Curriculum Errata Notice

2024 Level I CFA Program

UPDATED 8 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 2024 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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Quantitative Methods

Rates and Returns

Lesson	Location	PDF Pg	Revised	Correction	
Rates Of Return	Holding Period Return – last paragraph	9	31 Jan 2024	Replace: For example, an analyst may need to compute a one-year holding period return from three annual returns. In that case, the one-year holding period return is computed by compounding the three annual returns…	With: For example, an analyst may need to compute a **three-year** holding period return from three annual returns. In that case, the **three-year** holding period return is computed by compounding the three annual returns…
Rates of Return	First sentence after Exhibit 2	10	1 November 2024	Replace: Beginning with an initial investment of EUR1.0000, we will have a balance of EUR0.8573 at the end of the three-year period as shown in the fourth column of Exhibit 2.	With: Beginning with an initial investment of EUR1.0000, we will have a balance of **EUR0.8574** at the end of the three-year period as shown in the fourth column of Exhibit 2.
Rates of Return	Example 7	16	31 Jan 2024	The following paragraph should appear before the example:	The harmonic mean only works for non-negative numbers, so when working with returns that are expressed as positive or negative percentages, we first convert the returns into a compounding format, assuming a reinvestment, as (1 + R), as was done in the geometric mean return calculation, and then calculate (1 + harmonic mean), and subtract 1 to arrive at the harmonic mean return.
Money-Weighted and Time-Weighted Return	Example 8, Solution to 4	23	8 March 2024	Replace the sum in the second calculation: 1.1471	With: 1.147**6**
Annualized Return		29	8 March 2024	Starting on page 29, the equation numbers do not match up with the equation numbers referenced in the text. For example, on page 29, the equation is labeled as equation “7” but the text below it refers to it as “Equation 8.” Each subsequent reference to an equation in the text should be one number less than written for the rest of the learning module. For example, “Equation 9” should be “Equation 8” and “Equation 10” should be “Equation 9.”	

Lesson	Location	PDF Pg	Revised	Correction	
Other Major Returns and Their Applications	Gross and Net Return	33	31 Jan 2024	The first paragraph under Gross and Net Return should read:	A gross return is the return on assets managed less any trading expenses and commissions. Gross return is intended to reflect the investment skill of the manager. Expenses including management fees, custody fees, and taxes are not included in the gross return because they may be different for different investors. For example, most asset managers provide lower management fee rates to larger accounts. Excluding these expenses in gross returns provides a basis for evaluation and comparison of investment management skill.
Other Major Returns and Their Applications	Equation 14	34	8 March 2024	Fix the equation by removing the denominator: (1+inflation premium) $(1 + real\ return) = \frac{(1 + real\ risk\text{–}free\ rate)(1+ risk\ premium)}{1 + inflation\ premium}$.	New equation should read: $(1 + real\ return) = (1 + real\ risk\text{–}free\ rate)(1+ risk\ premium)$
Practice Problems	Question 1	38	31 Jan 2024	The full question prompt for Practice Problem 1 should read as follows:	"**The nominal risk-free rate is best described as the sum of the real risk-free rate** and a premium for:"

The Time Value of Money in Finance

Lesson	Location	PDF Pg	Revised	Correction	
Time Value of Money in Fixed Income and Equity	Example 2, Solution to 1	51	8 March 2024	Replace: PV = EUR100 $= \frac{2}{1.20} + \frac{2}{1.02^2} + \frac{2}{1.02^3} + \frac{2}{1.02^4} + \frac{2}{1.02^5} + \frac{2}{1.02^6} + \frac{2}{1.02^7}$.	With: PV = EUR100 $= \frac{2}{1.20} + \frac{2}{1.02^2} + \frac{2}{1.02^3} + \frac{2}{1.02^4} + \frac{2}{1.02^5} + \frac{2}{1.02^6} + \frac{\mathbf{102}}{1.02^7}$.

Lesson	Location	PDF Pg	Revised	Correction	
Time Value of Money in Fixed Income and Equity	Example 2, Question 2 and Solution 2	51	31 Jan 2024	Question 2 should begin: _____ The solution to Question 2 should read:	Next, let's assume that, exactly **two years** later, a sharp rise…. _____ **3.2876** percent In this case, we must solve for r using Equation 6, with PV equal to 93.09, as follows: PV = 93.091 = $2/(1+r) + 2/(1+r)^2 + 2/(1+r)^3 + \mathbf{2/(1+r)^4} + 2/(1+r)^5 + 102/(1+r)^6$. Here we may use the Microsoft Excel or Google Sheets RATE function (RATE (6,2,93.091,100,0,0.1)) to solve for r of **3.2876** percent. Investors in fixed coupon bonds face a capital loss when investors expect a higher YTM.
Time Value of Money in Fixed Income and Equity	Exhibit 6	58	31 Jan 2024	Within the exhibit, the bar representing the fifth year is incorrectly labeled. The exponent 4 should be 3, so replace this expression on top of the bar: $D(1+g_s)^4 (1+g_l)^2$	With: $D(1+g_s)^{\mathbf{3}} (1+g_l)^2$
Time Value of Money in Fixed Income and Equity	Example 7, Solution to 2	59	31 Jan 2024	Replace: We may solve for D4 as GBP1.894 (=1.787 × 1.02 = D3(1 + gl)) and the second expression to be GBP9.22 as follows: $GBP9.22 = \frac{1.894/(0.15 - 0.02)}{(1.15)^3}$.	With: We may solve for D4 as **GBP1.823** (=1.787 × 1.02 = D3(1 + gl)) and the second expression to be GBP9.22 as follows: $GBP9.22 = \frac{\mathbf{1.823}/(0.15 - 0.02)}{(1.15)^3}$.

Statistical Measures of Asset Returns

Lesson	Location	PDF Pg	Revised	Correction	
Measures of Central Tendency and Location	Paragraph following Exhibit 2	91	31 Jan 2024	Replace: The modal interval always has the highest bar in the histogram; in this case, the modal interval is 0.0 to 0.9 percent, and this interval has 493 observations out of a total of 1,258 observations.	With: The modal interval always has the highest bar in the histogram; in this case, the modal interval is 0.0 to **1.0** percent, and this interval has **555** observations out of a total of 1,258 observations.

