CFA Institute®

Curriculum Errata Notice

2027 Level III CFA Program

Issue date: May 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.

All the best as you continue 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

Complete list of errata

Asset Allocation

Revised	Module	Lesson	Location (PDF)	Replace	With
23 Apr 2026	1: Capital Market Expectations, Part 1: Framework and Macro Considerations	Practice Problems	Page 57 Questions 1 and 2	Moved the following from Question 1 to the beginning of Question 2 Wuyan reports that after repeatedly searching the most recent 10 years of data, she eventually identified variables that had a statistically significant relationship with equity returns. Wuyan used these variables to forecast equity returns. She documented, in a separate section of the report, a high correlation between nominal GDP and equity returns. Based on this noted high correlation, Wuyan concludes that nominal GDP predicts equity returns. Based on her statistical results, Wuyan expects equities to underperform over the next 12 months and recommends that the firm underweight equities. Commenting on the report, John Tommanson, an investment adviser for the firm, suggests extending the starting point of the historical data back another 20 years to obtain more robust statistical results. Doing so would enable the analysis to include different economic and central bank policy environments. Tommanson is reluctant to underweight equities for his clients, citing the strong performance of equities over the last quarter, and believes the most recent quarterly data should be weighted more heavily in setting capital market expectations.	
23 Apr 2026	1: Capital Market Expectations, Part 1: Framework and Macro Considerations	Practice Problems	Page 58 Questions 3 and 4	Move the following from Question 3 to the beginning of Question 4. At the investment committee meeting, the firm's chief economist predicts that the economy will enter the late expansion phase of the business cycle in the next 12 months.	

19 Feb 2026	2: Capital Market Expectations, Part 2: Forecasting Asset Class Returns	2.08 Forecasting Volatility	Page 108 Equation 11	$\sigma_i^2 = \sum_{m=1}^{K}\sum_{n=1}^{K}\beta_{im}\beta_{in}\rho_{mn} + v_i^2$	$\sigma_i^2 = \sum_{m=1}^{K}\sum_{n=1}^{K}\beta_{im}\beta_{in}\sigma_{mn} + v_i^2$
19 Feb 2026	2: Capital Market Expectations, Part 2: Forecasting Asset Class Returns	2.08 Forecasting Volatility	Page 108 Equation 12	$\sigma_{ij} = \sum_{m=1}^{K}\sum_{n=1}^{K}\beta_{im}\beta_{jn}\rho_{mn}$	$\sigma_{ij} = \sum_{m=1}^{K}\sum_{n=1}^{K}\beta_{im}\beta_{jn}\sigma_{mn}$
2 Apr 2026	5: Asset Allocation with Real-World Constraints	5.09 Short-Term Shifts in Asset Allocation	Page 343 Bullet 3	it rises when put option buying increases and falls when call buying activity increases.	**it rises when put option buying activity (either calls or puts) increases.**

Portfolio Construction

Revised	Module	Lesson	Location (PDF)	Replace	With
9 Jan 2026	2: Overview of Fixed-Income Portfolio Management	2.05 A Model for Fixed-Income Returns	Page 67 Equation in "Views of Benchmark Yields"	$= (-\text{ModSpreadDur x } \Delta\text{Spread}) + [1/2 \text{ x Convexity x } (\Delta\text{Yield})^2]$	$= (-\text{ModSpreadDur x } \Delta\text{Spread}) + [1/2 \text{ x Convexity x } (\Delta\textbf{Spread})^2]$
4 May 2026	3: Asset Allocation to Alternative Investments	3.14 Preparing for the Unexpected	Page 172 Example 9 Question 1 Solution	• $75.0 million in total (less than the $78 million liability)	• **$45.0** million in total (less than the $78 million liability)
17 Dec 2025	4: An Overview of Private Wealth Management	4.05 The Impact of Taxation and Inflation	Page 254 Case Study	Percentage on excess over column 1 5 10 15 20 30 40 50	**Marginal Tax Rate** (Percentage on excess over column 1) 5 10 15 20 30 40 50

