CFA Program - Abbreviation Guidelines for Level II

Candidates are responsible for knowing and understanding the following abbreviations, which may appear in Level II CFA examination questions.

Currency/Economics
EUR = Euro
GBP = British pound
JPY = Japanese yen
USD = US dollar
PPP = Purchasing Power Parity
GDP = Gross Domestic Product

Financial Reporting and Analysis
FIFO = First-In, First-Out
LIFO = Last-In, First-Out
IFRS = International Financial Reporting Standards
US GAAP = US Generally Accepted Accounting Principles
COGS = Cost of Goods Sold
FFO = Funds from Operations
PP&E (or PPE) = Property, Plant, and Equipment
SG&A = Selling, General, & Administrative

Corporate Finance
IRR = Internal Rate of Return
NPV = Net Present Value

Valuation
D/E = Debt-to-Equity ratio
DCF = Discounted Cash Flow
DDM = Dividend Discount Model
EBIT = Earnings Before Interest and Taxes
EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization
EPS = Earnings per Share
EV = Enterprise Value
FCFE = Free Cash Flow to Equity
FCFF = Free Cash Flow to the Firm
P/B ratio = Price-to-Book ratio
P/E ratio = Price-to-Earnings ratio
PEG ratio = P/E to growth ratio
ROE = Return on Equity
WACC = Weighted Average Cost of Capital

Assets: Fixed Income/Derivatives/Equity/Alternatives
bp or bps = Basis Point(s)
ABS = Asset-backed Security
CDO = Collateralized Debt Obligation
CDS = Credit Default Swap
CMO = Collateralized Mortgage Obligation
ETF = Exchange-traded Fund
IPO = Initial Public Offering
Libor = London Interbank Offered Rate
MBS = Mortgage-backed Security
NAV = Net Asset Value
OAS = Option Adjusted Spread
REIT = Real Estate Investment Trust
YTM = Yield to Maturity

Portfolio Management
CAPM = Capital Asset Pricing Model
CML = Capital Market Line
IPS = Investment Policy Statement
SML = Security Market Line
VaR = Value at Risk

Miscellaneous
CEO = Chief Executive Officer
CIO = Chief Investment Officer
ESG = Environmental, Social, and Governance
n/a = not applicable