Portfolio Mathematics

Lesson	Location	PDF Pg	Revised	Correction	
Measures of Dispersion	Question Set – Question 2	109	29 May 2024	Replace: 2. The fund with the mean absolute deviation (MAD) is Fund:	Replace: 2. The fund with the **highest** mean absolute deviation (MAD) is Fund:
Measures of Shape of a Distribution	Interpreting Skewness and Kurtosis – Question 2	115	29 May 2024	Replace: 2. Does the distribution displays kurtosis? Explain.	Replace: 2. Does the distribution **display** kurtosis? Explain.
Portfolio Expected Return and Variance of Return	Equation 2	153	31 Jan 2024	Replace: $\sigma^2(R_p) = E\{[R_p E(R_p)]^2\}$.	With: $\sigma^2(R_p) = E\{[R_p - E(R_p)]^2\}$.
Portfolio Expected Return and Variance of Return	Equation 4	154	31 Jan 2024	Replace: $\mathrm{Cov}(R_i, R_j) = \sum_{n=1}^{n}(R_{i,t}, R_i)(R_{j,t} - ER_j)/(n-1)$.	With: $\mathrm{Cov}(R_i, R_j) = \sum_{n-1}^{n}(R_{i,t} - \bar{R}_i)(R_{j,t} - E\bar{R}_j)/(n-1)$.

Lesson	Location	PDF Pg	Revised	Correction	
Portfolio Expected Return and Variance of Return	Calculation under Equation 5	154	31 Jan 2024	Replace: $= w_1^2\sigma^2(R_1) + w_1w_2\text{Cov}(R_1,R_2) + w_1w_3\text{Cov}(R_1,R_3)$ $+w_1w_2\text{Cov}(R_1,R_2) + w_2^2\sigma^2(R_2) + w_2w_3\text{Cov}(R_2,R_3)$ $+w_1w_3\text{Cov}(R_1,R_3) + w_2w_3\text{Cov}(R_2,R_3) + w_2^3\sigma^2(R_3).$	With: $= w_1^2\sigma^2(R_1) + w_1w_2\text{Cov}(R_1,R_2) + w_1w_3\text{Cov}(R_1,R_3)$ $+w_1w_2\text{Cov}(R_1,R_2) + w_2^2\sigma^2(R_2) + w_2w_3\text{Cov}(R_2,R_3)$ $+w_1w_3\text{Cov}(R_1,R_3) + w_2w_3\text{Cov}(R_2,R_3) + w_2^3\sigma^2(R_3)$
Portfolio Expected Return and Variance of Return	Example 1, Solution 3 last line	157	31 Jan 2024	Replace: σ(Rp)= $99.72^{1/2}$	With: σ(Rp)= $99.72^{1/2}$ = **9.99**%

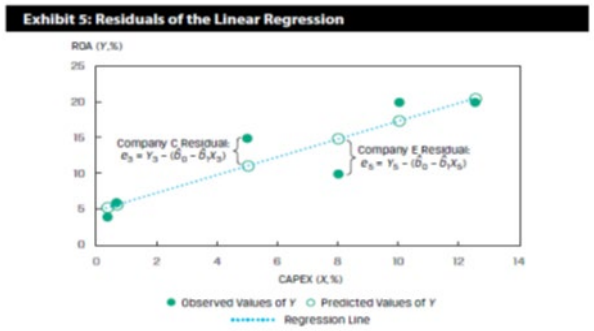
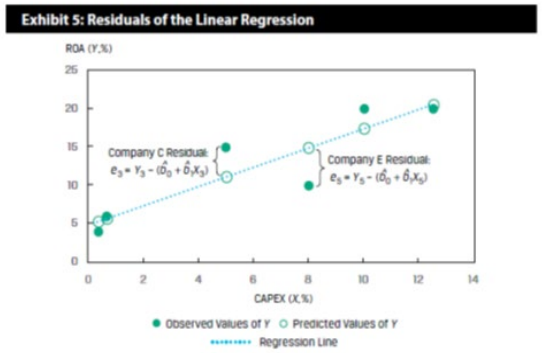
Hypothesis Testing

Lesson	Location	PDF Pg	Revised	Correction	
Tests of Return and Risk in Finance	Exhibit 6	222	31 Jan 2024	Replace the text in "Step 4: State the decision rule.": We reject the null hypothesis if the calculated χ2 statistic is less than 13.09051. _____ Replace the text in "Step 6: Make a decision.": Fail to reject the null hypothesis because the calculated χ 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%).	With: We reject the null hypothesis if the calculated χ2 statistic is **greater than** 13.09051. _____ With: "**Reject** the null hypothesis because the calculated χ 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%)."
Tests of Return and Risk in Finance	Question Set	230	30 May 2024	Replace: 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 fail to reject.	With: 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.**

Parametric and Non-Parametric Tests of Independence

Lesson	Location	PDF Pg	Revised	Correction	
Tests Concerning Correlation	Question Set, Practice Problem 2	251	31 Jan 2024	Replace: r s = 1 − 6(91(4840.)5) = − 0.20416.	With: r s = 1 − 6(91(4840.)5) = **–0.20417**.
Tests Concerning Correlation	Question Set, Practice Problem 3	251	31 Jan 2024	Replace: $t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$ is $t = \frac{-0.2416\sqrt{7}}{\sqrt{1-0.041681}} = \frac{-0.540156}{0.978937} = -0.55177.$	With: $t = \frac{r\sqrt{n-2}}{\sqrt{1-r^2}}$ is $t = \frac{\mathbf{-0.20417}\sqrt{7}}{\sqrt{1-0.041681}} = \frac{\mathbf{-0.540183}}{0.978937} = \mathbf{-0.55181.}$

