CFA Institute®

Curriculum Errata Notice

2026 Level I CFA Program

Issue date: February 2026

Welcome to the Curriculum Errata Notice.

We review and confirm potential errors to ensure you can study with confidence. This notice includes reported issues that could affect your understanding, such as miscalculations, incorrect explanations, or mislabeled exhibits.

For the most current information, regularly check the Learning Ecosystem (Canvas) or this document. Due to the nature of our publishing process, corrections may not appear immediately in our printed materials.

In this document, you will find:

- Table of Contents by Course
- New Errata marked since the last notice
- Full list of errata organized by Course

If you spot something that seems incorrect, please let us know: cfainst.is/errata. Every report is carefully reviewed and investigated by our subject matter experts.

Good luck with your studies!

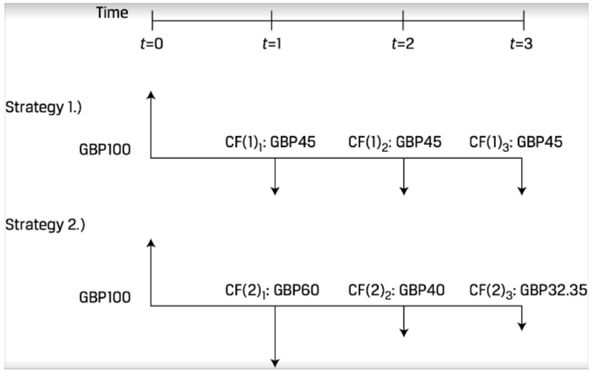
Table of Contents

New errata

Here are new posted errata since our last issue. You'll also find these same errata listed in the "Complete list of errata" below.

Revised	Course, Module	Lesson	Location (PDF)	Replace	With
15 Jan 2026	Fixed Income 1: Fixed-Income Instrument Features	1.01 Introduction	Page 4 Question 1	For example, a bond with a par value of 100 and a coupon rate of 6% paid quarterly would pay coupon payments of 0.06 × 100 = 60/4 = 15 four times per year.	For example, a bond with a par value of 100 and a coupon rate of 6% paid quarterly would pay coupon payments of **(0.06 × 100)/4 = 60/4 = 15**, four times per year.
15 Jan 2026	Financial Statement Analysis 9: Analysis of Income Taxes	9.03 Deferred Tax Assets and Liabilities	Page 284 Realizability of Deferred Tax Assets	A deferred tax liability may be created only if the company expects to be able to realize the economic benefit of the deferred tax liability in the future.	A deferred tax **asset** may be created only if the company expects to be able to realize the economic benefit of the deferred tax liability in the future.
15 Jan 2026	Portfolio Management 1: Portfolio Risk and Return: Part I	Solutions	Page 57 Question 4 Solution	C is correct. The most risk averse investor has the indifference curve with the greatest slope.	**A is correct. The most risk-adverse investors have the most convexity in their indifference curves. The most risk-averse investor experiences the fastest deterioration in marginal utility from risk.**
15 Jan 2026	Economics 3: Fiscal Policy	3.05 Fiscal Policy Implementation	Page 102 Question 4	A.An increase in the budget deficit is always expansionary	A.An increase in the budget deficit is **usually** expansionary.

16 Jan 2026	Alternative Investments 6: Hedge Funds	6.04 Hedge Fund Investment Risk, Return, and Diversification	Page 171 Under Exhibit 7	The coefficient of variation can be thought of as the price of return in terms of risk or the relative returns adjusted for risk: A higher coefficient of variation provides greater return for the same amount of risk.	The coefficient of variation can be thought of as the price of return in terms of risk or the relative **risk** adjusted for **returns**: A **lower** coefficient of variation provides **lower risk** for the same amount of **returns**.
16 Jan 2026	Portfolio Management 6: Introduction to Risk Management	6.11 Risk Modification: Transferring, Shifting, and How to Choose	Page 278 Question 2 Solution	Because you hedge 40% of current portfolio value, the impact on your expected return is 40% × –0.03%, reducing the hedged portfolio return to 3.87% = 3.9% – 0.03%.	Because you hedge 40% of current portfolio value, the impact on your expected return is 40% × –0.03%, reducing the hedged portfolio return to **3.89%** = 3.9% – **0.012**%.
20 Jan 2026	Prerequisite Reading Financial Statement Analysis 7: Income Taxes	7.03 Changes in Income Tax Rates	Page 229 Under table	Although the difference between the carrying amount and the tax base of the depreciable asset is the same, the deferred tax liability for 2017 will be ₤643 (instead of ₤771 or a reduction of ₤128 in the liability)—2017: ₤(14,000− 11,429) × 25% = ₤643.	Although the difference between the carrying amount and the tax base of the depreciable asset is the same, the deferred tax liability for **Year 3** will be ₤ 643 (instead of ₤771 or a reduction of ₤ 128 in the liability)—2017: ₤(14,000− 11,429) × 25% = ₤643.
23 Jan 2026	Fixed Income 13: Curve-Based and Empirical Fixed-Income Risk Measures	Solutions	Page 323 Self-Assessment Question 4	− 6.094 × 0.005	− 6.094 × **(−** 0.005**)**
23 Jan 2026	Fixed Income 13: Curve-Based and Empirical Fixed-Income Risk Measures	Solutions	Page 323 Self-Assessment Question 4	$- 230.097 \times (0.005)^2$	$- 230.097 \times (\mathbf{-}0.005)^2$

<table>
<tr>
<td>26 Jan 2026</td>
<td>Quantitative Methods
2: Time Value of Money in Finance</td>
<td>2.04 Cash Flow Additivity</td>
<td>Page 70
Exhibit 9</td>
<td>
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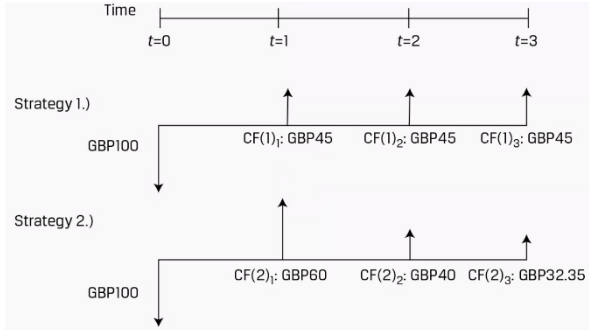
<td>Reversed arrows in Strategies 1 and 2

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<tr>
<td>27 Jan 2026</td>
<td>PreRequisite Reading Quantitative Methods 1: Interest Rates, Present Value, and Future Value</td>
<td>Solutions</td>
<td>Pages 53-54
Solution to Question 24</td>
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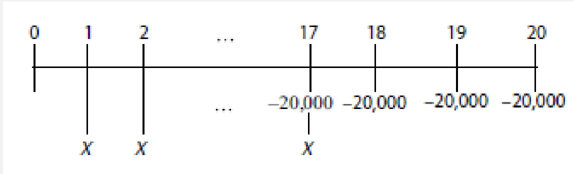

…
Equate the value of the four $20,000 payments to a single payment in Period 17 using the formula for the present value of an annuity (Equation 11), with *r* = 0.05. The present value of the college costs as of *t* = 17 is $74,464.

$$\text{PV} = \$20,000\left[\frac{1-\frac{1}{(1.05)^4}}{0.05}\right]\times 1.05 = \$74,464$$

…

$$\$74,464 = \left[\frac{(1.05)^{17}-1}{0.05}\right]X = 25.840366X$$

$$X = \$2,881.69$$

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<tr><td>Notation Used on Most Calculators</td><td>Numerical Value for This Problem</td></tr>
<tr><td>FV</td><td>$74,464</td></tr>
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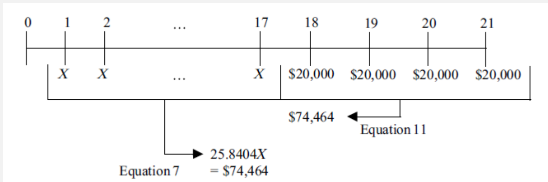