18 Dec 2025	4: An Overview of Private Wealth Management	4.05 The Impact of Taxation and Inflation	Page 255 Question 2	For incomes between EUR500,000 and EUR1,000,000, the tax rate is 40%. For the first EUR500,000, the tax is EUR150,000, and for the next EUR200,000 the tax rate is 40% x (EUR700,000 – EUR500,000) = EUR80,000. The total tax payable is then EUR150,000 + EUR80,000 = EUR230,000, and the average tax rate is 32.86%.	For incomes between EUR500,000 and EUR1,000,000, the **marginal tax rate is 40% and the base tax is EUR116,000. Accordingly, for an income of EUR700,000 the tax payable is EUR116,000 + 0.4*(EUR700,000-EUR500,000) = EUR116,000 + EUR80,000 = EUR196,000, which equates to an average tax rate of EUR196,000/EUR700,000 = 28%**

18 Dec 2025	4: An Overview of Private Wealth Management	4.05 The Impact of Taxation and Inflation	Pages 255-256 Question 4	In this scenario, the investment income is taxed differently than ordinary tax rates, as part of the interest income is excluded from ordinary income tax rates and dividend income is taxed at a lower rate than the marginal tax rate. Of the total interest income of EUR10,000, EUR5,000 is excluded from taxation. This means that the taxable income is reduced from EUR715,000 to EUR710,000 after accounting for the interest income exclusion. Two different tax rates apply to this taxable income. i. The ordinary income, which comprises the regular income (EUR700,000) and the taxable portion of the interest income (EUR5,000), is taxed according to the table above. Meanwhile, the dividend income of EUR5,000 is subject to a flat tax of 15%. ii. The ordinary income tax amounts to EUR150,000 for the first EUR500,000 and EUR82,000 for the remaining EUR205,000 (including the taxed portion of her interest income). This is calculated as 40% x (EUR705,000 – EUR500,000) = EUR82,000, resulting in a total income tax of EUR232,000. For the dividend income of EUR5,000, there is a 15% tax, equating to EUR750. In total, she pays EUR232,000 in ordinary	**Recall that we have EUR10,000 in interest income and EUR5,000 in dividend income. EUR10,000-EUR5,000 = EUR5,000 is taxable interest income and gets added to our earnings income of EUR700,000 for a total of EUR705,000. The tax on this portion is EUR116,000 + 0.4*(EUR705,000-EUR500,000) = EUR116,000+0.4*EUR205,000 = EUR116,000+EUR82,000 = EUR198,000. To this we add the tax on dividend income: 0.15*EUR5,000 = EUR750. Accordingly, the total tax due is EUR198,000 + EUR750 = EUR198,750 which implies a total tax rate of EUR198,750/EUR715,000 = 27.80%.**

				income tax and EUR750 in investment income tax on the dividends, with a total tax liability of EUR232,750. She pays 32.55% of her total income of EUR715,000 in taxes, and her taxable income is EUR710,000.	
5 Dec 2025	4: An Overview of Private Wealth Management	4.05 The Impact of Taxation and Inflation	Page 264 Question 3 Solution	How much purchasing power have taxes eroded? Answer: Taxes eroded the equivalent of EUR49,601 in purchasing power.	How much purchasing power have taxes eroded? Answer: Taxes eroded the equivalent of **EUR49,610** in purchasing power.
3 Feb 2026	4: An Overview of Private Wealth Management	Practice Problems	Page 288 Above Question 7	Additionally, Patel plans to buy a vacation home to enjoy his early retirement years and expects to hold the home for 10 years. His budget for the vacation home is approximately EUR1.7 million. He expects an 8% annual pretax appreciation in the value of his vacation home and expects to pay capital gains tax of 20% on the sale of this vacation home. Patel is considering selling half of his securities portfolio to fund the vacation home purchase.	Additionally, Patel plans to buy a vacation home to enjoy his early retirement years and expects to hold the home for **3** years. His budget for the vacation home is approximately EUR1.7 million. He expects an 8% annual pretax appreciation in the value of his vacation home and expects to pay capital gains tax of 20% on the sale of this vacation home. **Patel would finance the purchase of this home purely with securities sales.**