Simple Linear Regression

Lesson	Location	PDF Pg	Revised	Correction	
Estimation of the Simple Linear Regression Model	Exhibit 5 image	268	4 June 2024	Replace: Company C residual (error term) given in Exhibit 5 as $e_3 = Y_3 - (b_0 - b_1X_3)$ Company E residual given as $e_5 = Y_5 - (b_0 - b_1X_5)$ 	With: Company C residual (error term) given in Exhibit 5 as $e_3 = Y_3 - (b_0 + b_1X_3)$ Company E residual given as $e_5 = Y_5 - (b_0 + b_1X_5)$ 
Hypothesis Tests in the Simple Linear Regression Model	Equation 20	286	31 Jan 2024	Replace: $t_{intercept} = \frac{\hat{b}_0 - B_0}{s_{\hat{b}_0}} = \frac{\hat{b}_0 - B_0}{\sqrt{\frac{1}{n} + \frac{X^2}{\sum_{i=1}^{n}(X_i - X)^2}}}$	With: $t_{intercept} = \frac{\hat{b}_0 - B_0}{s_{\hat{b}_0}} = \frac{\hat{b}_0 - B_0}{\mathbf{S}\sqrt{\frac{1}{n} + \frac{X^2}{\sum_{i=1}^{n}(X_i - X)^2}}}$
Hypothesis Tests in the Simple Linear Regression Model	Exhibit 24	286	31 Jan 2024	Replace equation in Step 5: $t_{intercept} = \frac{4.875 - 3.0}{\sqrt{\frac{1}{6} + \frac{6.1^2}{122.64}}} = \frac{1.875}{0.68562} = 2.73475$	With: $t_{intercept} = \frac{4.875 - 3.0}{\mathbf{3.4596} \times \sqrt{\frac{1}{6} + \frac{6.1^2}{122.64}}} = \frac{1.875}{\mathbf{3.4596} \times 0.68562} = \mathbf{0.7905}$

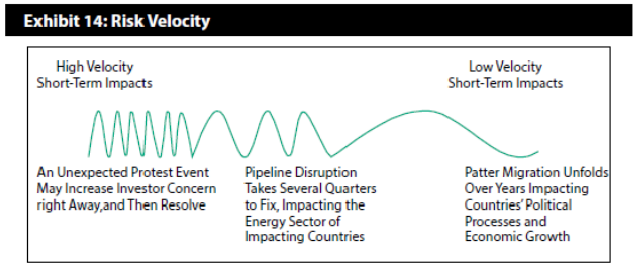
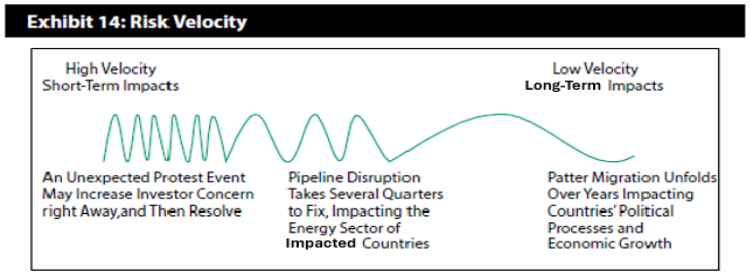
Lesson	Location	PDF Pg	Revised	Correction	
Hypothesis Tests in the Simple Linear Regression Model	Exhibit 24	286	31 Jan 2024	Replace text in Step 6: Reject the null hypothesis. There is sufficient evidence to indicate that the intercept is greater than 3%.	With: **Do not** reject the null hypothesis. There is **not** sufficient evidence to indicate that the intercept is greater than 3%.
Hypothesis Tests in the Simple Linear Regression Model	Test of Hypotheses: Level of Significance and p-Values	289	31 Jan 2024	Replace second sentence in third paragraph under the section: The p-value corresponding to this test statistic is 0.016, which means there is just a 0.16 percent chance of rejecting the null hypotheses when it is true.	With: The *p*-value corresponding to this test statistic is 0.016, which means **that, assuming the null hypothesis is true, there is a 1.6% chance of observing a test statistic as extreme as the one observed, or more extreme**.

Economics

Monetary Policy

Lesson	Location	PDF Pg	Revised	Correction	
Interaction of Monetary and Fiscal Policy	Practice Problem 7	485	31 Jan 2024	Replace answer options: accurately determine the neutral rate of interest. A. regulate the willingness of financial institutions to lend. B. control amounts that economic agents deposit into banks.	With: **A.** accurately determine the neutral rate of interest. **B.** regulate the willingness of financial institutions to lend. **C.** control amounts that economic agents deposit into banks.

Introduction to Geopolitics

Lesson	Location	PDF Pg	Revised	Correction	
Geopolitical Risk and the Investment Process	Exhibit 14: Risk Velocity	530	30 May 2024	Replace: Pipeline Disruption Takes Several Quarters to Fix, Impacting the Energy Sector of Impacting Countries Low Velocity/Short-Term Impacts 	With: Pipeline Disruption Takes Several Quarters to Fix, Impacting the Energy Sector of **Impacted** Countries Low Velocity/**Long**-Term Impacts 

Portfolio Management

Portfolio Risk and Return: Part I

Lesson	Location	PDF Pg	Revised	Correction	
Portfolio Risk & Portfolio of	Example 5	28	8 March 2024	Replace formula under "The expected return of this portfolio is": Rp = w1 × R1 + (1 – w1) × R2 = 0.6 × 0.055 + 0.4 × 0.07 = 0.0358 ≈ 3.6%.	With: Rp = w1 × R1 + (1 – w1) × R2 = 0.6 × 0.055 + 0.4 × **0.007** = 0.0358 ≈ 3.6%.