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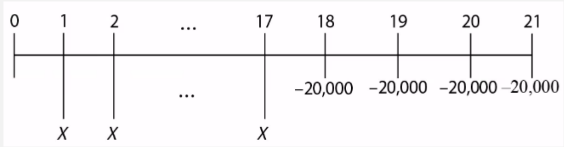

…
Equate the value of the four $20,000 payments to a single payment in Period 17 using the formula for the present value of an annuity (Equation 11), with *r* = 0.05. The present value of the college costs as of *t* = 17 is **$70,919.**

$$\text{PV} = \$20,000\left[\frac{1-\frac{1}{(1.05)^4}}{0.05}\right] = \mathbf{\$70,919}$$

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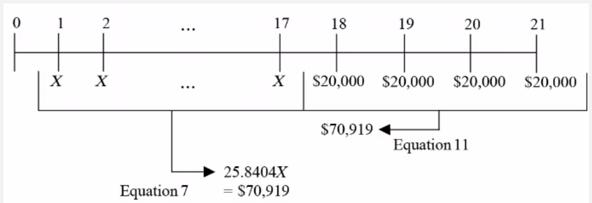

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27 Jan 2026	PreRequisite Reading Quantitative Methods 2: Organizing, Visualizing, and Describing Data	2.07 Measures of Central Tendency	Page 107 Question 1 Solution	= 0.25 (5.3) + 0.45 (12.7) + 0.30 (11.5) = 10.50%	= 0.25 (5.3) + 0.45 (12.7) + 0.30 (11.5) = **10.49**%
28 Jan 2026	PreRequisite Reading Quantitative Methods 2: Organizing, Visualizing, and Describing Data	2.07 Measures of Central Tendency	Page 112 Equations above Example 10	$(1+R_{harmonic}) = n\Sigma\left[1/(1+R_n)\right], R_{harmonic} = n\Sigma\left[1/(1+R_n)\right]-1$	$(1+R_{harmonic}) = n/\Sigma\left[1/(1+R_n)\right], R_{harmonic} = n/\Sigma\left[1/(1+R_n)\right]-1$

Complete list of errata

Pre Requisite: Quantitative Methods

Revised	Module	Lesson	Location (PDF)	Replace	With

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<td>New:
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<td>1: Interest Rates, Present Value, and Future Value</td>
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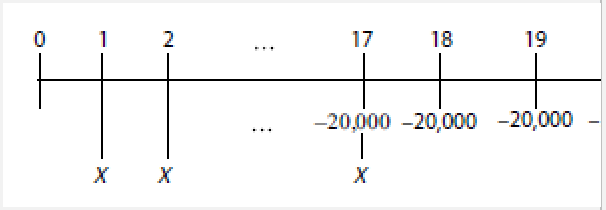

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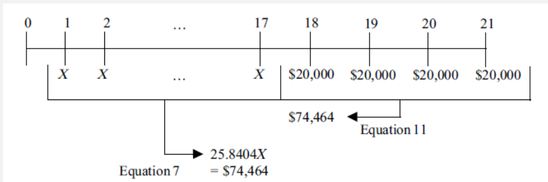

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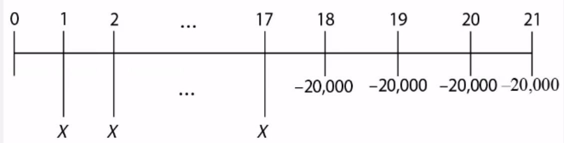

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Equate the value of the four $20,000 payments to a single payment in Period 17 using the formula for the present value of an annuity (Equation 11), with *r* = 0.05. The present value of the college costs as of *t* = 17 is $**70,919.**

$$\text{PV} = \$20{,}000\left[\frac{1-\frac{1}{(1.05)^4}}{0.05}\right] = \mathbf{\$70{,}919}$$

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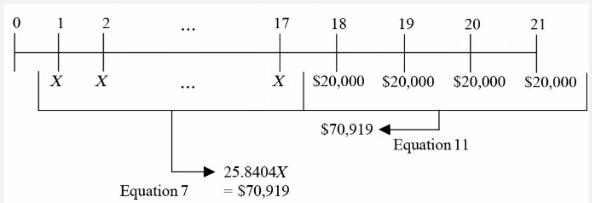

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New: 27 Jan 2026	2: Organizing, Visualizing, and Describing Data	2.07 Measures of Central Tendency	Page 107 Question 1 Solution	= 0.25 (5.3) + 0.45 (12.7) + 0.30 (11.5) = 10.50%	= 0.25 (5.3) + 0.45 (12.7) + 0.30 (11.5) = **10.49**%
New: 28 Jan 2026	2: Organizing, Visualizing, and Describing Data	2.07 Measures of Central Tendency	Page 112 Equations above Example 10	$(1+R_{harmonic})=n\Sigma[1/(1+R_n)], R_{harmonic}=n\Sigma[1/(1+R_n)]-1$	$(1+R_{harmonic})=n/\Sigma[1/(1+R_n)], R_{harmonic}=n/\Sigma[1/(1+R_n)]-1$
1 Dec 2025	3: Probability Concepts	Probability Concepts and Odds Ratios	Page 159 Under Bullet 2	In the example, if the odds against your second colleague passing the exam are 1 to 4, this means that the probability of the event is 1/(4 + 1) = 1/5 = 0.20.	In the example, if the odds against your second colleague passing the exam are 1 to 4, this means that the probability of the event is 1/(4 + 1) = **4/5 = 0.80.**
1 Dec 2025	6: Basics of Hypothesis Testing	Tests Concerning a Single Mean	Page 288 Step 4	Lower: norm.ppf(.025, 23) Upper: norm.ppf(.975, 23)	Lower: norm.ppf**(.025)** Upper: norm.ppf**(.975)**

Pre Requisite: Economics

Revised	Module	Lesson	Location (PDF)	Replace	With
13 Aug 2025	1: Topics in Demand and Supply Analysis	2.01 Demand Concepts	Page 5 Below Equation 3	The quantity of gasoline demanded is a function of the price of gasoline (6.39 per liter)	The quantity of gasoline demanded is a function of the price of gasoline ($\mathbf{P_x}$ 6.39 per liter)

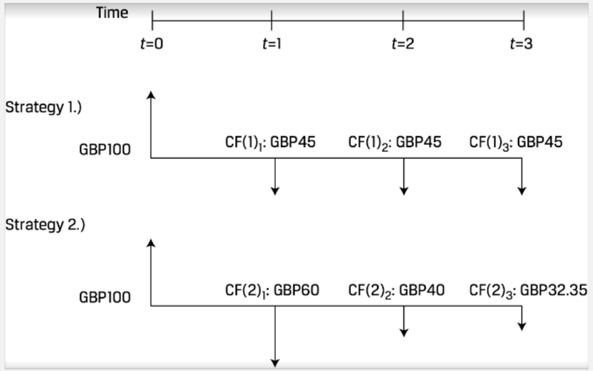
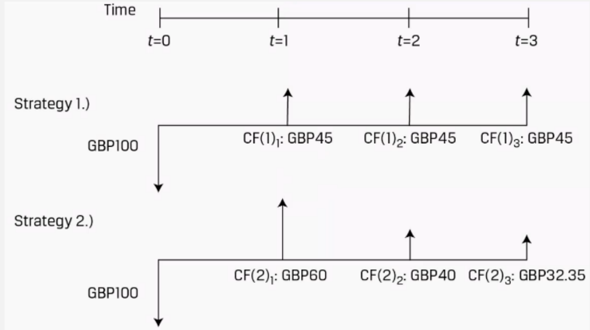
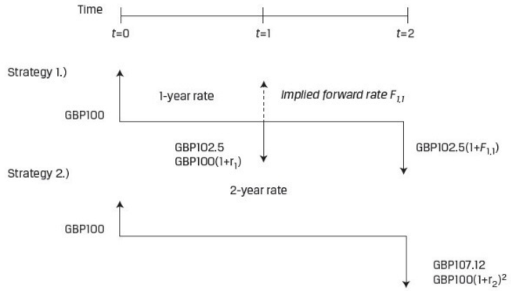
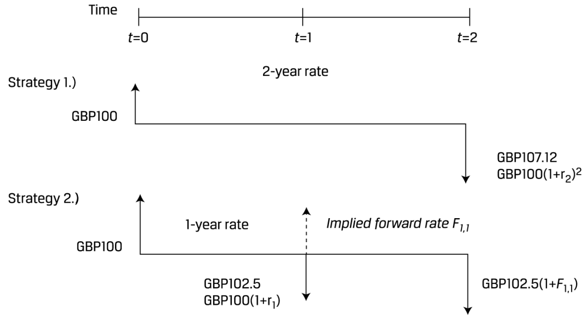
Pre Requisite: Financial Statement Analysis

