2017 CFA Program: Level I Errata
1 May 2017

To be fair to all candidates, CFA Institute does not respond directly to individual candidate inquiries. If you have a question concerning CFA Program content, please contact CFA Institute (info@cfainstitute.org) to have potential errata investigated. The eBook for the 2017 curriculum is formatted for continuous flow, so the text will fit all screen sizes. Therefore, eBook page numbering—which is linked to section heads—does not match page numbering in the print curriculum. Corrections below are in **bold** and new corrections will be shown in red; page numbers shown are for the print volumes.

The short scale method of numeration is used in the CFA Program curriculum. A billion is 10^9 and a trillion is 10^{12}. This is in contrast to the long scale method where a billion is 1 million squared and a trillion is 1 million cubed. The short scale method of numeration is the prevalent method internationally and in the finance industry.

Volume 1

- *Reading 6*: In the Solution to Practice Problem 21 (p. 352 of print), ***r* should be 0.005** instead of 0.02. The final solution is correct as shown. In the Solution to 25 (p. 354 of print), the third line of equation should appear as:

  $$= (£200{,}000) \,/\, \left[\frac{1 - \frac{1}{(1+0.06/12)^{12(5)}}}{0.06/12} \right]$$

- *Reading 7*: In the Solution to Practice Problem 10 (p. 383 of print), the denominator of inflows solving for *r* should be to the **power of 3** (instead of 2).

Volume 2

- *Reading 16*: In Exhibit 11 (p. 137 of print), the Y axis should be labeled "**Real interest rate, r**". The first sentence of Section 3.1.3 (p. 141 of print) should end "… because of changes in the ~~lower price~~ **price level**."
- *Reading 19*: In footnote 15 (p. 349 of print), "Demand and Supply Analysis: Introduction" is found in the **prerequisite readings available online** in your Candidate Resources.

Volume 3

- *Reading 26*: In Exhibit 12 (p. 296 of print), Groupe Danone's line item "Other flows with no impact on cash" **should be 98 for 2008 and (72) for 2009**.
- *Reading 27*: In the Solution to Example 17 (p. 379 of print), the formula for Segment ROA should show division vs. multiplication in the term bolded: "Segment ROA = Segment operating income/Segment assets = (Segment operating income/Segment revenue) × (**Segment revenue/Segment Assets**) = Segment margin × Segment turnover."
- *Reading 28*: In Example 5, in the last line of Solution to 7 (p. 412 of print), inventory would increase by **$3,183 million** under FIFO (instead of $3,153 million).
- *Reading 32*: In Example 7 (p. 673 of print), the sentence immediately below the table should begin as follows: "During the period, the company sells, **at $250 each**, all of the goods purchased …."

<u>Volume 4</u>

- *Reading 42*: In the solution to Practice Problem 7 (p. 383 of print), the **equation should solve to 12.11%** instead of 2.11. Solutions 11 through 14 **should each include –1** before the equal sign to achieve their final solutions.
- *Reading 43*: In the paragraph immediately below Exhibit 9 (p. 419 of print), **delete the last phrase** "… ~~because Z has diversified away more of the nonsystematic risk than Y~~."

<u>Volume 6</u>

- *Reading 58*: In Example 4, question 2 (p. 81 of print), change option A to "Interest rates are ~~known~~ **constant**." Change Solution to 2 (p. 82) to read: "C is correct. ~~Known~~ **Constant** interest rates ~~and~~ **or** the condition that futures prices are uncorrelated with ~~forward prices~~ **interest rates** will make forward and futures prices equivalent. The volatility of forward and futures prices has no relationship to any difference."