Lesson	Location	PDF Pg	Revised	Correction
Two Risky Assets				

Portfolio Risk and Return: Part II

Lesson	Location	PDF Pg	Revised	Correction	
Capital Asset Pricing Model: Assumptions and the Security Market Line	Example 8 – Solution to 1	89	31 Jan 2024	Replace the second calculation under Solution: $E(R_i) = R_f + \beta_i[E(R_m) - R_f]$ $= 0.04 + 1.30 \times (0.16 - 0.04)$ $= 0.196$ $= 19.6\%$	With: $E(\mathbf{R_p}) = R_f + \boldsymbol{\beta_p}[E(R_m) - R_f]$ $= 0.04 + 1.30 \times (0.16 - 0.04)$ $= 0.196$ $= 19.6\%$
Portfolio Performance Appraisal Measures	Example 10 – paragraph after Exhibit 8	99	1 November 2024	Replace: Mˆ2 and αˆi are performance measures relative to the market, so they are both equal to zero for the market portfolio.	Replace: Mˆ2 **alpha** and αˆi are performance measures relative to the market, so they are both equal to zero for the market portfolio.

Working Capital and Liquidity

Lesson	Location	PDF Pg	Revised	Correction	
Cash Conversion Cycle	Question Set – Solution to 3	229	31 Jan 2024	Replace: B is correct. The issuer that uses the vendor financing by delaying payments is increasing its days payable outstanding and thus lengthening its cash conversion cycle.	With: **A is correct.** The issuer that uses the vendor financing by delaying payments is increasing its days payable outstanding and thus **shortening** its cash conversion cycle.

Analyzing Balance Sheets

Lesson	Location	PDF Pg	Revised	Correction	
Ratios and Common-Size Analysis	Ratio Analysis – Solution to 2	477	31 Jan 2024	Replace Solution to question 2: A, B, and C are correct. The cash ratio, quick ratio, and current ratio are lower in 2017 than in 2016. _____ Replace the Cash row in the solution table: (Cash + Marketable securities) ÷ Current liabilities (EUR4,011 + EUR990 ÷ EUR10,210 = **0.49** (EUR3,702 + EUR1,124 ÷ EUR9,674 = **0.50**	With: **B and C are correct**. **The ratios are shown in the table below. The quick ratio and current ratio** are lower in 2017 than in 2016. **The cash ratio is slightly higher in 2017 than in 2016.** _____ With: (Cash + Marketable securities) ÷ Current liabilities (€4,011 + 0) ÷ €10,210 = **0.39** (€3,702 + 0) ÷ €9,674 = **0.38**

Corporate Issuers

Working Capital and Liquidity

Lesson	Location	PDF Pg	Revised	Correction	
Cash Conversion Cycle	Question Set, Solution to 3	229	4 March 2024	Replace: B is correct. The issuer that uses the vendor financing by delaying payments is increasing its days payable outstanding and thus lengthening its cash conversion cycle. The issuer is reducing its need for liquidity by taking advantage of the vendor financing at the cost of the forgone discount.	With: **A is correct.** The issuer that uses the vendor financing by delaying payments is increasing its days payable outstanding and thus **shortening** its cash conversion cycle. The issuer is reducing its need for liquidity by taking advantage of the vendor financing at the cost of the forgone discount.

Capital Structure

Lesson	Location	PDF Pg	Revised	Correction	
The Cost of Capital	Question Set – Solution to 3	301	4 November 2024	Replace: A is correct.	With: **C is correct.**
Modigliani-Miller Capital Structure Propositions	Firm Value with Taxes (MM Proposition II with Taxes)	317	25 September 2024	Replace: Firm Value with Taxes (MM Proposition II with Taxes)	With: **Firm Value with Taxes (MM Proposition I with Taxes)**
Optimal Capital Structure	Paragraph following Exhibit 7	323	4 March 2024	Replace: However, as debt increases, the possible financial distress costs rise substantially and equal the tax benefit of debt at D*. Beyond this point, greater leverage reduces firm value, the present value of financial distress costs outweigh the tax benefit.	With: However, as debt increases, the **present value of expected financial distress costs begins to rise and offset the tax benefit of debt, with the optimal amount of debt D* at the point at which the marginal benefit of the tax shield equals the marginal cost of expected financial distress.** Beyond this point, greater leverage reduces firm value, **as the increased** present value of **expected** financial distress costs outweighs the **marginal** tax benefit.

Financial Statement Analysis

Analyzing Income Statements

Lesson	Location	PDF Pg	Revised	Correction	
Expense Recognition	Capitalization of Interest Costs – fourth paragraph	417	14 Jan 2025	Replace: First, capitalized interest appears as part of investing cash outflows, whereas expensed interest typically reduces operating cash flow. US GAAP–reporting companies are required to categorize interest in operating cash flow, and IFRS-reporting companies can categorize interest in operating, investing, or financing cash flows.	With: First, capitalized interest appears as part of investing cash outflows, whereas expensed interest typically reduces operating cash flow. US GAAP–reporting companies are required to categorize interest in operating cash flow, and IFRS-reporting companies can categorize **expensed** interest in operating, investing, or financing cash flows.
Earnings per Share	Example 10 – first sentence	433	30 May 2024	Replace: 1. Assume the same facts as Example 7 except that on 1 December 2018, a previously declared 2-for-1 stock split took effect.	With: 1. Assume the same facts as **Example 9** except that on 1 December 2018, a previously declared 2-for-1 stock split took effect.

Analyzing Statements of Cash Flows I

Lesson	Location	PDF Pg	Revised	Correction	
Linkages between the Financial Statements	Exhibit 4	490	8 March 2024	Replace table header: Income Statement for year ended 31 December 20X1 _____ Replace table header: Statement of Cash Flows for year ended 31 December 20X1	With: Income Statement for year ended 31 December **20X2** _____ With: Statement of Cash Flows for year ended 31 December **20X2**

Lesson	Location	PDF Pg	Revised	Correction	
Linkages between the Financial Statements	Exhibit 5 table – last statement of cash flows item	490	26 September 2024	Replace: Cash flows from operating activities increases by USD100	With: Cash flows from operating activities increases by **USD150**

Analyzing Statements of Cash Flows II

Lesson	Location	PDF Pg	Revised	Correction	
Ratios and Common-Size Analysis	Paragraph under Exhibit 5	525	8 March 2024	Replace: The common-size statement in Exhibit 5 has been developed based on Acme's cash flow statement using the indirect method for operating cash flows and using net revenue (cash received from customers) for the company in 2018 of USD23,598 from Exhibit 3.	With: The common-size statement in Exhibit 5 has been developed based on Acme's cash flow statement using the indirect method for operating cash flows and using net revenue (cash received from customers) for the company in 2018 of **USD23,543** from Exhibit 3.