Revised	Module	Lesson	Location (PDF)	Replace	With
1 Dec 2025	2: Income Statements	Non-Operating Items	Page 51 Second paragraph	Similarly, in Exhibit 3, Danone's 2017 income statement shows interest income of €130 million, interest expense of €276 million, and cost of net debt of €146 million.	Similarly, in Exhibit 3, Danone's 2017 income statement shows interest income of **€151 million**, interest expense of **€414 million**, and cost of net debt of **€263 million.**
New: 20 Jan 2026	7: Income Taxes	7.03 Changes in Income Tax Rates	Page 229 Under table	Although the difference between the carrying amount and the tax base of the depreciable asset is the same, the deferred tax liability for 2017 will be £643 (instead of £771 or a reduction of £128 in the liability)—2017: £(14,000− 11,429) × 25% = £643.	Although the difference between the carrying amount and the tax base of the depreciable asset is the same, the deferred tax liability for **Year 3** will be £643 (instead of £771 or a reduction of £128 in the liability)—2017: £(14,000− 11,429) × 25% = £643.
8 Dec 2025	8: Non-Current (Long-Term) Liabilities	Accounting for Bond Amortisation, Interest Expense, and Interest Payments	Page 248 Question 4 Solution	Under the straight-line method, the premium is evenly amortised over the life of the bonds. In this example, the £ 44,518 premium would be amortised by £8,903.60 (£44,518 divided by 5 years) each year under the straight-line method. So, the annual interest expense under the straight-line method would be £41,096.40 (£50,000 less £ 8,903.60).	Under the straight-line method, the **discount** is evenly amortised over the life of the bonds. In this example, the **£42,124** discount would be amortised by **£8,424.80** (**£42,124** divided by 5 years) each year under the straight-line method. So, the annual interest expense under the straight-line method would be **£58,424.80** (£50,000 plus **£8,424.80**).

Quantitative Methods

Revised	Module	Lesson	Location (PDF)	Replace	With
22 Aug 2025	1: Rates and Returns	1.03 Rates of Return	Page 10 Second Paragraph	Using Equation 4, we can calculate the geometric mean return from the same three annual returns:	Using Equation **3**, we can calculate the geometric mean return from the same three annual returns:
18 Aug 2025	1: Rates and Returns	1.03 Rates of Return	Page 11 Solution to Example 2	C is correct. Applying Equation 2, the holding period return is −10.1 percent, calculated as follows:	C is correct. Applying Equation **1**, the holding period return is −10.1 percent, calculated as follows:
20 Aug 2025	1: Rates and Returns	1.03 Rates of Return	Page 11 Exhibit 3 Title and Table	Exhibit 3: Mutual Fund Performance, 20X8–20X0 Year 20X8 20X9 20X0	Exhibit 3: Mutual Fund Performance, 20X8–20**Y**0 Year 20X8 20X9 20**Y0**
18 Aug 2025	1: Rates and Returns	1.03 Rates of Return	Page 12 Solution to Example 4	A is correct. Applying Equation 4, the fund's geometric mean return over the three-year period is 0.52 percent, calculated as follows:	A is correct. Applying Equation **3**, the fund's geometric mean return over the three-year period is 0.52 percent, calculated as follows:
14 Aug 2025	1: Rates and Returns	1.03 Rates of Return	Page 16 Paragraph and Equation after Example 6	Remove the following text: Because they use the same data but involve different progressions in their respective calculations, the arithmetic, geometric, and harmonic means are mathematically related to one another. We will not go into the proof of this relationship, but the basic result follows: Arithmetic mean × Harmonic mean = (Geometric mean)2.	

22 Aug 2025	1: Rates and Returns	1.04 Money-Weighted and Time-Weighted Return	Page 22 Exhibit 13	Year 2, Investment Gain (Loss): 2.25	Year 2, Investment Gain (Loss): **-2.25**
22 Sept 2025	1: Rates and Returns	1.06 Other Major Return Measures and Their Applications	Page 34 First sentence under real returns	Previously this learning module approximated the relationship between the nominal rate and the real rate by the following relationship:	**Previously the learning model defined the relationship between the nominal rate and the real rate by the following relationship equation:**
26 Aug 2025	1: Rates and Returns	1.06 Other Major Return Measures and Their Applications	Page 36 Paragraph under Equation 15	For example, for a EUR10 million equity portfolio that generates an 8 percent total investment return,	For example, for a **leveraged** EUR10 million equity portfolio that generates an 8 percent total investment return,
22 Aug 2025	2: Time Value of Money in Finance	2.02 Time Value of Money in Fixed Income and Equity	Page 58 Equation exponent	$PV_t = \sum_{i=1}^{n} \frac{D_t(1+g_s)^i}{(1+r)^i} + \sum_{j=n+1}^{\infty} \frac{D_{t+n}(1+g_l)^j}{(1+r)^j}.$	$PV_t = \sum_{i=1}^{n} \frac{D_t(1+g_s)^i}{(1+r)^i} + \sum_{j=n+1}^{\infty} \frac{D_{t+n}(1+g_l)^{\boldsymbol{j-n}}}{(1+r)^j}.$
24 Sept 2025	2: Time Value of Money in Finance	2.02 Time Value of Money in Fixed Income and Equity	Page 59 Example 7 Solution 2, Step 2	D_4	**D_5**

New: 26 Jan 2026	2: Time Value of Money in Finance	2.04 Cash Flow Additivity	Page 70 Exhibit 9		**Reversed arrows in Strategies 1 and 2** 
22 Sept 2025	2: Time Value of Money in Finance	2.04 Cash Flow Additivity	Page 72 Exhibit 10	Switch Strategy 1 and Strategy 2 diagrams 	
25 Nov 2025	2: Time Value of Money in Finance	Solutions	Page 84 Solution to Question 5	2.29 percent = (92.25/89)(1/3) − 1.	2.29 percent = (**95.25/**89)(1/3) − 1.
24 Sept 2025	3: Statistical Measures of Asset Returns	3.02 Measures of Central Tendency and Location	Page 95 Exhibit 5	Lowest Boundary for Q_2	**Lower** Boundary for Q_2

<table>
<tr><td>22 Sept 2025</td><td>4: Probability Trees and Conditional Expectations</td><td>4.04 Bayes' Formula and Updating Probability Estimates</td><td>Page 143 Equation 8</td><td>This is the total probability rule in action. Now you can answer your question by applying Bayes' formula, Equation 8:

P(EPS" " exceeded" " consensus \ DriveMed" " expands)</td><td>This is the total probability rule in action. Now you can answer your question by applying Bayes' formula, Equation 8:

