2024 CFA Program Level I Candidate Notice

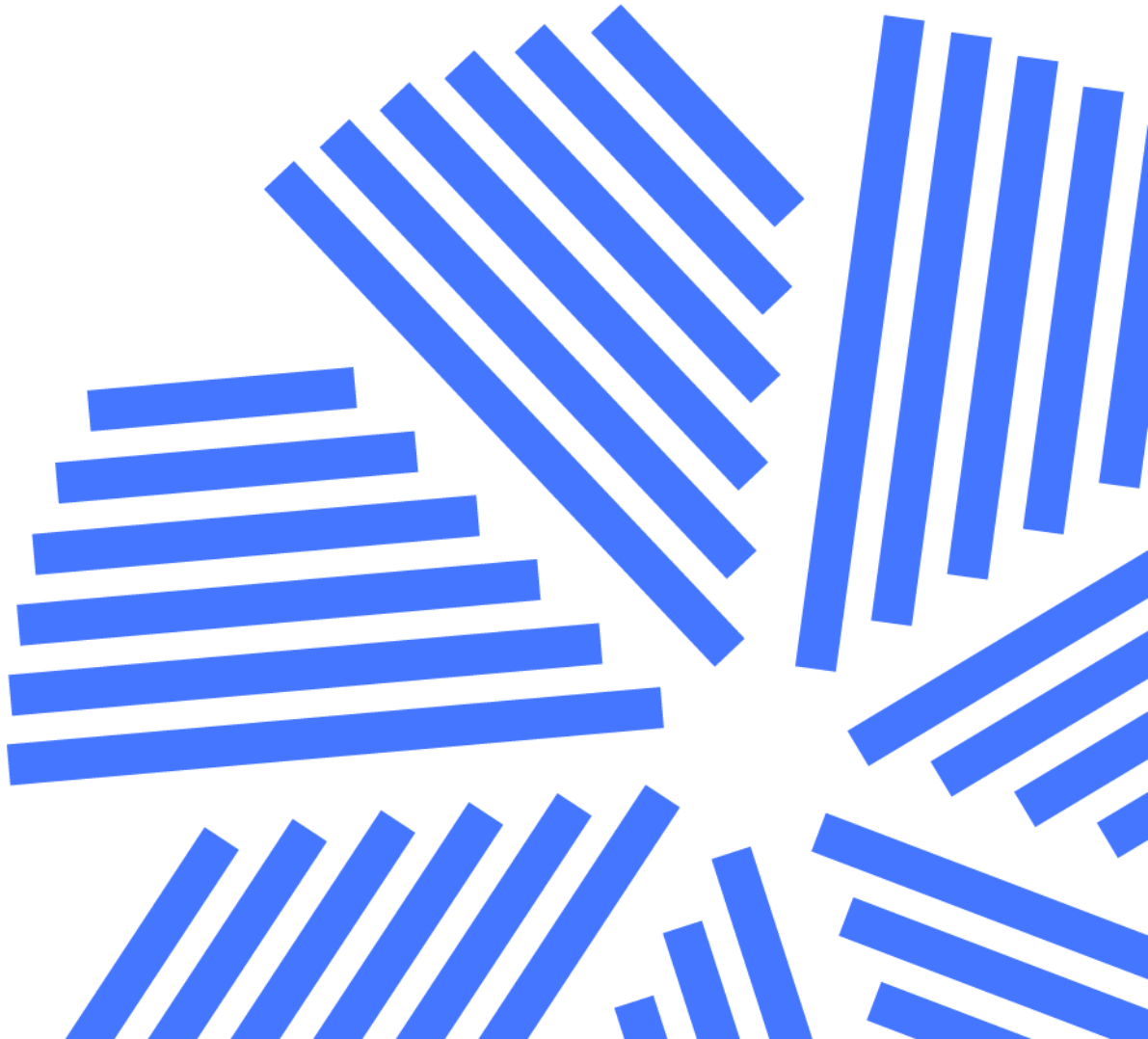
27 AUGUST 2025

This document outlines the errors submitted to CFA Institute that have been corrected.

Due to the nature of our publishing process, we may not be able to correct errors submitted after 1 September 2024 in time for the publication of the following year's print materials. We do make it known in this notice when changes have been published in the curriculum and when they are still pending corrections. We release a new notice every two weeks.

We recommend checking either the LES or this document regularly for the most current information. Depending on when you purchase the print materials, they may or may not have the errors corrected.