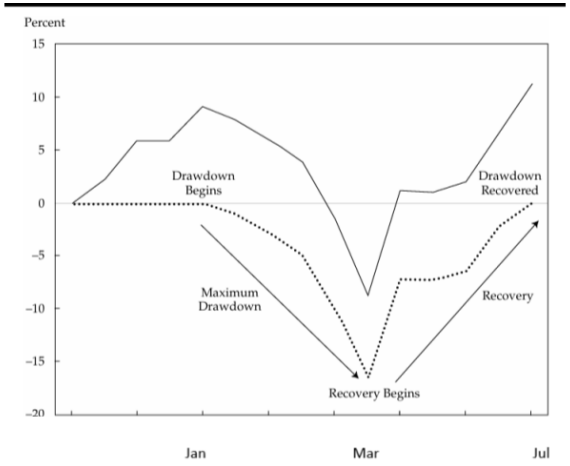
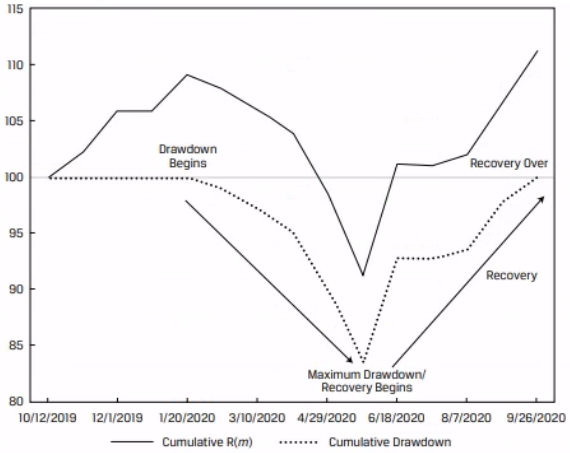
3 Feb 2026	4: An Overview of Private Wealth Management	Practice Problems	Page 289 Question 8	Determine whether Patel should sell half of his securities portfolio to buy the vacation home.	Determine whether Patel should sell half of his securities portfolio to buy the vacation home, **assuming that he is interested in maximizing future value. Also assume that if he does not buy the home he will liquidate half the securities in 10 years' time and any gains will be subject to capital gains tax. Also assume that there are no other expenses on the purchase of the home (e.g., all other expenses will be encompassed in the purchase price). Lastly, ignore the dividend yield on reinvested dividends.**
24 Mar 2026	4: An Overview of Private Wealth Management	Solutions	Pages 293-294	Replace solution to Question 8	Content posted here.
4 May 2026	4: An Overview of Private Wealth Management	Solutions	Page 294 Solution to 9	Deducting this amount from EUR150,000 gives a subtotal of EUR76,330. Applying the following formula to the value of the securities portfolio: Thus, Patel faces an income shortfall in 10 years of EUR21,015 (= 76,330 – 55,315).	Deducting this amount from EUR150,000 gives a subtotal of **150,000−73,670=76,330.** Applying the following formula to the value of the securities portfolio, **where capital appreciation is grown tax-deferred, i.e., it is not taxed until realized:** Thus, Patel faces an income shortfall in 10 years of **76,330−55,315=EUR 21,015.**

3 Mar 2026	6: Trading Costs and Electronic Markets	6.03 Development of Electronic Markets	Page 422 Above Lesson 4 heading	Add to curriculum: Example 2 Electronic Trading and Transaction Costs 1. Describe the impact of electronic trading on transaction costs. Solution: Growth in electronic trading has resulted in greater trade process efficiencies and reduced transaction costs for investors. Electronic systems are much cheaper to operate than floor-based systems (requiring less physical space and fewer exchange personnel). These systems can operate on a close-to-continuous basis at far greater scale and scope and at much faster speeds than humans. Process efficiencies from electronic trading have led to significant decreases in bid–ask spreads, which have lowered transaction costs for investors.	
3 Mar 2026	6: Trading Costs and Electronic Markets	6.03 Development of Electronic Markets	Page 429 Example 2	Example 2	**Example 3**
3 Mar 2026	6: Trading Costs and Electronic Markets	6.03 Development of Electronic Markets	Page 431 Example 3	Example 3	**Example 4**
3 Mar 2026	6: Trading Costs and Electronic Markets	6.06 Electronic Trading Risks	Pages 439-440 Example 4	Remove Example 4 from curriculum.	