P(EPS exceeded consensus | DriveMed expands)</td></tr>
<tr><td>30 Sept 2025</td><td>4: Probability Trees and Conditional Expectations</td><td>4.04 Bayes' Formula and Updating Probability Estimates</td><td>Page 144 Example 4 Question 1</td><td>What is your estimate of the probability P(EPS exceeded consensus | DriveMed expands)</td><td>What is your estimate of the probability P(EPS met consensus | DriveMed expands)</td></tr>
<tr><td>2 Sept 2025</td><td>5: Portfolio Mathematics</td><td>5.02 Portfolio Expected Return and Variance of Return</td><td>Page 153 Equation 2</td><td>$\sigma^2(R_p)=E\{[R_p E(R_p)]^2\}$</td><td>$\sigma^2(R_p)=E\boldsymbol{[(}R_p-E(R_p)\boldsymbol{)}^2\boldsymbol{]}$</td></tr>
<tr><td>21 Oct 2025</td><td>5: Portfolio Mathematics</td><td>5.02 Portfolio Expected Return and Variance of Return</td><td>Page 152 Learning Module Overview</td><td>$\sigma^2(R_p)=E\{[R_p E(R_p)]^2\}$</td><td>$\sigma^2(R_p)=E\boldsymbol{[(}R_p-E(R_p)\boldsymbol{)}^2\boldsymbol{]}$</td></tr>
<tr><td>9 Dec 2025</td><td>5: Portfolio Mathematics</td><td>5.02 Portfolio Expected Return and Variance of Return</td><td>Page 154 Equation 4</td><td>$\mathrm{Cov}(R_i,R_j)=\sum_{n=1}^{n}\left(R_{i,t},\bar{R}_i\right)\left(R_{j,t}-E\bar{R}_j\right)\Big/(n-1)$</td><td>$\mathrm{Cov}(R_i,R_j)=\sum_{n=1}^{n}\left(\boldsymbol{R_{i,t}}-\boldsymbol{\bar{R}_i}\right)\left(R_{j,t}-E\bar{R}_j\right)\Big/(n-1)$</td></tr>
</table>

2 Sept 2025	5: Portfolio Mathematics	5.02 Portfolio Expected Return and Variance of Return	Page 154 Equation 5	$\sigma^2(R_p) = E[(R_p - ER_p)^2]$ $= E\{[w_1R_1 + w_2R_2 + w_3R_3 - E(w_1R_1 + w_2R_2 + w_3R_3)]^2\}$ $= E\{[w_1R_1 + w_2R_2 + w_3R_3 - w_1ER_1 - w_2ER_2 - w_3ER_3)]^2\}$	$\sigma^2(R_p) = E[(R_p - E(\boldsymbol{R_p}))^2]$ $\boldsymbol{= E[(w_1R_1 + w_2R_2 + w_3R_3 - E(w_1R_1 + w_2R_2 + w_3R_3))^2]}$ $\boldsymbol{= E[(w_1R_1 + w_2R_2 + w_3R_3 - w_1ER_1 - w_2ER_2 - w_3ER_3)^2]}$
27 Oct 2025	5: Portfolio Mathematics	5.02 Portfolio Expected Return and Variance of Return	Page 154 Equation 5	$= w_1^2\sigma^2(R_1) + w_1w_2\mathrm{Cov}(R_1,R_2) + w_1w_3\mathrm{Cov}(R_1,R_3)$ $+w_1w_2\mathrm{Cov}(R_1,R_2) + w_2^2\sigma^2(R_2) + w_2w_3\mathrm{Cov}(R_2,R_3)$ $+w_1w_3\mathrm{Cov}(R_1,R_3) + w_2w_3\mathrm{Cov}(R_2,R_3) + w_2^3\sigma^2(R_3)$	$= w_1^2\sigma^2(R_1) + w_1w_2\mathrm{Cov}(R_1,R_2) + w_1w_3\mathrm{Cov}(R_1,R_3)$ $+w_1w_2\mathrm{Cov}(R_1,R_2) + w_2^2\sigma^2(R_2) + w_2w_3\mathrm{Cov}(R_2,R_3)$ $+w_1w_3\mathrm{Cov}(R_1,R_3) + w_2w_3\mathrm{Cov}(R_2,R_3) + \boldsymbol{w_3^2}\sigma^2(R_3)$
22 Aug 2025	5: Portfolio Mathematics	5.02 Portfolio Expected Return and Variance of Return	Page 155 Equation below Exhibit 3	$\sigma^2(R_p) = w_1^2\sigma^2(R_1) + w_2^2\sigma^2(R_2) + w_2^3\sigma^2(R_3)$ $+2w_1w_2\mathrm{Cov}(R_1,R_2)$	$\sigma^2(R_p) = w_1^2\sigma^2(R_1) + w_2^2\sigma^2(R_2) + w_{\boldsymbol{3}}^{\boldsymbol{2}}\sigma^2(R_3)$ $+2w_1w_2\mathrm{Cov}(R_1,R_2)$
18 Aug 2025	5: Portfolio Mathematics	5.03 Forecasting Correlation of Returns: Covariance Given a Joint Probability Function	Page 163 Last sentence in paragraph starting with "For example, given independence,"	The following condition holds for independent random variables and, therefore, also holds for uncorrelated random variables.	The following condition holds for independent random variables and, therefore, also holds for uncorrelated random variables, **since for two variables E(XY) = E(X)E(Y) + Cov(X,Y), and when the variables are uncorrelated, Cov(X,Y) = 0.**

22 Aug 2025	7: Estimation and Inference	7.04 Bootstrapping and Empirical Sampling Distributions	Page 210 Solution to Question 1	Option 2: Apply the bootstrap method to construct the sampling distribution of the sample median, and then compute the standard error using Equation 7.	Option 2: Apply the bootstrap method to construct the sampling distribution of the sample median, and then compute the standard error using **Equation 4.**
18 Sept 2025	8: Hypothesis Testing	8.02 Hypothesis Tests for Finance	Page 216 Learning Module Overview	To determine whether the difference between two population means from normally distributed populations with unknown but equal variances, the appropriate test is a t-test based on pooling the observations of the two samples to estimate the common but unknown variance. This test is based on an assumption of independent samples.	To determine whether the difference between two population means from normally distributed populations with unknown but equal variances **is significant**, the appropriate test is a t-test based on pooling the observations of the two samples to estimate the common but unknown variance. This test is based on an assumption of independent samples.
26 Aug 2025	8: Hypothesis Testing	Solutions	Page 241 Solution 10	B is correct. The level of significance is used to establish the rejection points of the hypothesis test. A is correct because the significance level is not used to calculate the test statistic; rather, it is used to determine the critical value. C is incorrect because the significance level specifies the probability of making a Type I error.	B is correct. The level of significance is used to establish the rejection points of the hypothesis test. A is **incorrect** because the significance level is not used to calculate the test statistic; rather, it is used to determine the critical value. C is incorrect because the significance level specifies the probability of making a Type I error.