Quantitative Methods



Rates and Returns

Revised Date	Location	Page	Replace	With
26 August 2024	Third Paragraph	9	For example, an analyst may need to compute a one-year holding period return from three annual returns. In that case, the one-year holding period return is computed by compounding the three annual returns…	For example, an analyst may need to compute a **three-year** holding period return from three annual returns. In that case, the **three-year** holding period return is computed by compounding the three annual returns…
1 November 2024	First sentence after Exhibit 2	10	Beginning with an initial investment of EUR1.0000, we will have a balance of EUR0.8573 at the end of the three-year period as shown in the fourth column of Exhibit 2.	Beginning with an initial investment of EUR1.0000, we will have a balance of **EUR0.8574** at the end of the three-year period as shown in the fourth column of Exhibit 2.
18 August 2025	Solution to Example 2	11	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 August 2025	Exhibit 3 Title & Table	11	Exhibit 3: Mutual Fund Performance, 20X8–20X0 20X0	Exhibit 3: Mutual Fund Performance, 20X8–20Y0 20**Y**0
18 August 2025	Solution to Example 4	12	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:

Rates and Returns

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Example 7	16	The following paragraph should appear before the example:	The harmonic mean only works for non-negative numbers, so when working with returns that are expressed as positive or negative percentages, we first convert the returns into a compounding format, assuming a reinvestment, as (1 + R), as was done in the geometric mean return calculation, and then calculate (1 + harmonic mean), and subtract 1 to arrive at the harmonic mean return.
14 August 2025	Paragraph and equation under Example 6	16	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.	~~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.~~
26 August 2024	Example 8, Solution 4	23	Replace the sum in the second calculation: 1.1471	1.147**6**

Rates and Returns

Revised Date	Location	Page(s)	Replace	With
26 August 2024	In-text Equation callouts	29	Equation numbering in-text	Starting on page 29, in-text equation callouts mismatched. Starting on page 29, the equation is labeled as equation “7” but the text below it refers to it as “Equation 8.” Throughout the rest of the LM, in-text callouts should be one less than the current number
26 August 2024	First paragraph	33	The first paragraph under Gross and Net Return should read:	A gross return is the return on assets managed less any trading expenses and commissions. Gross return is intended to reflect the investment skill of the manager. Expenses including management fees, custody fees, and taxes are not included in the gross return because they may be different for different investors. For example, most asset managers provide lower management fee rates to larger accounts. Excluding these expenses in gross returns provides a basis for evaluation and comparison of investment management skill.
26 August 2024	Equation 14	34	$(1 + \textit{real return}) = \frac{(1 + \textit{real risk–free rate})(1 + \textit{risk premium})}{1 + \textit{inflation premium}}$	$(1 + \textit{real return}) = (1 + \textit{real risk–free rate})(1 + \textit{risk premium})$
31 January 2024	Question 1	38	The full question prompt for Practice Problem 1 should read as follows:	“**The nominal risk-free rate is best described as the sum of the real risk-free rate** and a premium for:”

Time Value of Money in Finance

Revised Date	Location	Page(s)	Replace	With
26 August 2024	Example 2, Solution 1	51	$$PV = EUR100 = \frac{2}{1.20} + \frac{2}{1.02^2} + \frac{2}{1.02^3} + \frac{2}{1.02^4} + \frac{2}{1.02^5} + \frac{2}{1.02^6} + \frac{2}{1.02^7}$$	$$PV = EUR100 = \frac{2}{1.20} + \frac{2}{1.02^2} + \frac{2}{1.02^3} + \frac{2}{1.02^4} + \frac{2}{1.02^5} + \frac{2}{1.02^6} + \frac{\mathbf{102}}{1.02^7}$$
26 August 2024	Example 2, Question 2	51	Question 2 should begin: _____ The solution to Question 2 should read:	Next, let's assume that, exactly **two years** later, a sharp rise…. _____ **3.2876** percent In this case, we must solve for r using Equation 6, with PV equal to 93.09, as follows: PV = 93.091 = $2/(1+r) + 2/(1+r)^2 + 2/(1+r)^3 + \mathbf{2/(1+r)^4} + 2/(1+r)^5 + 102/(1+r)^6$. Here we may use the Microsoft Excel or Google Sheets RATE function (RATE (6,2,93.091,100,0,0.1)) to solve for r of **3.2876** percent. Investors in fixed coupon bonds face a capital loss when investors expect a higher YTM.

Time Value of Money in Finance

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Exhibit 6	58	Within the exhibit, the bar representing the fifth year is incorrectly labeled. The exponent 4 should be 3, so replace this expression on top of the bar: $D(1+g_s)^4 (1+g_l)^2$	$D(1+g_s)^3 (1+g_l)^2$
31 January 2024	Example 7, Solution 2	59	We may solve for D4 as GBP1.894 (=1.787 × 1.02 = D3(1 + gl)) and the second expression to be GBP9.22 as follows: $$\text{GBP9.22} = \frac{1.894/(0.15 - 0.02)}{(1.15)^3}.$$	We may solve for D4 as **GBP1.823** (=1.787 × 1.02 = D3(1 + gl)) and the second expression to be GBP9.22 as follows: $$\text{GBP9.22} = \frac{\mathbf{1.823}/(0.15 - 0.02)}{(1.15)^3}.$$
29 May 2025	Sentence under Exhibit 7	61	We may rearrange Equation 5 from to solve	We may rearrange Equation 5 from the previous section to solve