Performance Measurement

<table>
<tr><th>Revised</th><th>Module</th><th>Lesson</th><th>Location (PDF)</th><th>Replace</th><th>With</th></tr>
<tr><td>24 Mar 2026</td><td>1: Portfolio Performance Evaluation</td><td>1.11 Performance Appraisal: Capture Ratios and Drawdowns</td><td>Page 60 Exhibit 20</td><td>Maximum drawdown

Recovery begins</td><td>Maximum drawdown/Recovery begins

Recovery over</td></tr>
<tr><td>24 Mar 2026</td><td>1: Portfolio Performance Evaluation</td><td>1.11 Performance Appraisal: Capture Ratios and Drawdowns</td><td>Page 60 Exhibit 21</td><td> 
</td><td> 
</td></tr>
<tr><td>27 Jan 2026</td><td>2: Investment Manager Selection</td><td>Practice Problems</td><td>Page 129 Question 34</td><td><table><tr><td>Fee Structure</td><td>Fee (%)</td></tr><tr><td>Sharing*</td><td>0.25</td></tr></table></td><td><table><tr><td>Fee Structure</td><td>Fee (%)</td></tr><tr><td>Sharing*</td><td>25</td></tr></table></td></tr>
</table>

17 Feb 2026	3: Overview of the Global Investment Performance Standards	3.08 Presentation and Reporting Requirements for Composites	Page 173	Applying Equation 11 and 12 to the data given in Exhibit 7, we find that the asset-weighted standard deviation is 21 bps (0.21%).	Applying **Equation 10 and Equation 11** to the data given in Exhibit 7, we find that the asset-weighted standard deviation is 21 bps (0.21%).

Derivatives and Risk Management

Revised	Module	Lesson	Location (PDF)	Replace	With
13 Apr 2026	1: Options Strategies	1.09 Implied Volatility and Volatility Skew	Page 49 Below Exhibit 27	Delete from curriculum: So, for example, if an investor buys an ATM one-month (21-day) straddle using puts and calls on the DAX, in order for the strategy to be profitable at expiration, the index must move up or down by at least 2.68%. The investor can compare this price movement needed to reach breakeven with the DAX' s realized volatility over similar time horizons in the past. If such a price change is considered reasonable, then the investor can elect to implement the strategy.	
17 Feb 2026	2: Swaps, Forwards, and Futures Strategies	2.08 Using Derivatives in Asset Allocation, Part 2	Page 118-119 Exhibit 7	Equity swap 1: TMM receives the total return of the S&P 500 and makes a floating payment tied to the market reference rate (MRR) minus the agreed-on spread, both on a notional principal of $27 million. Equity swap 2: TMM receives the total return of the SPSC and makes a floating payment tied to the MRR minus the agreed-on spread, both on a notional principal of $3 million.	Equity swap 1: TMM receives the total return of the S&P 500 and makes a floating payment tied to the market reference rate (MRR) **plus** the agreed-on spread, both on a notional principal of $27 million. Equity swap 2: TMM receives the total return of the SPSC and makes a floating payment tied to the MRR **plus** the agreed-on spread, both on a notional principal of $3 million."

Portfolio Management Pathway

Revised	Module	Lesson	Location (PDF)	Replace	With
19 Feb 2026	1: Index-Based Equity Strategies	1.02 Factor-Based Strategies	Page 4	Although the concepts underlying factor investing, sometimes marketed as "smart beta," have been known for a long time, investors' use of the technique increased dramatically over time.	The concepts underlying factor investing, sometimes marketed as "smart beta," have been known for a long time, and **investor adoption** has increased dramatically over time.
20 Feb 2026	1: Index-Based Equity Strategies	1.06 Tracking Error Management	Page 22 Potential Causes of Tracking Error and Excess Return	Tracking error in an indexed equity fund can arise for several reasons. A major reason involves the fees charged. Although tracking error is expressed as an absolute value, fees are always negative because they represent a cost and drive down the excess return. Therefore, higher fees will contribute to lower excess returns and higher tracking error.	Tracking error in an indexed equity fund can arise for several reasons. **Constant proportional fees contribute to negative excess return (they reduce alpha) but do not contribute to tracking error. As tracking error is the standard deviation of the return difference, it is unaffected by a constant.** Although tracking error is expressed as an absolute value, fees are always negative because they represent a cost and drive down the excess return.
21 Apr 2026	3: Active Equity Investing: Portfolio Construction	3.02 Building Blocks of Active Equity Portfolio Construction	Page 126 Exhibit 5	Active risk is a measure of the volatility of portfolio returns relative to the volatility of benchmark returns.	Active risk is a measure of the volatility of **the difference between portfolio returns and benchmark returns.**
5 Mar 2026	3: Active Equity Investing: Portfolio Construction	3.08 Allocating the Risk Budget	Page 158 Question 2	What portion of the total portfolio risk is explained by the Market factor?	What portion of the total portfolio **variance** is explained by the Market factor?