<table>
<tr>
<td>23 Sept 2025</td>
<td>10: Simple Linear Regression</td>
<td>Practice Problems</td>
<td>Page 320-321 Practice Problems 35-38</td>
<td>Espey Jones is examining the relation between the net profit margin (NPM) of companies, in percent, and their fixed asset turnover (FATO). He collected a sample of 35 companies for the most recent fiscal year and fit several different functional forms, settling on the following model:

<table>
<tr><td>Source</td><td>df</td><td>Sum of Squares</td><td>Mean Square</td></tr>
<tr><td>Residual</td><td>32</td><td>2.2152</td><td>0.0692</td></tr>
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<td>Espey Jones is examining the relation between the net profit margin (NPM) of companies, in percent, and their fixed asset turnover (FATO). He collected a sample of 34 companies for the most recent fiscal year and fit several different functional forms, settling on the following model:

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</table>
</td>
</tr>
</table>

Economics

Revised	Module	Lesson	Location (PDF)	Replace	With
New: 15 Jan 2026	3: Fiscal Policy	3.05 Fiscal Policy Implementation	Page 102 Question 4	A.An increase in the budget deficit is always expansionary	A.An increase in the budget deficit is **usually** expansionary.
20 Oct 2025	4: Monetary Policy	4.02 Role of Central Banks	Page 108 Exhibit 1	Commission Bancaire	**Autorité de Contrôle Prudentiel et de Résolution (ACPR)**
4 June 2025	8: Exchange Rate Calculations	Practice Problems	Page 268 Solution 6	Ff/d/ Sf/d = (1+rfτ / 1+rdτ)	$F_{f/d}$/ $S_{f/d}$ = ($1+r_f\tau$ / $1+r_d\tau$)

Corporate Issuers

Revised	Module	Lesson	Location (PDF)	Replace	With
18 Aug 2025	6: Capital Structure	6.02 The Cost of Capital	Page 178 Discussion Box underneath Knowledge Check	Discussion box removed from curriculum	

Financial Statement Analysis

Revised	Module	Lesson	Location (PDF)	Replace	With
24 Sept 2025	4: Analyzing Statements of Cash Flows I	4.02 Linkages between the Financial Statements	Page 130 Exhibit 8, First Column	30 September	30 **November**
5 Sept 2025	6: Analysis of Inventories	6.04 Presentation and Disclosure	Page 187 Exhibits 4&5 Title	Alcatel-Lucent	**Jollof Inc.**
15 Jan 2026	9: Analysis of Income Taxes	9.03 Deferred Tax Assets and Liabilities	Page 284 Realizability of Deferred Tax Assets	A deferred tax liability may be created only if the company expects to be able to realize the economic benefit of the deferred tax liability in the future.	A deferred tax **asset** may be created only if the company expects to be able to realize the economic benefit of the deferred tax liability in the future.

Equity Investments

Revised	Module	Lesson	Location (PDF)	Replace	With
5 Sept 2025	3: Market Efficiency	Practice Problems	Page 155 Question 23	A. Semi-strong-form efficient	A. **Strong form efficient**
18 Aug 2025	5: Company Analysis: Past and Present	5.03 Determining the Business Model	Page 212 Discussion Board Question Box	Discussion box removed from curriculum	
18 Aug 2025	5: Company Analysis: Past and Present	5.04 Revenue Analysis	Page 222 Discussion Board Question box under Case Study	Discussion box removed from curriculum	
17 Sept 2025	5: Company Analysis: Past and Present	5.06 Capital Investments and Capital Structure	Page 240 Question 3	Iliso's degree of financial leverage in 2X19 is *closest* to: A. 0.77. B. 1.13. C. 1.84.	Iliso's degree of financial leverage in 2X19 is *closest* to: A. 0.77. B. **1.15.** C. 1.84.

29 Sept 2025	6: Industry and Competitive Analysis	6.06 Competitive Positioning	Page 276 First sentence in third paragraph	Clearly, the analysis and the answers to these questions are company and industry specific (CFA Institute has published a helpful industry-by-industry reference titled *Sector Analysis: A Framework for Investors* with examples).	Clearly, the analysis and the answers to these questions are company and industry specific.
20 Oct 2025	7: Yield and Yield Spread Measures for Fixed-Rate Bonds	Practice Problems	Page 333 Question 8	An analyst predicts that if a company's technological developments are a success, the company's operating costs will be reduced by 15%. As a result of the reduction in costs, the company will reduce the average selling price of its products by 5% and the volume of sales will increase by 8%. The company's current gross profit margin is 40%. If technological developments occur, the company's gross profit margin will be closest to:	An analyst predicts that if a company's technological developments are a success, the company's operating costs **(specifically COGS)** will be reduced by 15%. As a result of the reduction in costs, the company will reduce the average selling price of its products by 5% and the volume of sales will increase by 8%. The company's current gross profit margin is 40%. If technological developments occur, the company's gross profit margin will be closest to:
17 Oct 2025	8: Equity Valuation: Concepts and Basic Tools	8.06 Preferred Stock Valuation	Page 349 Solution to Question 3	V_0 = [¥79.5/1.01525 + ¥79.5/1.01525^2 + ¥106/1.01525^3 + ¥106/1.01525^4 + ¥132.5/1.01525^5 + ¥132.5/1.01525^6 + ¥10,598/1.01525^6]	V_0 = [¥79.5/$1.01525^{\mathbf{0.5}}$ + ¥79.5/$1.01525^{\mathbf{1.5}}$ + ¥106/$1.01525^{\mathbf{2.5}}$ + ¥106/$1.01525^{\mathbf{3.5}}$ + ¥132.5/$1.01525^{\mathbf{4.5}}$ + ¥132.5/$1.01525^{\mathbf{5.5}}$ + ¥10,598/1.01525^6]

Fixed Income

Revised	Module	Lesson	Location (PDF)	Replace	With
New: 15 Jan 2026	1: Fixed-Income Instrument Features	1.01 Introduction	Page 4 Question 1	For example, a bond with a par value of 100 and a coupon rate of 6% paid quarterly would pay coupon payments of 0.06 × 100 = 60/4 = 15 four times per year.	For example, a bond with a par value of 100 and a coupon rate of 6% paid quarterly would pay coupon payments of **(0.06 × 100)/4 = 60/4 = 15**, four times per year.
12 Aug 2025	3: Fixed-Income Issuance and Trading	3.02 Fixed-Income Segments, Issuers, and Investors	Page 65 Question 3	B is correct.	**A** is correct.
16 Dec 2025	3: Fixed-Income Issuance and Trading	Solutions	Page 77 Question 1	A. Commercial paper – III. Money market funds B. Unsecured corporate bonds – I. Insurance companies C. Secured corporate bonds – II. Hedge funds	A. Commercial paper – III. Money market funds B. Unsecured corporate bonds – I. Insurance companies C. **Distressed debt** – II. Hedge funds

<table>
<tr><td>16 Dec 2025</td><td>7: Yield and Yield Spread Measures for Fixed-Rate Bonds</td><td>7.03 Other Yield Measures, Conventions, and Accounting for Embedded Options</td><td>Page 169 Exhibit 4</td><td colspan="2"><table><tr><td>Issuer:</td><td>Vivivyu Incorporate</td></tr><tr><td>Settlement Date:</td><td>[T + 3 Business Days]</td></tr><tr><td>Maturity Date:</td><td>[Seven Years from Settlement Date]</td></tr><tr><td>Principal Amount:</td><td>US$ 400 million</td></tr><tr><td>Price (per 100 of par):</td><td>106.50</td></tr><tr><td>Interest</td><td>6.5% fixed coupon</td></tr></table></td></tr>
<tr><td>4 Sept 2025</td><td>7: Yield and Yield Spread Measures for Fixed-Rate Bonds</td><td>7.03 Other Yield Measures, Conventions, and Accounting for Embedded Options</td><td>Page 171 Question set, Solution 4</td><td>$101.5 + 2 / (1 + r)^2$</td><td>101.25 + $2 / (1 + r)^2$</td></tr>
<tr><td>20 Oct 2025</td><td>7: Yield and Yield Spread Measures for Fixed-Rate Bonds</td><td>7.04 Yield Spread Measures for Fixed-Rate Bonds and Matrix Pricing</td><td>Page 179 Example 9—Solution to 1</td><td>Therefore, the G-spread is 0.01271 – 0.005235 = 75 bps.</td><td>Therefore, the G-spread is 0.01271 – 0.003733 = 89.8 bps.</td></tr>
</table>