Statistical Measures of Asset Returns

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Paragraph following Exhibit 2	91	The modal interval always has the highest bar in the histogram; in this case, the modal interval is 0.0 to 0.9 percent, and this interval has 493 observations out of a total of 1,258 observations.	The modal interval always has the highest bar in the histogram; in this case, the modal interval is 0.0 to **1.0** percent, and this interval has **555** observations out of a total of 1,258 observations.
29 May 2024	Question Set, Question 2	109	2. The fund with the mean absolute deviation (MAD) is Fund:	2. The fund with the **highest** mean absolute deviation (MAD) is Fund:
29 May 2024	Interpreting Skewness and Kurtosis, Question 2	115	2. Does the distribution displays kurtosis? Explain.	2. Does the distribution **display** kurtosis? Explain.

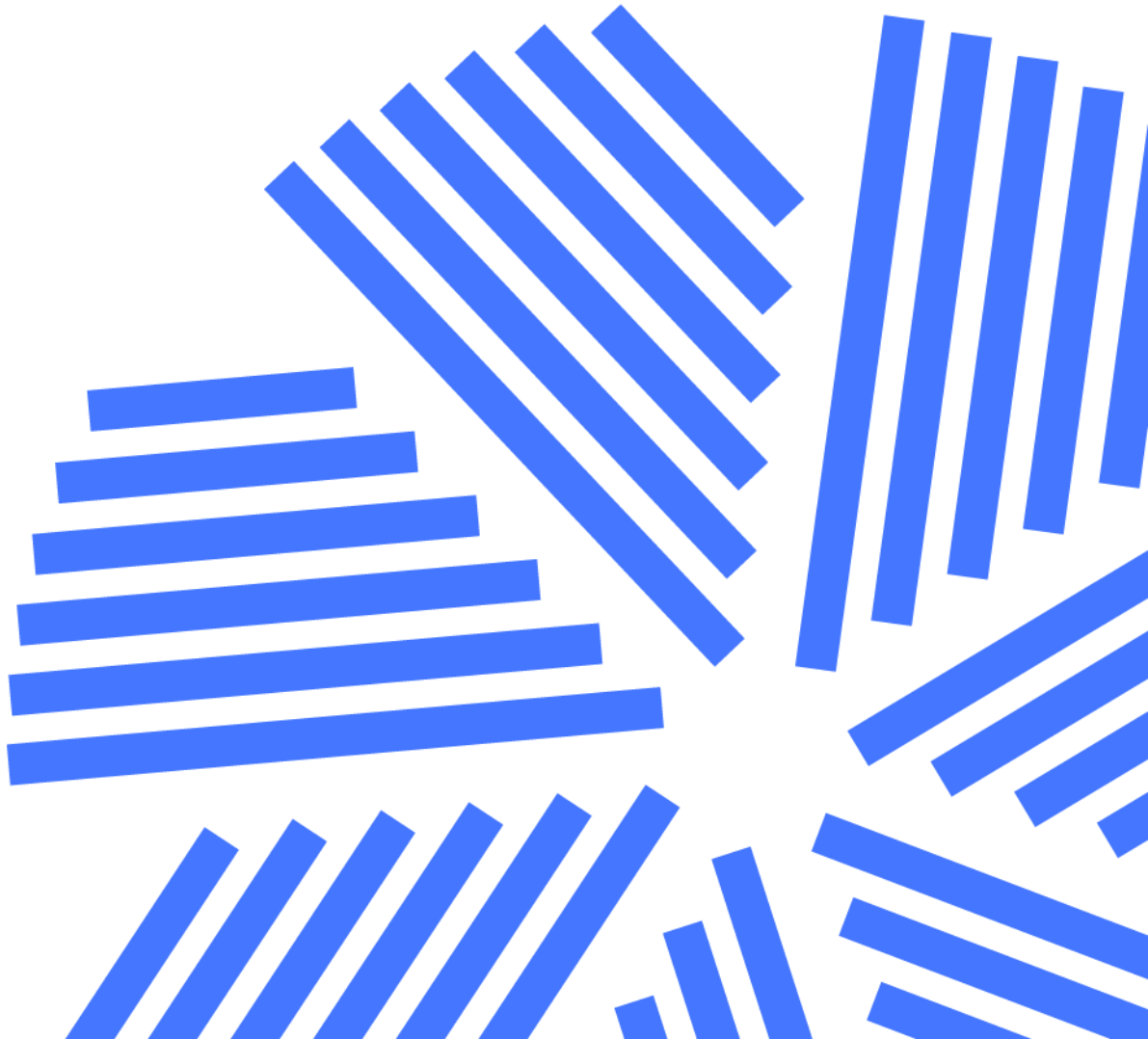
Portfolio Mathematics

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Equation 2	153	$\sigma^2(R_p) = E\{[R_p E(R_p)]^2\}.$	$\sigma^2(R_p) = E\{[R_p - E(R_p)]^2\}.$
31 January 2024	Equation 4	154	$\mathrm{Cov}(R_i, R_j) = \sum_{n=1}^{n}(R_{i,t}, \bar{R}_i)(R_{j,t} - E\bar{R}_j)/(n-1).$	$\mathrm{Cov}(R_i, R_j) = \sum_{n=1}^{n}(R_{i,t} - \bar{R}_i)(R_{j,t} - E\bar{R}_j)/(n-1).$
22 August 2025	Equation under Exhibit 3	155	$\sigma^2(R_p) = w_1^2\sigma^2(R_1) + w_2^2\sigma^2(R_2) + w_2^3\sigma^2(R_3) + 2w_1w_2\mathrm{Cov}(R_1, R_2)$	$\sigma^2(R_p) = w_1^2\sigma^2(R_1) + w_2^2\sigma^2(R_2) + w_3^2\sigma^2(R_3) + 2w_1w_2\mathrm{Cov}(R_1, R_2)$