Analysis of Inventories

Lesson	Location	PDF Pg	Revised	Correction	
Practice Problems	Question 34	570	8 March 2024	Replace solution: B is correct. _____ Explanatory text should read:	With: **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.

Financial Statement Analysis

Financial Statement Modeling

Lesson	Location	PDF Pg	Revised	Correction	
Intro-duction to Financial Statement Modeling	Example 8	221	31 Jan 2024	Replace Solution to question 3: The highest gross profit is projected by Analyst D.	With: The highest gross profit is projected by **Analyst C**.

Equity Investments

Company Analysis: Past and Present

Lesson	Location	PDF Pg	Revised	Correction	
Operating Profitability and Working Capital Analysis	Example 3 – Solution to 4	460	4 June 2024	Replace: C is correct. Last 12 months' sales: $7,688 Last 12 months' operating profit: $1,244 Low end of guidance Next 12 months' sales: 156.360 × $62.50 = $9,773 Next 12 months' operating profit: $9,773 – (156.360 × 17.34) – 1,565 = 5,496 Degree of operating leverage: (5,496/1,244 – 1)/(9,773/7,688 – 1) = 1.95 High end of guidance Next 12 months' sales: 167.197 × $62.50 = $10,450 Next 12 months' operating profit: $10,450 – (167.197 × 17.34) – 1,565 = 5,986 Degree of operating leverage: (5,986/1,244 – 1)/(10,450/7,688 – 1) = 1.85	With: C is correct. Last 12 months' sales: $7,688 Last 12 months' operating profit: **$3,594** Low end of guidance Next 12 months' sales: 156.360 × $62.50 = $9,773 Next 12 months' operating profit: $9,773 – (156.360 × 17.34) – 1,565 = 5,496 Degree of operating leverage: (5,496/**3,594** – 1)/(9,773/7,688 – 1) = 1.95 High end of guidance Next 12 months' sales: 167.197 × $62.50 = $10,450 Next 12 months' operating profit: $10,450 – (167.197 × 17.34) – 1,565 = 5,986 Degree of operating leverage: (5,986/**3,594** – 1)/(10,450/7,688 – 1) = 1.85
Practice Problems	Paragraph intro text	474	31 Jan 2024	Replace the sentence before Practice Problem 1: On average, NewShips' commission, which it receives as a broker from the customer, was 6% of the freight rate.	With: On average, NewShips' commission, which it receives as a broker from the customer, was **5%** of the freight rate.
Practice Problems	Question 4	475 and 476	31 Jan 2024	Question should be disregarded as there is not sufficient information about Net Profit to provide a complete answer.	

Equity Valuation: Concepts and Basic Tools

Lesson	Location	PDF Pg	Revised	Correction	
Method of Comparables and Valuation Based on Price Multiples	Example 14 – Question 1	596	31 Jan 2024	Replace: Thus, total revenues for Boeing are expected to be about a fifth higher than those for Boeing.	With: Thus, total revenues for Boeing are expected to be about a fifth higher than those for **Airbus**.

Fixed Income

Yield and Yield Spread Measures for Floating-Rate Instruments

Lesson	Location	PDF Pg	Revised	Correction	
Yield Spread Measures for Fixed-Rate Bonds and Matrix Pricing	Example 9	177	1 November 2024	Replace: $100.45 = \frac{0.375}{(1+r)^1} + \frac{0.375}{(1+r)^2} + \frac{0.375}{(1+r)^3} + \frac{100.375}{(1+r)^4}.$ $r = 0.0018662 \times 2 = 0.00373.$	With: $100.75 = \frac{0.375}{(1+r)^1} + \frac{0.375}{(1+r)^2} + \frac{0.375}{(1+r)^3} + \frac{100.375}{(1+r)^4}.$ $r = 0.0018662 \times 2 = 0.00373.$
Yield and Yield Spread Measures for Floating Rate Notes	Second equation from top	191	30 October 2024	Replace: $PV = \frac{\frac{(0.0125+0.0050)\times 100}{2}}{(1+\frac{0.0125+0.040}{2})^1} + \frac{\frac{(0.0125+0.0050)\times 100}{2}}{(1+\frac{0.0125+0.040}{2})^2} + \frac{\frac{(0.0125+0.0050)\times 100}{2}}{(1+\frac{0.0125+0.040}{2})^3} + \frac{\frac{(0.0125+0.0050)\times 100}{2}+100}{(1+\frac{0.0125+0.040}{2})^4}$	With: $PV = \frac{\frac{(0.0125+0.0050)\times 100}{2}}{(1+\frac{0.0125+0.0040}{2})^1} + \frac{\frac{(0.0125+0.0050)\times 100}{2}}{(1+\frac{0.0125+0.0040}{2})^2} + \frac{\frac{(0.0125+0.0050)\times 100}{2}}{(1+\frac{0.0125+0.0040}{2})^3} + \frac{\frac{(0.0125+0.0050)\times 100}{2}+100}{(1+\frac{0.0125+0.0040}{2})^4}$

Lesson	Location	PDF Pg	Revised	Correction	
Yield Measures for Money Market Instruments	Question Set - Question 6	201	1 November 2024	Replace: 6. A portfolio manager has asked you to evaluate the following Thai baht–denominated money market instruments with equivalent credit risk.	With: 6. A portfolio manager has asked you to evaluate the following Thai baht–denominated **180 days** money market instruments with equivalent credit risk.