23 Oct 2025	8: Yield and Yield Spread Measures for Floating-Rate Instruments	8.03 Yield Measures for Money Market Instruments	Page 199 Second paragraph	The sale price for the CD can be calculated using Equation 4 for *FV* = 20,004,918, Days = 45, Year = 365, and *AOR* = 0.0012. The sale price is EUR20,002,958. … *PV* = 20, 003, 438. … $AOR = \frac{365}{45} \times \frac{20{,}002{,}958 - 20{,}000{,}000}{20{,}000{,}000}.$ *AOR* = 0.0012. The rate of return, stated on a 365-day add-on rate basis, is 0.12%.	The sale price for the CD can be calculated using Equation 4 for ***FV* = 20,005,918**, Days = 45, Year = 365, and *AOR* = 0.0012. The sale price is **EUR20,004,438.** … ***PV* = 20, 004, 438.** … $AOR = \frac{365}{45} \times \frac{\mathbf{20{,}005{,}918} - \mathbf{20{,}004{,}438}}{\mathbf{20{,}004{,}438}}.$ ***AOR* = 0.0006.** The rate of return, stated on a 365-day add-on rate basis, is **0.06%.**
23 Oct 2025	8: Yield and Yield Spread Measures for Floating-Rate Instruments	Practice Problems	Page 206 Question 1	A two-year floating-rate note issued by a French corporation pays the three-month MRR of −0.55% plus 160 bps. The floater is priced at 101.20 per 100 of par value. Assuming the 30/360 day-count convention and 90 days per period, the discount margin for the floater is closest to: A. 25 bps. B. 50 bps. C. 110 bps.	A two-year floating-rate note issued by a French corporation pays the three-month MRR of −0.55% plus 160 bps. The floater is priced at 101.20 per 100 of par value. **Assuming the 30/360 day-count convention and 90 days per period and a flat yield curve**, the discount margin for the floater is closest to: A. 25 bps. B. 50 bps. C. **100 bps.**

23 Oct 2025	8: Yield and Yield Spread Measures for Floating-Rate Instruments	Solutions	Page 208 Solution – Question 1	B is correct. ... Using the RATE function in Microsoft Excel, Google Sheets, or a financial calculator and using *PV* = −101.20, *FV* = 100, *PMT* =0.275, and *N* = 8, we solve for the discount rate per period of 12.4161%. The discount margin can then be estimated by solving for *DM*: $r = \frac{MRR + DM}{m}$ $0.124161 = \frac{-0.005 + DM}{4}$ *DM* = 0.4525. The estimated discount margin is 45.25 bps.	**C** is correct. ... Using the RATE function in Microsoft Excel, Google Sheets, or a financial calculator and using *PV* = −101.20, *FV* = 100, *PMT* =0.275, and *N* = 8, we solve for the discount rate per period of **0.11175**%. The discount margin can then be estimated by solving for *DM*: $r = \frac{MRR + DM}{m}$ $\mathbf{0.0011175} = \frac{-0.005 + DM}{4}$ *DM* = **0.9970%** The estimated discount margin is **99.7** bps.
20 Oct 2025	9: The Term Structure of Interest Rates: Spot, Par, and Forward Curves	9.01 Introduction	Page 213 Question 3—Solution	$(1 + 0.01)^1 \times (1 + IFR_{2,1})^2 = (1 + 0.02)^3$ $IFR_{2,1}$ = 2.50%	$(1 + \mathbf{0.015})^{\mathbf{2}} \times (1 + IFR_{2,1})^{\mathbf{1}} = (1 + 0.02)^3$ $IFR_{2,1}$ = **3.01%**

9 Dec 2025	9: The Term Structure of Interest Rates: Spot, Par, and Forward Curves	9.02 Maturity Structure of Interest Rates and Spot Rates	Page 220 Question 4 Solution	$(1 + 0.095)^2$	$(1 + \mathbf{0.0095})^2$
23 Oct 2025	9: The Term Structure of Interest Rates: Spot, Par, and Forward Curves	9.03 Par and Forward Rates	Page 224 Equation under table	$(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$. $(1 + 0.0188)^2 \times (1 + 0.0277)^1 = (1 + Z_2)^3$. $Z_2 = 0.023240 = 2.324\%$	$(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$. $(1 + 0.0188)^{\mathbf{1}} \times (1 + 0.0277)^1 = (1 + Z_2)^{\mathbf{2}}$. $Z_2 = 0.023240 = 2.324\%$
23 Oct 2025	9: The Term Structure of Interest Rates: Spot, Par, and Forward Curves	9.03 Par and Forward Rates	Page 225 Second equation under table	$(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$. $(1 + 0.023240)^2 \times (1 + 0.0277)^1 = (1 + Z_3)^3$. $Z_3 = 0.027278 = 2.73\%$	$(1 + Z_A)^A \times (1 + IFR_{A,B-A})^{B-A} = (1 + Z_B)^B$. $(1 + 0.023240)^2 \times (1 + \mathbf{0.0354})^1 = (1 + Z_3)^3$. $Z_3 = 0.027278 = 2.73\%$
22 Aug 2025	13: Curve-Based and Empirical Fixed-Income Risk Measures	Solutions	Page 323 Self-Assessment Question 4	If the benchmark yield curve shifted by 50 bps, what would be the percentage change in the full price of a bond if its effective duration is 6.094 and its effective convexity is –230.097?	If the benchmark yield curve **downward** shifted by 50 bps, what would be the percentage change in the full price of a bond if its effective duration is 6.094 and its effective convexity is –230.097?

New: 23 Jan 2026	13: Curve-Based and Empirical Fixed-Income Risk Measures	Solutions	Page 323 Self-Assessment Question 4	− 6.094 × 0.005	− 6.094 × **(− 0.005)**
New: 23 Jan 2026	13: Curve-Based and Empirical Fixed-Income Risk Measures	Solutions	Page 323 Self-Assessment Question 4	− 230.097 × $(0.005)^2$	− 230.097 × $(\mathbf{-}0.005)^2$
22 Aug 2025	13: Curve-Based and Empirical Fixed-Income Risk Measures	13.04 Key Rate Duration as a Measure of Yield Curve Risk	Page 335 Paragraph below Exhibit 5	Assume the portfolio is weighted by the prices of the respective 2-, 5-, and 10-year bonds for a total portfolio value of $293 million, or $1 million × (99.50 + 98.31 + 95.43). The portfolio's modified duration is calculated as 5.345 = [1.991 × (99.5/293.2)] + [4.869 × (98.3/293.2)] + [9.333 × (95.4/293.2)]. Alternatively, we could calculate each key rate duration by maturity. For example, the two-year key rate duration (KeyRateDur2) is 0.676 = 1.991 × (99.5/293.2).	Assume the portfolio is weighted by the prices of the respective 2-, 5-, and 10-year bonds for a total portfolio value of **$277** million, or $1 million × (**99.01 + 93.96 +84.01**). The portfolio's modified duration is calculated as **5.367 = [1.990 × (99.006/277.0)] + [4.938 × (93.960/277.0)] + [9.828 × (84.010/277.0)].** Alternatively, we could calculate each key rate duration by maturity. For example, the two-year key rate duration (KeyRateDur2) is **0.711 = 1.990 × (99.006/277.0).**