31 January 2024	Calculation under Equation 5	157	$= w_1^2\sigma^2(R_1) + w_1w_2\mathrm{Cov}(R_1, R_2) + w_1w_3\mathrm{Cov}(R_1, R_3)$ $+ w_1w_2\mathrm{Cov}(R_1, R_2) + w_2^2\sigma^2(R_2) + w_2w_3\mathrm{Cov}(R_2, R_3)$ $+ w_1w_3\mathrm{Cov}(R_1, R_3) + w_2w_3\mathrm{Cov}(R_2, R_3) + w_2^3\sigma^2(R_3).$	$= w_1^2\sigma^2(R_1) + w_1w_2\mathrm{Cov}(R_1, R_2) + w_1w_3\mathrm{Cov}(R_1, R_3)$ $+ w_1w_2\mathrm{Cov}(R_1, R_2) + w_2^2\sigma^2(R_2) + w_2w_3\mathrm{Cov}(R_2, R_3)$ $+ w_1w_3\mathrm{Cov}(R_1, R_3) + w_2w_3\mathrm{Cov}(R_2, R_3) + w_3^2\sigma^2(R_3)$
31 January 2024	Example 1, Solution 3, last line	157	$\sigma(Rp) = 99.72^{1/2}$	$\sigma(Rp) = 99.72^{1/2} =$ **9.99**%

Portfolio Mathematics

Revised Date	Location	Page(s)	Replace	With
18 August 2025	Last sentence in paragraph under Equation 8	162	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.**

Economics



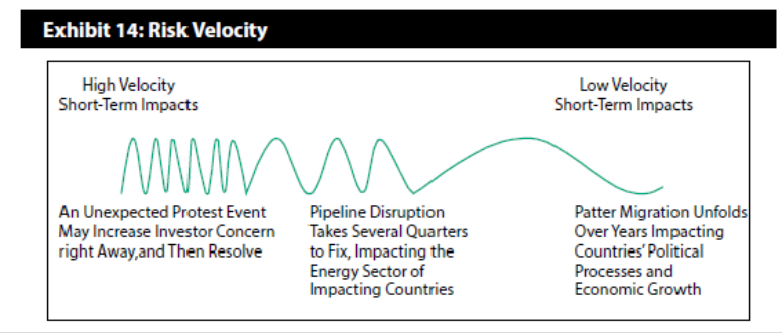
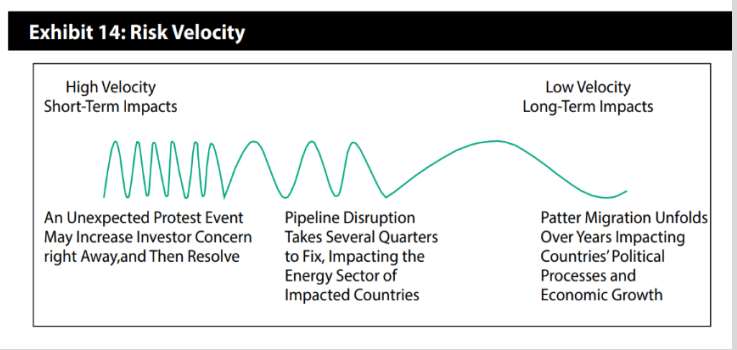
Firms and Market Structures

Revised Date	Location	Page(s)	Replace	With
4 August 2024	Exhibit text surrounding exhibits 16 & 17	378 - 379	Exhibit 16 (A) Exhibit 16 (B)	Exhibit 16 Exhibit **17**

Monetary Policy

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Practice Problem 7	485	Answer options: accurately determine the neutral rate of interest. A. regulate the willingness of financial institutions to lend. B. control amounts that economic agents deposit into banks.	**A.** accurately determine the neutral rate of interest. **B.** regulate the willingness of financial institutions to lend. **C.** control amounts that economic agents deposit into banks.

