

## 2018 CFA Program: Level I Errata 1 December 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 2018 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

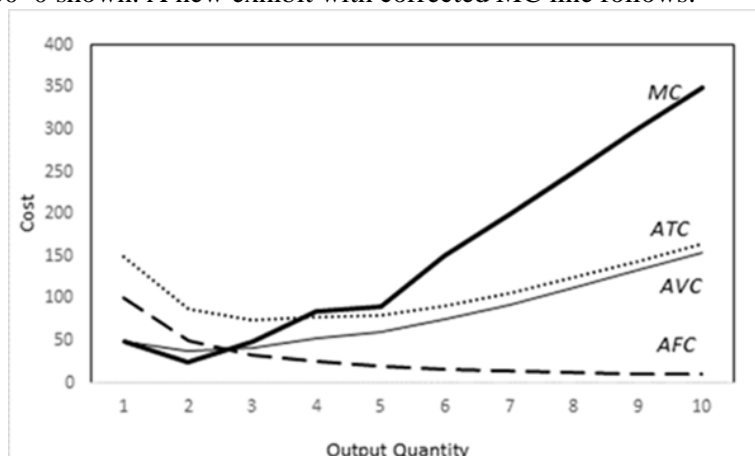
- *Reading 6:* In the Solution to Practice Problem 25 (p. 358 of print), the third line of the equation should appear as:

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

- *Reading 8:* In the solution to Practice Problem 15 (p. 472 of print), **absolute value signs "| |" should be used** instead of square brackets. The numbers are correct; only the brackets change.
- *Reading 9:* In the Solution to Practice Problem 22 (bottom of p. 523), the calculation of covariance should show  $(10 - \mathbf{16.25})$  instead of 6.25. The final solution is correct as given.
- *Reading 10:* In the second paragraph of Example 5 (p. 538 of print), you want to find the probability that **portfolio return** (instead of risk) is within the 75 bps band.
- *Reading 11:* In Example 6, Solution to 1 (p. 602), the first line should read “Because the population **variance is unknown ...**”
- *Reading 13:* In Example 2 (p. 701), the futures contract **price peak should be \$97.00** instead of \$97.03. **In the third bullet under Exhibit 34 (p. 727), Wave 3 often moves prices 1.618 times higher than the length of Wave 1 (instead of 1.68 times higher).**

### Volume 2

- *Reading 14:* Incorrect numbers were used for the generation of Exhibit 14 (p. 34 of print). The numbers on the **y-axis (“Cost”)** **should be 400, 350, 300, 250, 200, 150, 100, 50, 0** instead of the 1400–0 shown. A new exhibit with corrected MC line follows:



- *Reading 17*: Solutions to Practice Problems #18 and #19 (p. 255 of print) were reversed during production; solution #18 belongs with question #19, and vice versa.

### Volume 3

- *Reading 27*: In Exhibit 17 (p. 374 of print), the numbers for ROE and EBIT Margin were reversed. The correct numbers are **ROE = 5.92%** and **EBIT Margin = 5.29%**.

### Volume 4

- *Reading 41*: In the Solution to Practice Problem 7 (p. 357 of print), the final solution is 12.11% (i.e., **remove the square root sign**).

### Volume 5

- *Reading 53*: In Question 4 of Example 7 (p. 496), change option C to “the ~~decrease~~ **increase** in the price of a mortgage pass-through security is ~~greater~~ **less** than the ~~decrease~~ **increase** in the price ...”
- *Reading 55*: In Solutions to 1 and 2 of Example 10 (p. 641 of print), **delete the word “unsecured”** from “Senior unsecured leverage.” The calculations do not change; only the label.

### Volume 6