Yield-Based Bond Convexity and Portfolio Properties

Lesson	Location	PDF Pg	Revised	Correction	
Practice Problems	Question 1	312	24 September 2024	Replace: For a 5bps increase and decrease in yield-to-maturity, PV_+ and PV_- are 98.245077 and 101.792534, respectively.	With: For a **50bps** increase and decrease in yield-to-maturity, PV_+ and PV_- are **99.82283** and **100.177546**, respectively.
Solutions	Solution to 1	314	24 September 2024	Replace: $\text{ApproxCon} = \frac{101.792534 + 98.245077 - (2 \times 100)}{(0.0005)\ 2 \times 100} = 15.044498$	With: $\text{ApproxCon} = \frac{\mathbf{100.177546} + \mathbf{98.82283} - (2 \times 100)}{(\mathbf{0.005})\ 2 \times 100} = \mathbf{15.04}$

Derivatives

Derivative Benefits, Risks, and Issuer and Investor Uses

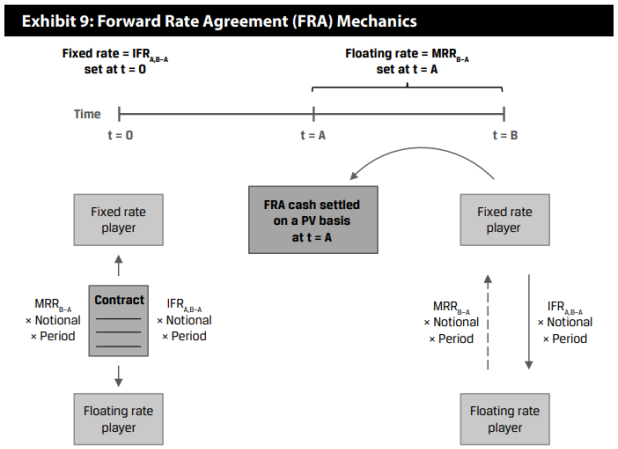
Lesson	Location	PDF Pg	Revised	Correction	
Derivative Risks	Question Set – Derivative Risks – Solution to 2	66	26 August 2024	Replace: The seller of a call option receives an upfront premium in exchange for the right to purchase the underlying at the exercise price at maturity. Once the seller of a call option receives the premium from the option buyer, it has no further counterparty credit risk to the option buyer.	With: The seller of a call option receives an upfront premium in exchange for the **obligation to sell the underlying asset at the exercise price if the option is exercised**. Once the seller of a call option receives the premium from the option buyer, it has no further counterparty credit risk to the option buyer.

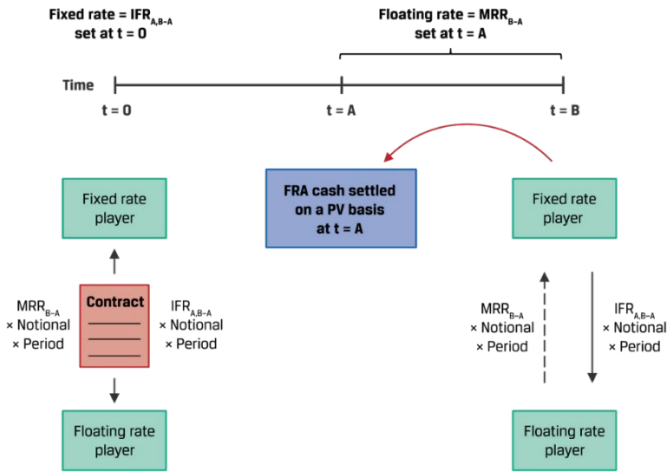
Arbitrage, Replication, and the Cost of Carry in Pricing Derivatives

Lesson	Location	PDF Pg	Revised	Correction	
Costs and Benefits Associated with Owning the Underlying	Example 6	90	31 Jan 2024	Replace the formula: $F_{0,(f/d)}(T) = 1.3325 = \frac{AUD1,333.80}{AUD1,001}$	With: $F_{0,(f/d)}(T) = 1.3325 = \frac{\mathbf{AUD1,333.83}}{\mathbf{USD}1,001}$
Costs and Benefits Associated with Owning the Underlying	Question Set, Question #2	93	22 August 2024	Replace: B. A foreign currency forward where the domestic risk-free rate is greater than the foreign risk-free rate	With: B. A foreign currency forward where the **foreign** risk-free rate is greater than the **domestic** risk-free rate
Costs and Benefits Associated with Owning the Underlying	Question Set, Question #2	93	8 March 2024	Replace: B is correct. The FX forward rate is greater than the spot rate if the domestic risk-free rate is greater than the foreign risk-free rate.	With: B is correct. The FX forward rate is greater than the spot rate if the **foreign** risk-free rate is greater than the **domestic** risk-free rate.

Pricing and Valuation of Forward Contracts

Lesson	Location	PDF Pg	Revised	Correction	
Pricing and Valuation of Interest Rate Forward Contracts	Solution to 5	110-111	8 March 2024	Replace all references to “gain” in the answer with “loss”	An immediate appreciation in the ZAR/EUR spot price after contract inception will result in an MTM **loss** from Rook Point’s perspective as the forward seller of ZAR/EUR. The FX forward MTM from Rook Point’s perspective equals the present value of the forward price discounted at the interest rate differential between the foreign currency and the domestic currency minus the spot price: $V0(T) = F0,f/d\ (T)\ e\text{-}(r\ f\ –r\ d\ )T\ –\ S0,f/d$ Note that ZAR is the price, or foreign, currency and EUR is the base, or domestic, currency, so we can rewrite the equation as: $V0(T) = F0,ZAR/EUR\ (T)\ e\text{-}(r\ ZAR–r\ EUR)T\ –\ S0,ZAR/EUR$ If the ZAR price (S0,ZAR/EUR) appreciates from 16.909 to 16.5, we can show that Rook Point would have a 0.4090 **loss**, as follows: $Vt\ (T) = 17.2506e\text{-}(0.035\ –\ -0.005)\times(0.5)\ –\ 16.5$ $= 16.909\ –\ 16.5$ $= 0.4090$
Pricing and Valuation of Interest Rate Forward Contracts	Exhibit 9	118	15 October 2024	Replace: Mentions of the word “player”	With: The word “payer”