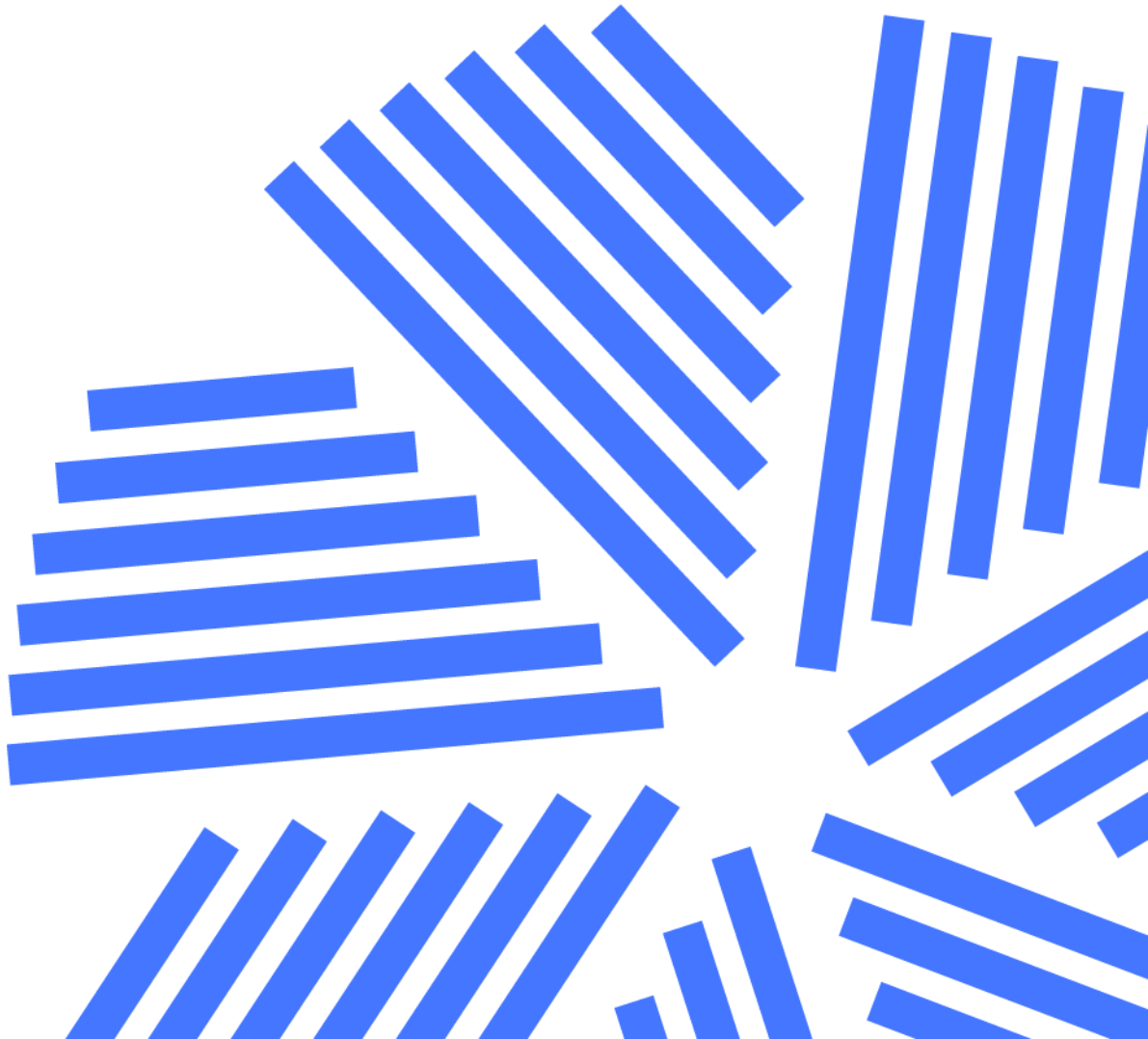
Introduction to Geopolitics

Revised Date	Location	Page(s)	Replace	With
30 May 2024	Exhibit 14	530	Pipeline Disruption Takes Several Quarters to Fix, Impacting the Energy Sector of Impacting Countries Low Velocity/Short-Term Impacts 	Pipeline Disruption Takes Several Quarters to Fix, Impacting the Energy Sector of **Impacted** Countries Low Velocity/**Long**-Term Impacts 

Exchange Rate Calculations

Revised Date	Location	Page(s)	Replace	With
4 June 2025	Practice Problems, Solution 6	612	$Ff/d/\ Sf/d = (1+rf\tau\ /\ 1+rd\tau)$	$F_{f/d}/\ S_{f/d} = (1+r_f\tau\ /\ 1+r_d\tau)$