<table>
<tr>
<td>19 Sept 2025</td>
<td>16: Credit Analysis for Corporate Issuers</td>
<td>16.03 Financial Ratios in Corporate Credit Analysis</td>
<td>Page 424 Example 4</td>
<td>
<table>
<tr><th></th><th>Year 0</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr>
<tr><td>EBIT</td><td>1,330</td><td>1,122</td><td>890</td><td>632</td><td>346</td><td>364</td></tr>
<tr><td>EBITDA</td><td>1,730</td><td>1,589</td><td>1,407</td><td>1,180</td><td>906</td><td>916</td></tr>
</table>
</td>
<td>
<table>
<tr><th></th><th>Year 0</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr>
<tr><td>EBIT</td><td>930</td><td>655</td><td>373</td><td>86</td><td>-212</td><td>-189</td></tr>
<tr><td>EBITDA</td><td>1,330</td><td>1,122</td><td>890</td><td>633</td><td>347</td><td>363</td></tr>
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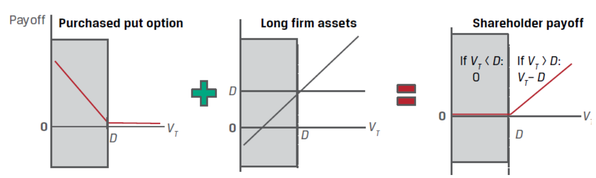
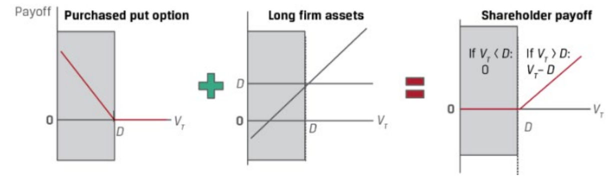
<tr><th></th><th>Year 0</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr>
<tr><td>Debt to EBITDA</td><td>0.36</td><td>0.43</td><td>0.54</td><td>0.71</td><td>1.06</td><td>1.21</td></tr>
</table>
</td>
<td>
<table>
<tr><th></th><th>Year 0</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr>
<tr><td>Debt to EBITDA</td><td>0.47</td><td>0.61</td><td>0.85</td><td>1.32</td><td>2.77</td><td>3.04</td></tr>
</table>
</td>
</tr>
<tr>
<td>5 Aug 2025</td>
<td>16: Credit Analysis for Corporate Issuers</td>
<td>16.04 Seniority Rankings, Recovery Rates, and Credit Ratings</td>
<td>Page 433 Paragraph above Example 6</td>
<td>An issuer rating usually applies to its senior unsecured debt and addresses an obligor’s overall creditworthiness. On the other hand, an individual issue rating refers to specific financial obligations of an issuer and takes such factors as seniority into account.</td>
<td>An issuer rating addresses an obligor’s overall creditworthiness. Rating agencies typically map it to the senior-unsecured debt level for consistency across issuers. On the other hand, an individual issue rating refers to specific financial obligations of an issuer and takes such factors as seniority into account.</td>
</tr>
</table>

Derivatives

Revised	Module	Lesson	Location (PDF)	Replace	With
29 Sept 2025	8: Pricing and Valuation of Options	8.05 Option Time Value	Page 178 Equation 3	Max(0, S_t — X(1 + *r*)$^{-(T-t)}$)	**C_t —** Max(0, S_t — X(1 + *r*)$^{-(T-t)}$)
27 Oct 2025	8: Pricing and Valuation of Options	8.07 Replication	Page 184 Exhibit 5 and paragraph below	Exhibit 5: Put Option versus Short Forward Position In order to replicate the put option at contract inception…	Exhibit 5: **Short Put Option versus Long Forward Position** Accordingly, as a short put option would require a long position in the underlying for replication, so in order to replicate a long position in the put option at contract inception…
26 Sept 2025	9: Option Replication Using Put-Call Parity	9.02 Put-Call Parity	Question 3	Which of the following statements correctly describes a synthetic protective put position according to put–call forward parity? A. A long forward contract on the underlying, a long put option on the underlying, and a short risk-free bond Solution: A is correct. The formula for put–call forward parity is as follows: F0(T)(1 + r)–T + p0 = c0 + X(1 + r)–T. Rearranging the terms as follows shows the synthetic protective put position on the left-hand side of the equation: F0(T)(1 + r)–T + p0 – X(1 + r)–T = c0.	Which of the following statements correctly describes a synthetic protective put position according to put–call forward parity? A. A long forward contract on the underlying, a long put option on the underlying, and a **long** risk-free bond Solution: A is correct. The formula for put–call forward parity is as follows: F0(T)(1 + r)–T + p0 = c0 + X(1 + r)–T.

20 Oct 2025	9: Option Replication Using Put-Call Parity	9.06 Option Put-Call Parity Applications: Firm Value	Page 210 Exhibit 9		
30 Sept 2025	10: Valuing a Derivative Using a One-Period Binomial Model	10.04 Pricing a European Call Option	Page 229 Solution to Question 5	£3/£4 = — 0.75	—£3/£4 = — 0.75

Alternative Investments

Revised	Module	Lesson	Location (PDF)	Replace	With
28 July 2025	2: Alternative Investment Performance and Returns	2.02 Alternative Investment Performance	Page 39 Knowledge Check: MOIC Calculation Question 1, Last row of table	IRR 20%	IRR **6.82**%
27 Oct 2025	2: Alternative Investment Performance and Returns	2.03 Alternative Investment Returns	Page 47 Example 3, Question 2	Add "Note: P1 is equal to $130 million - $7.04 million = $122.96 million" at the end of Solution.	

27 Oct 2025	2: Alternative Investment Performance and Returns	2.03 Alternative Investment Returns	Page 48 Example 4, Question 2	The fee structure is as specified in Question 1 of Example 3 but also includes the use of a high-water mark (P_{HWM}) computed net of fees. … $R_{GP(High\text{-}Water\ Mark)}$ = (P_2 x r_m) + max[0,P_2((1- r_m) – P_{HWM}) x p] … 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 fee structure is as specified in Question **2** of Example 3 but also includes the use of a high-water mark (P_{HWM}) computed net of fees **(note: no hurdle rate)**. … $R_{GP(High\text{-}Water\ Mark)}$ = (P_2 x r_m) + max[0, **(**P_2**(**1- r_m) – P_{HWM}) x p] … r_i = ($110 million − **$122.96** million − $1.1 million)/$**122.96** million = **−11.435%.** … The beginning capital position in the second year for the investors is $130 million − **$7.04** million = $**122.96** million

27 Oct 2025	2: Alternative Investment Performance and Returns	2.03 Alternative Investment Returns	Page 48 Example 4, Question 3	$R_{GP(High\text{-}Water\ Mark)} = (P_2 \times r_m)$ $+ \max[0, P_2((1 - r_m) - P_{HWM}) \times p]$ 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 $122.7 million, the ending value in the first year, P1. Year — Fund Value ($m), after Fees 0 — 100.00 1 — 122.70 2 — 108.90 $R_{GP(High\text{-}Water\ Mark)}$ = $128 million × 1% + max[0, ($128 × 0.99 − $124.16) × 20%] = $1.792 million. r_i = ($128 million − $108.9 million − $1.792 million)/$108.9 million = 15.89% … The ending capital position for the third year is $128 million − $1.792 million = $126.208 million..	$R_{GP(High\text{-}Water\ Mark)} = (\boldsymbol{P_3} \times r_m)$ $+ \max[0, (\boldsymbol{P_3}(1 - r_m) - P_{HWM}) \times p]$ 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 **$122.96** million, the ending value in the first year, P1. Year — Fund Value ($m), after Fees 0 — 100.00 1 — **122.96** 2 — 108.90 $R_{GP(High\text{-}Water\ Mark)}$ = $128 million × 1% + max[0, ($128 × 0.99 − **$122.96**) × 20%] = **$2.032** million. r_i = ($128 million − $108.9 million − **$2.032** million)/$108.9 million = **15.67**% … The ending capital position for the third year is $128 million − **$2.032** million = $**125.968 million**..

23 Oct 2025	2: Alternative Investment Performance and Returns	2.03 Alternative Investment Returns	Page 49 Example 5	$R_{GP(High\text{-}Water\ Mark)} = (P_3 \times r_m) + \max[0, (P_3 - P_{HWM}) \times p]$. $R_{GP(High\text{-}Water\ Mark)}$ = \$128 million × 1% + max[0, (\$128 million – \$108.9 million) × 20%] = \$5.1 million. r_i = (\$128 million – \$108.9 million – \$5.1 million)/\$108.9 million = 12.856%."	$R_{GP(High\text{-}Water\ Mark)} = (P_3 \times r_m) + \max[0, (P_3 \mathbf{(1-r_m)} - P_{HWM}) \times p]$. $R_{GP(High\text{-}Water\ Mark)}$ = \$128 million × 1% + max[0, (\$128 million **× 0.99** – \$108.9 million) × 20%] = **\$4.85** million. r_i = (\$128 million – \$108.9 million – **\$4.85 million)**/\$108.9 million = **13.09**%."