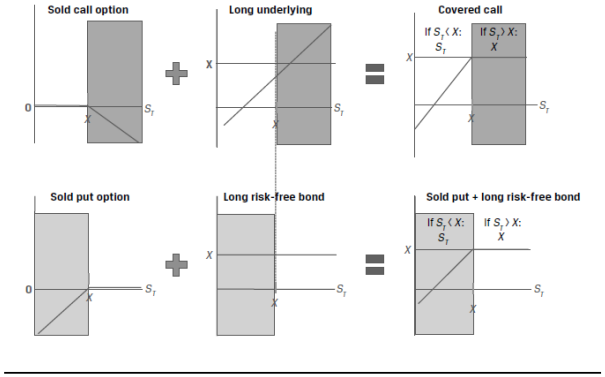
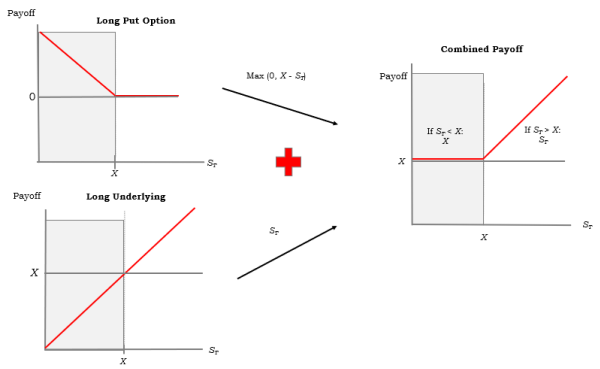




Pricing and Valuation of Future Contracts

Pricing Futures of Contracts at Inception	Example 2 – Solution to 1	131	31 Jan 2024	Replace: $f_0(T) = (\$1{,}770.00 + \$1.99)(1.02)^{-0.24982}$	With: $f_0(T) = (\$1{,}770.00 + \$1.99)(1.02)^{0.24982}$ = $1,780.78 per ounce.

Option Replication Using Put–Call Parity

Lesson	Location	PDF Pg	Revised	Correction	
Put-Call Parity	Exhibit 3	199	8 March 2024	Replace: 	With: 

Valuing a Derivative Using a One-Period Binomial Model

Lesson	Location	PDF Pg	Revised	Correction	
Pricing a European Call Option	Second sentence	223	23 September 2024	Replace: Equation 4 gives us the hedge ratio of the option, or the proportion of the underlying that will offset the risk associated with an option.	With: **Equation 6** gives us the hedge ratio of the option, or the proportion of the underlying that will offset the risk associated with an option.
Pricing a European Call Option	Equation 8	224	31 Jan 2024	Replace: $V1 = €12 = €11.43$	With: $V1 = €12 = €11.43$ **(1 + 0.5)**

Alternative Investments

Alternative Investment Features, Methods, Structures

Lesson	Location	PDF Pg	Revised	Correction	
Practice Problems	Solution to 6	268	Jan 2024	Replace: A. 2 is correct. In alternative fund investing, the fund manager pays the net return (gross return less management fees) to investors. B. 3 is correct. The returns generated by fund investments are gross returns. From these, management deducts its fees, paying the remainder (net fees) to fund investors. C. 1 is correct. Management fees and performance fees are how alternative fund managers are compensated for managing the fund and its investments.	With: **A. 3 is correct. The returns generated by fund investments are gross returns. From these, management deducts its fees, paying the remainder (net fees) to fund investors.** **B. 2 is correct. In alternative fund investing, the fund manager pays the net return (gross return less management fees) to investors.** C. 1 is correct. Management fees and performance fees are how alternative fund managers are compensated for managing the fund and its investments.

Alternative Investment Performance and Returns

Lesson	Location	PDF Pg	Revised	Correction	
Alternative Investment Returns	Example 4, Question 2	283	31 Jan 2024	Replace: In the second year, Kettleside fund value declines to $110 million. The fee structure is as specified in Question 1 but also includes the use of a high-water mark (PHWM) computed net of fees.	With: In the second year, Kettleside fund value declines to $110 million. The fee structure is as specified in Question 1 **of Example 3** but also includes the use of a high-water mark (PHWM) computed net of fees.
Alternative Investment Returns	Example 4, Question 2	283-284	8 March 2024	Replace solution: We must again alter Equation 4 to include the high-water mark (P_{HWM}) provision, as follows: $R_{GP(Net\ with\ High\text{-}Water\ Mark)} = (P_2 \times r_m) + \max[0, (P_2 - P_{HWM}] \times p\}$ where P_{HWM} is defined as the maximum fund value at the end of any previous period net of fees. We may solve for investor return ri in Period 2 as follows: $r_i = (P_2 - P_1 - R_{GP})/P_1$, $R_{GP(Net\ with\ High\text{-}Water\ Mark)}$ = $110 million × 1% + max[0, ($110 million – $122.7 million) × 20%] = $1.1 million. r_i = ($110 million – $122.7 million – $1.1 million)/$122.7 million = –11.247%. The beginning capital position in the second year for the investors is $130 million − $7.3 million = $122.7 million. The ending capital position at the end of the second year is $110 million − $1.1 million = $108.9 million.	With: We must again alter Equation 4 to include the high-water mark (P_{HWM}) provision, as follows: $R_{GP(Net\ with\ High\text{-}Water\ Mark)} = \mathbf{(P_2 \times r_m) + \max\{0, P_2(1-r_m) - P_{HWM}] \times p]}$ where P_{HWM} is defined as the maximum fund value at the end of any previous period net of fees. We may solve for investor return r_i in Period 2 as follows: $r_i = (P_2 - P_1 - R_{GP})/P_1$, $R_{GP(Net\ with\ High\text{-}Water\ Mark)}$ **= $110 million x 1% + max[0,[$110 x 0.99 - $124.16] x 20%]** = $1.1 million. r_i = ($110 million - **$124.16 million** - $1.1 million)/**$124.16 million** **= –12.291%** **The beginning capital position in the second year for the investors is $130 million − $5.84 million = $124.16 million**. The ending capital position at the end of the second year is $110 million − $1.1 million = $108.9 million.