Portfolio Management



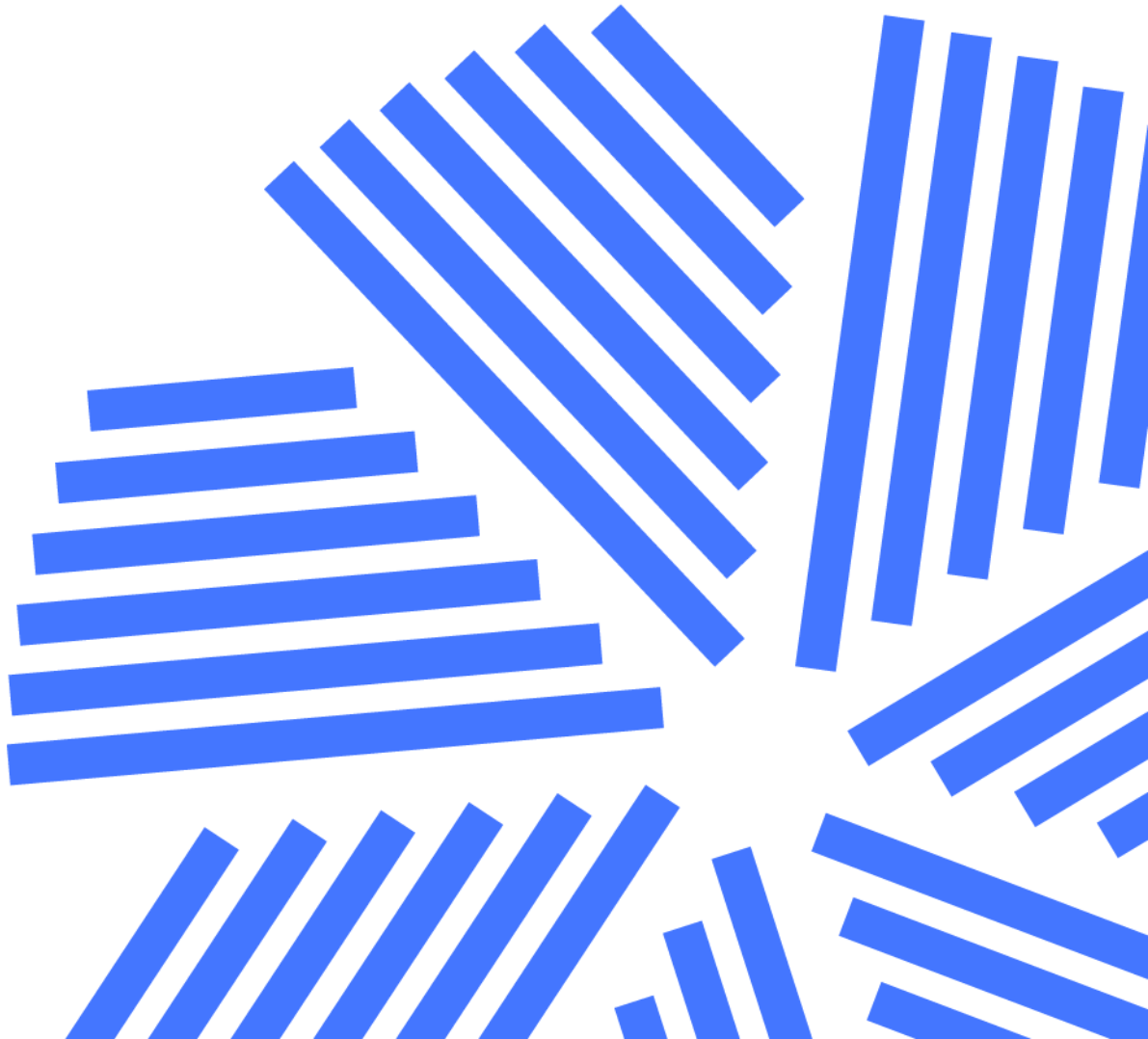
Portfolio Risk and Return: Part I

Revised Date	Location	Page(s)	Replace	With
8 March 2024	Example 5	28	Formula under “The expected return of this portfolio is”: Rp = w1 × R1 + (1 – w1) × R2 = 0.6 × 0.055 + 0.4 × 0.07 = 0.0358 ≈ 3.6%.	Rp = w1 × R1 + (1 – w1) × R2 = 0.6 × 0.055 + 0.4 × **0.007** = 0.0358 ≈ 3.6%.

Portfolio Risk and Return: Part II

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Example 8, Solution 1	89	Replace the second calculation under Solution: E(R*i*) = R*f* + β*i*[E(R*m*) – Rf] = 0.04 + 1.30 × (0.16 – 0.04) = 0.196 = 19.6%	$E(\mathbf{R}_p) = R_f + \boldsymbol{\beta}_p[E(R_m) - R_f]$ = 0.04 + 1.30 × (0.16 – 0.04) = 0.196 = 19.6%
1 November 2024	Example 10, paragraph after exhibit 8	99	Mˆ2 and αˆi are performance measures relative to the market, so they are both equal to zero for the market portfolio.	Mˆ2 **alpha** and αˆi are performance measures relative to the market, so they are both equal to zero for the market portfolio.