5 Mar 2026	3: Active Equity Investing: Portfolio Construction	3.08 Allocating the Risk Budget	Page 159 Question 2 Solution	91% of total portfolio risk is explained by the Market factor.	**In this context, we use the betas as the weights in equation (11) and take the benchmark weights (betas) to be zero.** **To understand the rationale behind this, consider a 1-factor model (like CAPM) - if we have a beta of 1.5, with the factor volatility of 10% and a portfolio volatility of 20%, then the active return variance is given by:** $$(\mathbf{1.5^2}) \times (\mathbf{0.1^2}) = \mathbf{0.0225}$$ **And so the total variance explained would be 0.0225/0.2²= 56.25%** **In the problem above, 91% of the total portfolio variance is explained by the Market factor.**

3 Mar 2026	3: Active Equity Investing: Portfolio Construction	3.10 Implicit Cost-Related Considerations	Page 172 In Exhibit 22, before Example 7	**Removed the following paragraph and related footnote from the curriculum:** A study by AQR Capital Management "Factor Momentum Everywhere", 2019 documents robust persistence in the returns of equity factor portfolios. This persistence is exploitable with a time-series momentum trading strategy that scales factor exposures up and down in proportion to their recent performance. Factor timing in this manner produces economically and statistically large excess performance relative to untimed factors. Taken alongside the evidence of time series momentum in commodity, bond, and currency factors, the findings of momentum among equity factors—in the time series, in the cross section, and around the world—support the conclusion that factor momentum is a pervasive phenomenon in financial markets. 40 Footnote: 40 Peter Lynch, while managing the highly successful Magellan Fund, generated a 2% gross monthly alpha on average (less than $1 million per month) assets under management of $40 million during his first five years of tenure and a 0.20% alpha per month during his last five years on assets of about $10 billion (more than $20 million per month). It is likely that the portfolio management approach evolved as the asset base grew.	
22 Apr 2026	4: Liability-Driven and Index-Based Strategies	4.06 Bond Indexes	Page 249 Case Study	Cindy Cheng, a portfolio manager based in Hong Kong SAR, has established the All Asia Dragon Fund, a fixed-income fund designed to outperform the Markit iBoxx Asian Local Bond Index (ALBI).	Cindy Cheng, a portfolio manager based in Hong Kong SAR, has established the All Asia Dragon Fund, a fixed-income fund designed to **track** the Markit iBoxx Asian Local Bond Index (ALBI).
19 Feb 2026	5: Yield Curve Strategies	5.03 Yield Curve Strategies	Page 292	Exhibit 10 shows a general decline in bond yields, referred to as a bull market, since 2007.	**Exhibit 1** shows a general decline in bond yields, referred to as a bull market, since 2007.

13 Jan 2026	6: Fixed-Income Active Management: Credit Strategies	6.02 Key Credit and Spread Concepts for Active Management	Page 348 Below Equation 2	Credit default swap (CDS) basis refers to the difference between the Z-spread on a specific bond and the CDS spread of the same (or interpolated) maturity for the same issuer. Negative basis arises if the yield spread is above the CDS spread, and positive basis indicates a yield spread tighter than the CDS spread.	Credit default swap (CDS) basis refers to the difference between the **yield spread (Z, ASW)** on a specific bond and the CDS spread of the same (or interpolated) maturity for the same issuer. Negative basis arises if the yield spread is above the CDS spread, and positive basis **is when the yield spread is below** the CDS spread.
9 Jan 2026	6: Fixed-Income Active Management: Credit Strategies	6.03 Credit Strategies	Pages 364-365 Example 16 Question 2	B rated excess return is −0.89% = 3.5% − (7 × 0.01%) − (3.19% × 60%). The B rated bond is more attractive under this scenario.	B rated excess return is −0.89% = 3.5% − (7 × **0.35**%) − (3.19% × 60%). The **A** rated bond is more attractive under this scenario.
17 Feb 2026	6: Fixed-Income Active Management: Credit Strategies	6.03 Credit Strategies	Page 365 Example 17	10-year weight: w10 = 0.50 (= (20 – 10) / (15 – 10))	10-year weight: w10 = 0.50 (= (**15** – 10) / (**20** – 10)
17 Feb 2026	6: Fixed-Income Active Management: Credit Strategies	6.04 Liquidity and Tail Risk	Page 375 Example 19	Which of the following statements best describes how the issuer might use an asset swap to manage the benchmark interest rate risk associated with liquidating this bond position?	Which of the following statements best describes how the **investor** might use an asset swap to manage the benchmark interest rate risk associated with liquidating this bond position?