Lesson	Location	PDF Pg	Revised	Correction	
Alternative Investment Returns	Example 4, Question 3	284	8 March 2024	Replace the Solution: We amend Equations 8 and 9 to reflect returns for the third period and calculate as follows: $R_{GP(\text{High-Water Mark})} = (P_3 \times r_m) + \max[0, (P_3 - P_{HWM}) \times p]$. ri = (P3 – P2 – RGP)/P2. 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 $122.7 million, the ending value in the first year, P1. **Kettleside Timberland LP Performance Fee Modifications** Year \| Fund Value ($m), after Fees 0 | 100.00 1 | 122.70 ← High-Water Mark 2 | 108.90 RGP(High-Water Mark) = $128 million × 1% + max[0, ($128 million – $122.7 million) × 20%] = $2.34 million. r_i = ($128 million – $108.9 million – $2.34 million)/$108.9 million = 15.39%. The beginning capital position in the third year for the investors is $110 million − $1.1 million = $108.9 million. The ending capital position for the third year is $128 million – $2.34 million = $125.66 million, which represents a new high-water mark to be applied the following year for this investor.	With: We amend Equations 8 and 9 to reflect returns for the third period and calculate as follows: $R_{GP(\text{Net with High-Water Mark})} = (P_3 \times r_m) + \max[0, P_3(1-r_m) - P_{HWM}) \times p]$ ri = (P3 – P2 – RGP)/P2. 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 $122.7 million, the ending value in the first year, P1. **Kettleside Timberland LP Performance Fee Modifications** Year \| Fund Value ($m), after Fees 0 | 100.00 1 | 122.70 ← High-Water Mark 2 | 108.90 RGP(High-Water Mark) **= $128 million × 1% + max[0, ($128 x 0.99 – $124.16) × 20%]** **= $1.792 million.** **$r_i$ = ($128 million – $108.9 million – $1.792 million)/$108.9 million** **= 15.89%.** The beginning capital position in the third year for the investors is $110 million − $1.1 million = $108.9 million. **The ending capital position for the third year is $128 million – $1.792 million = $126.208 million,** which represents a new high-water mark to be applied the following year for this investor.

Investments in Private Capital: Equity and Debt

Lesson	Location	PDF Pg	Revised	Correction	
Introduction	Self-Assessment – Question 4	302	4 November 2024	Replace: As the loan amortizes, its outstanding principal declines, increasing LTV.	With: As the loan amortizes, its outstanding principal declines, **decreasing** LTV.
Private Debt Investment Characteristics	Example 4	315	29 August 2024	Replace: As Peterburgh amortizes the loan, the outstanding principal of the mortgages decline, which increases the LTV value.	With: As Peterburgh amortizes the loan, the outstanding principal of the mortgages decline, which **decreases** the LTV value.
Diversification Benefits of Private Capital	Solution 7	324	8 March 2024	The Solution to Practice Problem 7 on page 324 should be changed to:	C is correct. Private capital can have overall positive contributions to diversification. Note, however, that direct lending can involve a large capital commitment to a single borrower, with increased concentration risk and reduced diversification.

Real Estate and Infrastructure

Lesson	Location	PDF Pg	Revised	Correction	
Practice Problems	Question 6	351	31 Jan 2024	Replace: Akasaka Investment Company established a portfolio of warehouse properties with a total market value of THB3.60 billion. It secured mortgage financing of THB2.61 billion. The terms of the mortgage required Akasaka to maintain a loan-to-value ratio of 0.725. After 18 months, the portfolio value had dropped to THB2.23 billion and the mortgage liability was THB2.35 billion.	With: Akasaka Investment Company established a portfolio of warehouse properties with a total market value of THB3.60 billion. It secured mortgage financing of THB2.61 billion. The terms of the mortgage required Akasaka to maintain a loan-to-value ratio of 0.725. After 18 months, the portfolio value had dropped to **THB3.23** billion and the mortgage liability was THB2.35 billion.

Natural Resources

Lesson	Location	PDF Pg	Revised	Correction	
Introduction	Learning Module Self-Assessment – Solution to 4	357	13 September 2024	Replace: A and B are both incorrect because interest and storage reflect costs associated with owning the physical commodity.	With: A and **C** are both incorrect because interest and storage reflect costs associated with owning the physical commodity.

Ethical and Professional Standards

Guidance for Standards I-VII

Lesson	Location	PDF Pg	Revised	Correction	
CFA Institute Code of Ethics and Standards of Professional Conduct	After D. Misconduct	217	29 August 2024	Replace: Add after D. Misconduct	**E. Competence Members and Candidates must act with and maintain the competence necessary to fulfill their professional responsibilities**

Guidance for Standards I-VII

Lesson	Location	PDF Pg	Revised	Correction	
Standard IV(A): Recommended Procedures	Text under Incident-Reporting Procedures	323	31 Jan 2024	Part of the print page is not appearing. The full paragraph is as follows:	Members and candidates should be aware of their firm's policies related to whistleblowing and encourage their firm to adopt industry best practices in this area. Many firms are required by regulatory mandates to establish confidential and anonymous reporting procedures that allow employees to report potentially unethical and illegal activities in the firm.

Ethics Application

Lesson	Location	PDF Pg	Revised	Correction	
Responsibilities as a CFA Institute Member or CFA Candidate	Conduct as Participants in CFA Institute Programs	460	31 Jan 2024	Replace under Analysis: B is correct. C is incorrect.	With: **C is correct.** **B is incorrect.**

Glossary

Lesson	Location	PDF Pg	Revised	Correction	
	Amortizing debt	G-1	4 November 2024	Replace: A loan or bond with a payment schedule that calls for periodic payments of interest and repayments of principal.	Replace: A loan or bond with a payment schedule that calls for **the complete repayment of principal over the instrument's time to maturity.**