Corporate Issuers



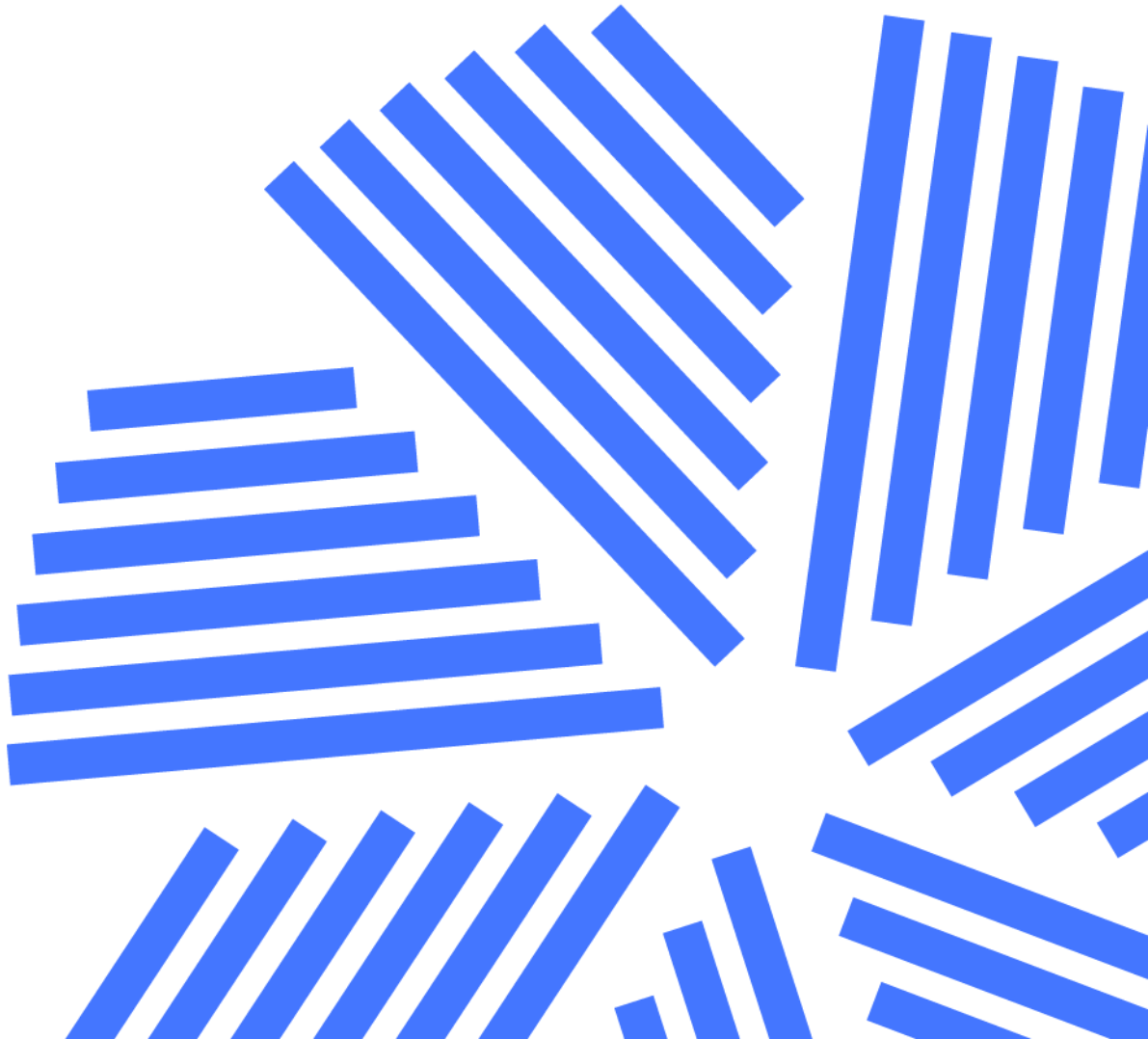
Working Capital and Liquidity

Revised Date	Location	Page(s)	Replace	With
4 March 2024	Question Set, Solution 3	229	B is correct. The issuer that uses the vendor financing by delaying payments is increasing its days payable outstanding and thus lengthening its cash conversion cycle. The issuer is reducing its need for liquidity by taking advantage of the vendor financing at the cost of the forgone discount.	**A is correct.** The issuer that uses the vendor financing by delaying payments is increasing its days payable outstanding and thus **shortening** its cash conversion cycle. The issuer is reducing its need for liquidity by taking advantage of the vendor financing at the cost of the forgone discount.