19 Feb 2026	Portfolio Management 6: Fixed-Income Active Management: Credit Strategies	6.04 Liquidity and Tail Risk	Page 377 Example 20	We can therefore approximate the change in bond value using the familiar () expression as $6,439, 808 = ($50 million 0.91 (-12.025 x 0.0177)).	We can therefore approximate the change in bond value using the familiar () expression as $6,439, 808 = ($50 million 0.91 (-12.025 x **0.01177**)).

Private Markets Pathway

Revised	Module	Lesson	Location (PDF)	Replace	With
3 Feb 2026	1: Private Investments and Structures	Practice Problems	Page 40 Above table	MSUMC notes the following basic facts about Glidestone's Fund 1. The fund invested EUR15 million per year at the beginning of each of Years 1–4, followed by cash inflows of EUR30 million per year at the ends of each of Years 4–7.	MSUMC notes **that investors contributed EUR15 million per year into Glidestone's Fund 1 at the start of years 1-4, which were used for investments, which were used for investments. The fund received cash inflows of $30Million from its investments at the end of years 4-6 and $10Million at the end of Year 7.**
3 Feb 2026	1: Private Investments and Structures	Practice Problems	Page 40 Below table	**Remove from curriculum:** MSUMC personnel note that Fund 1 distributed EUR100 million to its investors over time while the fund generated EUR120 million of cash inflows.	
3 Feb 2026	1: Private Investments and Structures	Practice Problems	Page 40 Question 5	Which of the following most closely approximates the ROI and IRR of Glidestone's Fund 1 over its seven-year life? A. ROI = 2×; IRR = 10.4%. B. ROI = 2×; IRR = 18.9%. C. ROI = 3×; IRR = 18.9%.	Which of the following most closely approximates the ROI and IRR **for the investors in Glidestone's Fund 1 over its seven-year life?** A. ROI = 2×; IRR = 10.4%. B. ROI = 2×; IRR = **16.6**%. C. ROI = 3×; IRR = **16.6**%.

3 Feb 2026	1: Private Investments and Structures	Practice Problems	Page 40 Question 7	Discuss why Glidestone's NAV increases by EUR5 million between the ends of Years 3 and 4 using observations about fund distributions.	Discuss why Glidestone's NAV increases by EUR5 million between the ends of Years 3 and 4 using observations about fund distributions **given that there was no increase for the NAV on any individual investment made by the fund across these years.**
3 Feb 2026	1: Private Investments and Structures	Practice Problems	Page 43 Question 5 Solution	B is correct. Glidestone's Fund 1 invested EUR60 (= 15 × 4 years) million and received EUR120 (= 30 × 4 years) million, so ROI is 2× (= 120 ÷ 60). The IRR is solved using either a spreadsheet or financial calculator IRR function as =IRR({–15,–15,–15,–15,30,30,30,30},0), which yields a solution of 18.9%. A is incorrect because the IRR of 10.4% assumes that all the cash outflows of EUR60 million occur at the beginning of the investment life cycle and that all the cash inflows of EUR120 million occur at the end of the investment life cycle. C is incorrect because ROI of 3× is incorrect.	B is correct. **Investors in** Glidestone's Fund 1 invested EUR60 (= 15 × 4 years) million and received **cash and terminal value of** EUR120 (= 30 × 4 years) million, so ROI is 2× (= 120 ÷ 60). The IRR is solved using either a spreadsheet or financial calculator IRR function as =IRR({–15,–15,–15,–15,10,30,30,50},0), which yields a solution of **16.6**%. **Note that the year 7 number is the terminal value of EUR12 million plus the distribution of EUR30 million = EUR50 million.** A is incorrect because the IRR of 10.4% assumes that all the cash outflows of EUR60 million occur at the beginning of the investment life cycle and that all the cash inflows of EUR120 million occur at the end of the investment life cycle. C is incorrect because ROI of 3× is incorrect.