<table>
<tr>
<td>23 Oct 2025</td>
<td>2: Alternative Investment Performance and Returns</td>
<td>Practice Problems</td>
<td>Page 60 Question 7</td>
<td>A hedge fund has the following fee structure:
Annual management fee based on year-end AUM: 2%
Incentive fee: 20%
Hurdle rate before incentive fee collection starts: 4%
Current high-water mark: $610 million
The fund has a value of $583.1 million at the beginning of the year. After one year, it has a value of $642 million before fees. The net percentage return to an investor for this year is closest to:
A. 6.72%.
B. 6.80%.
C. 7.64%.</td>
<td>A hedge fund has the following fee structure:
Annual management fee based on year-end AUM: 2%
Incentive fee: 20%
Hurdle rate before incentive fee collection starts: 4%
Current high-water mark: $610 million
Incentive fees (and hurdle rate considerations) are determined post management fees
The fund has a value of $583.1 million at the beginning of the year. After one year, it has a value of $642 million before fees. The net percentage return to an investor for this year is closest to:
A. 6.72%.
B. 6.80%.
C. 7.24%.</td>
</tr>
</table>

New: 27 Jan 2026	2: Alternative Investment Performance and Returns	Solutions	Page 63 Solution—Question 7	C is correct. The management fee for the year is \$642 million × 0.02 = \$12.84 million. Because the ending gross value of the fund of \$642 million exceeds the high-water mark of \$610 million, the hedge fund can collect an incentive fee on gains above this high-water mark but net of the hurdle rate of return. The incentive fee calculation becomes {\$642 – [\$610 × (1 + 0.04)]} × 0.20 = \$1.52 million. The net return to the investor for the year is [(\$642 – \$12.84 – \$1.52)/\$583.1] – 1 = 0.07638 ≈ 7.64%.	C is correct. The management fee for the year is \$642 million × 0.02 = \$12.84 million. Because the ending gross value of the fund of \$642 million exceeds the high-water mark of \$610 million, the hedge fund can collect an incentive fee on gains above this high-water mark but net of the hurdle rate of return. The incentive fee calculation becomes **Net Value Post Management Fees = (1-0.02) × \$642 = \$6.2916 Million.** **Incentive Fee = max(0,[629.16-max(610,1.04 × 583.1)] × 0.2)=\$3.832 Million** **Total fees are 3.832+12.84 = \$16.672 Million and the final NAV is 642-16.672 = \$625.328 Million. So, the net return is 625.328/583.1-1=7.24%**
18 Sept 2025	3: Investments in Private Capital: Equity and Debt	3.02 Private Equity Investment Characteristics	Page 75 First sentence in *Public Listing* section	Public listing on an exchange can take place either as an initial public offering (IPO), a direct listing, or a special acquisition company (SPAC).	Public listing on an exchange can take place either as an initial public offering (IPO), a direct listing, or a **special purpose acquisition company (SPAC).**

19 Sept 2025	4: Real Estate Infrastructure	4.02 Real Estate Features	Page 98 Exhibit 2	Equity Direct ownership Sole ownership Joint ventures Limited partnerships Indirect ownership Real estate funds Private REITs	Equity Direct ownership Sole ownership Indirect ownership **Joint ventures** **Limited partnerships** Real estate funds Private REITs
4 June 2025	6: Hedge Funds	6.01 Introduction	Pages 149-150 Learning Module Self-Assessment Question 5	16.38 Return to the investors = 20 million – 3.72 million = 16.38 million. Investors' return = 16.38%.	**16.28** Return to the investors = 20 million – 3.72 million = **16.28 million.** Investors' return = **16.28%.**
New: 16 Jan 2026	6: Hedge Funds	6.04 Hedge Fund Investment Risk, Return, and Diversification	Page 171 Under Exhibit 7	The coefficient of variation can be thought of as the price of return in terms of risk or the relative returns adjusted for risk: A higher coefficient of variation provides greater return for the same amount of risk.	The coefficient of variation can be thought of as the price of return in terms of risk or the relative **risk** adjusted for **returns**: A **lower** coefficient of variation provides **lower risk** for the same amount of **returns**.

25 Aug 2025	6: Hedge Funds	Solutions	Page 177 Solution 2	C is correct. Participating in a potential bankruptcy situation would be characteristic of an event-driven hedge fund manager and not a fundamental long/short manager. B is incorrect because a fundamental long/short manager would invest in securities expected to exhibit high growth and capital appreciation. C is incorrect because a fundamental long/short manager would short securities in sectors that project negative growth.	C is correct. Participating in a potential bankruptcy situation would be characteristic of an event-driven hedge fund manager and not a fundamental long/short manager. **A** is incorrect because a fundamental long/short manager would invest in securities expected to exhibit high growth and capital appreciation. **B** is incorrect because a fundamental long/short manager would short securities in sectors that project negative growth.

Portfolio Management

Revised	Module	Lesson	Location (PDF)	Replace	With
New: 15 Jan 2026	1: Portfolio Risk and Return: Part I	Solutions	Page 57 Question 4 Solution	C is correct. The most risk averse investor has the indifference curve with the greatest slope.	**A is correct. The most risk-adverse investors have the most convexity in their indifference curves. The most risk-averse investor experiences the fastest deterioration in marginal utility from risk.**
New: 16 Jan 2026	6: Introduction to Risk Management	6.11 Risk Modification: Transferring, Shifting, and How to Choose	Page 278 Question 2 Solution	Because you hedge 40% of current portfolio value, the impact on your expected return is 40% × –0.03%, reducing the hedged portfolio return to 3.87% = 3.9% – 0.03%.	Because you hedge 40% of current portfolio value, the impact on your expected return is 40% × –0.03%, reducing the hedged portfolio return to **3.89%** = 3.9% – **0.012**%.

Ethical and Professional Standards

Revised	Module	Lesson	Location (PDF)	Replace	With
3 Sept 2025	3: Guidance for Standards I-VII	Standard I: Professionalism	Page 57 Exhibit 1, Row 6, Column 1	Member resides in LS country, does business in MS country; LS law applies, but it states that law of locality where business is conducted governs	Member resides in LS country, does business in MS country; **MS** law applies, but it states that law of locality where business is conducted governs
25 Aug 2025	5: Ethics Application	5.08 Responsibilities as a CFA Institute Member or CFA Candidate	Page 286 Analysis under “Taveras”	"C is correct..." "B is incorrect..."	"**B** is correct..." "**C** is incorrect..."

Glossary

Revised	Location (PDF)	Replace	With
19 May 2025	Page G-14	Hedge ratio: The proportion of an underlying that will offset the risk associated with a derivative position	Hedge ratio: The proportion of an underlying **investment position** that will offset the risk associated with a derivative position
20 Aug 2025	Page G-20	Off-the-run securities: Sovereign debt securities outstanding other than on-the-sun securities. Off-the-run securities are less liquid than on-the-run securities.	Off-the-run securities: Sovereign debt securities outstanding other than on-the-**run** securities. Off-the-run securities are less liquid than on-the-run securities.
20 Oct 2025	Page G-22	Partially amortizing bond: A loan or bond with a payment schedule that calls for partial repayment of principle over the life of the bond, with the remaining principal paid at maturity.	Partially amortizing bond: A loan or bond with a payment schedule that calls for partial repayment of **principal** over the life of the bond, with the remaining principal paid at maturity.