdle rate of 9%, Bardstown's fund must generate more than USD. 270 million = (9% x \$360M x 10 years) |
| | | | | With: With the soft hurdle rate of 9%, Bardstown's fund must generate more than USD. 270 million = (9% x \$300M x 10 years). |

Private Wealth Pathway, Vol. 2

Preserving the Wealth

| Lesson | Location | PDF Pg | Revised | Correction |
|-----------|------------|--------|------------------|---|
| Inflation | Exhibit 31 | 63 | 3 September 2024 | Replace: 0%-2% inflation bucket column – cash row 13 |
| | | | | With: 0%-2% inflation bucket column – cash row 1.5 |

Advising the Wealthy

| Lesson | Location | PDF Pg | Revised | Correction |
|--|---------------|--------|------------------|---|
| Managing Concentrated Position for Professionals, Executives, and Others | Second bullet | 153 | 10 December 2024 | Replace: <i>Expires worthless.</i> The option premium may be treated as a taxable short-term or long-term capital. |
| | | | | With: <i>Expires worthless.</i> The option premium may be treated as a taxable short-term or long-term capital loss . |

Glossary

| Lesson | Location | PDF Pg | Revised | Correction |
|----------|----------|--------|-----------------|---|
| Glossary | | G-10 | 30 October 2024 | <p>Replace: Trust A legal is a vehicle through which an individual (called a settlor) entrusts certain assets to a trustee (or trustees) who manages the assets for the benefit of assigned beneficiaries. A trust may be either a testamentary trust—a trust created through the testator’s will—or a living or inter-vivos trust—a trust created during the settlor’s lifetime.</p> <p>With: Trust A trust is a legal vehicle through which an individual (called a settlor) entrusts certain assets to a trustee (or trustees) who manages the assets for the benefit of assigned beneficiaries. A trust may be either a testamentary trust—a trust created through the testator’s will—or a living or inter-vivos trust—a trust created during the settlor’s lifetime.</p> |