30 Oct 2025	2: General Partner and Investor Perspectives and the Investment Process, Investor (LP) Perspectives	2.03 Investor (LP) Perspectives, Fees and Performance Measurement	Page 53 Management Fees paragraph	Once capital is fully deployed, these fees are levied on the amount of committed capital less the cumulative cost basis of investments exited and written off during the fund's life.	**As capital is deployed**, these fees are levied on the amount of capital outstanding less the cumulative cost basis of any investments exited or written off during the fund's life.
6 Nov 2025	5: Private Special Situations	5.04 Other Special Situations	Page 240 Equation 6	$E_t = V_t N(d_1) - e^{-rT} DN(d_2)$	$E_t = V_t N(d_1) - e^{-r(\mathbf{T-t})} DN(d_2)$
6 Nov 2025	5: Private Special Situations	5.04 Other Special Situations	Page 251 Exhibit 21	Max($Stock_T$-X,0) arrow points to Equity Option Option Premium C_{Et} arrow points to Investor	Max($Stock_T$-X,0) arrow points to **Investor** Option Premium C_{Et} arrow points to **Equity Option**

10 Oct 2025	6: Private Real Estate Investments	6.02 Private Real Estate Investment Features	Page 275-276 Case Study intro and Solution to 1	Intro text: Project planners estimate a monthly rent per ft2 net of expenses in Malaysian ringgit of MYR2.75, with no additional income. Occupancy is expected to be 95% upon completion in two years, with 30% of gross rent as expenses, including a small capital improvement allowance. Solution to 1: Next, subtract vacancies and operating expenses (5%, or 100% – 95%, and 30% of gross rent, respectively) from gross rent:	Intro text: Project planners estimate a monthly rent **per ft2 in** Malaysian ringgit of MYR2.75, with no additional income. Occupancy is expected to be 95% upon completion in two years, with **a fixed** 30% of **full occupancy** gross rent as expenses, including a small capital improvement allowance. Solution to 1: Next, subtract vacancies and operating expenses (5%, or 100% – 95%, and **a fixed** 30% of gross rent **unrelated to vacancies**, respectively) from gross rent:

Private Wealth Pathway

Revised	Module	Lesson	Location (PDF)	Replace	With
6 Nov 2025	2: Working With the Wealthy	2.03 Client Profiles and Acquisition	Page 84 Exhibit 10	Decimillionaires	**Decamillionaires**
6 Nov 2025	3: Wealth Planning	3.04 Taxation	Page 196 Case Study Asset Location Strategies to Maximize Returns	Charles and Ivy Lee have USD15,000,000 of financial assets.	Charles and Ivy Lee have **USD10,000,000** of financial assets.
6 Nov 2025	4: Investment Planning	4.05 Performance Evaluation and Attribution	Page 280 Knowledge Check Solution 1	It is easily seen that the cumulative logarithmic return of both the portfolio and the benchmark is exactly equal to the sum of their monthly logarithmic returns and that 9.531 % + 10.536 % + 13.976 % = 12.971 % < 3 × 4.879 % = 14.637% .	It is easily seen that the cumulative logarithmic return of both the portfolio and the benchmark is exactly equal to the sum of their monthly logarithmic returns and that 9.531 % **-** 10.536 % + 13.976 % = 12.971 % < 3 × 4.879 % = 14.637% .
21 Jan 2026	4: Investment Planning	4.05 Performance Evaluation and Attribution	Page 285-286 Case Study 1 Solution	By doing so, they would have increased their return from 2.5% to 4%.	By doing so, they would have increased their return from 2.5% to **3.8**%.

6 Nov 2025	4: Investment Planning	Practice Problems	Page 294 Question 7	The decline in Foy's surplus resulting from a 30% decline in his investment portfolio would be *closest* to: **A.** 26%. **B.** 30%. **C.** 74%. C is correct. A 30% decline in Foy's investment portfolio would amount to 1,500,000 × 0.3 = 500,000. USD 500,000/USD 677,000 = 73.86%.	The decline in Foy's surplus resulting from a 30% decline in his investment portfolio would be *closest* to: **A.** 26%. **B.** 30%. **C. 66**%. C is correct. A 30% decline in Foy's investment portfolio would amount to 1,500,000 × 0.3 = **450,000**. USD **450,000**/USD 677,000 = **66.46**%.

5 Mar 2026	5: Preserving the Wealth	5.05 Exchange Rate Risk	Page 371		

This information can be summarized as:	Value in EUR	Value in USD Exchange rate is EUR1.10/ USD
Jennifer Hemmingworth		
Annual Lifestyle expenditure	100,000/year	
Total expenditure until retirement	800,000	880,000
Residential real estate		
Property Value	500,000	550,000
Mortgage on property	200,000	220,000
Family financial assets		
Cash on hand	100,000	50,000+ 110,000
Investments	1,000,000	1,150,000

This information can be summarized as:	Value in EUR	Value in USD Exchange rate is EUR1.10/ USD
Jennifer Hemmingworth		
Annual Lifestyle expenditure	100,000/year	**110,000/ year**
Total expenditure until retirement	800,000	880,000
Residential real estate		
Property Value	500,000	550,000
Mortgage on property	200,000	220,000
Family financial assets		
Cash on hand **(USD)**	100,000	**110,000**
Cash on hand (EUR)	**45,455**	**50,000**
Investments (USD)	**1,363,636**	1,150,000
Investments (EUR)	**1,000,000**	**1,100,000**

5 Mar 2026	5: Preserving the Wealth	5.05 Exchange Rate Risk	Page 372 Exhibit 38	Surplus $1,910,000 Debt & Equity Total $9,910,000	Surplus **$3,010,000** Debt & Equity Total **$11,010,000**
5 Mar 2026	5: Preserving the Wealth	5.05 Exchange Rate Risk	Page 372 Below Exhibit 38	Displaying the family balance sheet in this way reveals currency mismatches between assets and liabilities. The risk of that mismatch is compounded by exchange rate volatility. If we consolidate all the dollar-denominated assets into one category and all the euro-denominated assets in another (and similarly consolidate the liabilities by currency) and express them all in the same currency as we have done in Exhibit 39, we see currency risks. The USD1.55 million of dollar-denominated assets offsets only a small portion of the currency exposure of the dollar-denominated liabilities and surplus (USD6,900,000 + USD1,910,000 = USD8,810,000). The bulk of the Hemmingworths' assets (USD8.36 million) are denominated in euros, which more than offsets the currency exposure of the USD1.1 million worth of euro-denominated liabilities, including their mortgage and lifestyle. In other words, the Hemmingworths are long euros and short US dollars. They have a USD7.26 million mismatch in their euro exposure (i.e., USD8,360,000 – USD1,100,000).	Displaying the family balance sheet in this way reveals currency mismatches between assets and liabilities. The risk of that mismatch is compounded by exchange rate volatility. If we consolidate all the dollar-denominated assets into one category and all the euro-denominated assets in another (and similarly consolidate the liabilities by currency) and express them all in the same currency as we have done in Exhibit 39, we see currency risks. The USD1.55 million of dollar-denominated assets offsets only a small portion of the currency exposure of the dollar-denominated liabilities and surplus (USD6,900,000 + **USD3,010,000** = **USD9,910,000**). The bulk of the Hemmingworths' assets (**USD9.46 million**) are denominated in euros, which more than offsets the currency exposure of the USD1.1 million worth of euro-denominated liabilities, including their mortgage and lifestyle. In other words, the Hemmingworths are long euros and short US dollars. They have a **USD8.36 million** mismatch in their euro exposure (i.e., **USD9,460,000** – USD1,100,000).

5 Mar 2026	5: Preserving the Wealth	5.05 Exchange Rate Risk	Page 373 Below Exhibit 39	For the Hemmingworths, euros are the base currency, and US dollars are the price currency, or currency in which most of their consumption is based. A 10% depreciation in the euro relative to the US dollar, for example, would decrease the Hemmingworths' surplus by USD726,000 (i.e., 0.10 × [USD8,360,000 - USD1,100,000]), or about a third of their surplus.	For the Hemmingworths, euros are the base currency, and US dollars are the price currency, or currency in which most of their consumption is based. A 10% depreciation in the euro relative to the US dollar, for example, would decrease the Hemmingworths' surplus by **USD836,000** (i.e., 0.10 × [**USD9,460,000** - USD1,100,000]), or **just over a quarter of their surplus.**
	6: Advising the Wealthy	6.03 Complex Families	Pages 414-415 Case Study Gift and Estate Taxes	Replace Gift and Estate Taxes Case Study with content here.	

Glossary

Revised	Module	Location (PDF)	Replace	With