Capital Structure

Revised Date	Location	Page(s)	Replace	With
4 November 2024	Question Set, Solution 3	301	A is correct.	**C is correct.**
25 November 2024	Firm Value with Taxes (MM Proposition II with Taxes)	317	Firm Value with Taxes (MM Proposition II with Taxes)	**Firm Value with Taxes (MM Proposition I with Taxes)**
4 March 2024	Paragraph following Exhibit 7	323	However, as debt increases, the possible financial distress costs rise substantially and equal the tax benefit of debt at D*. Beyond this point, greater leverage reduces firm value, the present value of financial distress costs outweigh the tax benefit.	However, as debt increases, the **present value of expected financial distress costs begins to rise and offset the tax benefit of debt, with the optimal amount of debt D* at the point at which the marginal benefit of the tax shield equals the marginal cost of expected financial distress.** Beyond this point, greater leverage reduces firm value, **as the increased** present value of **expected** financial distress costs outweighs the **marginal** tax benefit.

Financial Statement Analysis



Deferred Tax Assets and Liabilites

Revised Date	Location	Page(s)	Replace	With
13 August 2025	First paragraph under Realizability of Deferred Tax Assets	10	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. ...the temporary difference will not lead to recognition of a deferred tax liability. If a deferred tax liability was recognized previously, but there was sufficient doubt about the economic benefits being realized, then, under the IFRS, an existing deferred tax liability would be reversed. Under US GAAP, a valuation allowance would be established to reduce the amount of deferred tax liability to the amount that is more likely than not to be realized.	A deferred tax **asset** may be created only if the company expects to be able to realize the economic benefit of the deferred tax **asset** in the future. ...the temporary difference will not lead to recognition of a deferred tax **asset**. If a deferred tax **asset** was recognized previously, but there was sufficient doubt about the economic benefits being realized, then, under the IFRS, an existing deferred tax **asset** would be reversed. Under US GAAP, a valuation allowance would be established to reduce the amount of deferred tax **asset** to the amount that is more likely than not to be realized.

Analyzing Income Statements

Revised Date	Location	Page(s)	Replace	With
14 January 2025	Capitalization of Interest Costs, fourth paragraph	417	First, capitalized interest appears as part of investing cash outflows, whereas expensed interest typically reduces operating cash flow. US GAAP–reporting companies are required to categorize interest in operating cash flow, and IFRS-reporting companies can categorize interest in operating, investing, or financing cash flows.	First, capitalized interest appears as part of investing cash outflows, whereas expensed interest typically reduces operating cash flow. US GAAP–reporting companies are required to categorize interest in operating cash flow, and IFRS-reporting companies can categorize **expensed** interest in operating, investing, or financing cash flows.
30 May 2024	Example 10, first sentence	433	1. Assume the same facts as Example 7 except that on 1 December 2018, a previously declared 2-for-1 stock split took effect.	1. Assume the same facts as **Example 9** except that on 1 December 2018, a previously declared 2-for-1 stock split took effect.

Analyzing Balance Sheets

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Ratio Analysis, Solution 2	477	A, B, and C are correct. The cash ratio, quick ratio, and current ratio are lower in 2017 than in 2016. Replace the Cash row in the solution table: (Cash + Marketable securities) ÷ Current liabilities (EUR4,011 + EUR990 ÷ EUR10,210 = 0.49 (EUR3,702 + EUR1,124 ÷ EUR9,674 = 0.50	**B and C are correct**. **The ratios are shown in the table below. The quick ratio and current ratio** are lower in 2017 than in 2016. **The cash ratio is slightly higher in 2017 than in 2016.** (Cash + Marketable securities) ÷ Current liabilities (€4,011 + 0) ÷ €10,210 = **0.39** (€3,702 + 0) ÷ €9,674 = **0.38**

Analyzing Statements of Cash Flows I

Revised Date	Location	Page(s)	Replace	With
8 March 2024	Exhibit 4	490	Replace table header: Income Statement for year ended 31 December 20X1 Replace table header: Statement of Cash Flows for year ended 31 December 20X1	Income Statement for year ended 31 December **20X2** Statement of Cash Flows for year ended 31 December **20X2**
26 September 2024	Exhibit 5, table, last statement of cash flows item	490	Cash flows from operating activities increases by USD100	Cash flows from operating activities increases by **USD150**

Analyzing Statements of Cash Flows II

Revised Date	Location	Page(s)	Replace	With
8 March 2024	Paragraph under Exhibit 5	525	The common-size statement in Exhibit 5 has been developed based on Acme's cash flow statement using the indirect method for operating cash flows and using net revenue (cash received from customers) for the company in 2018 of USD23,598 from Exhibit 3.	The common-size statement in Exhibit 5 has been developed based on Acme's cash flow statement using the indirect method for operating cash flows and using net revenue (cash received from customers) for the company in 2018 of **USD23,543** from Exhibit 3.

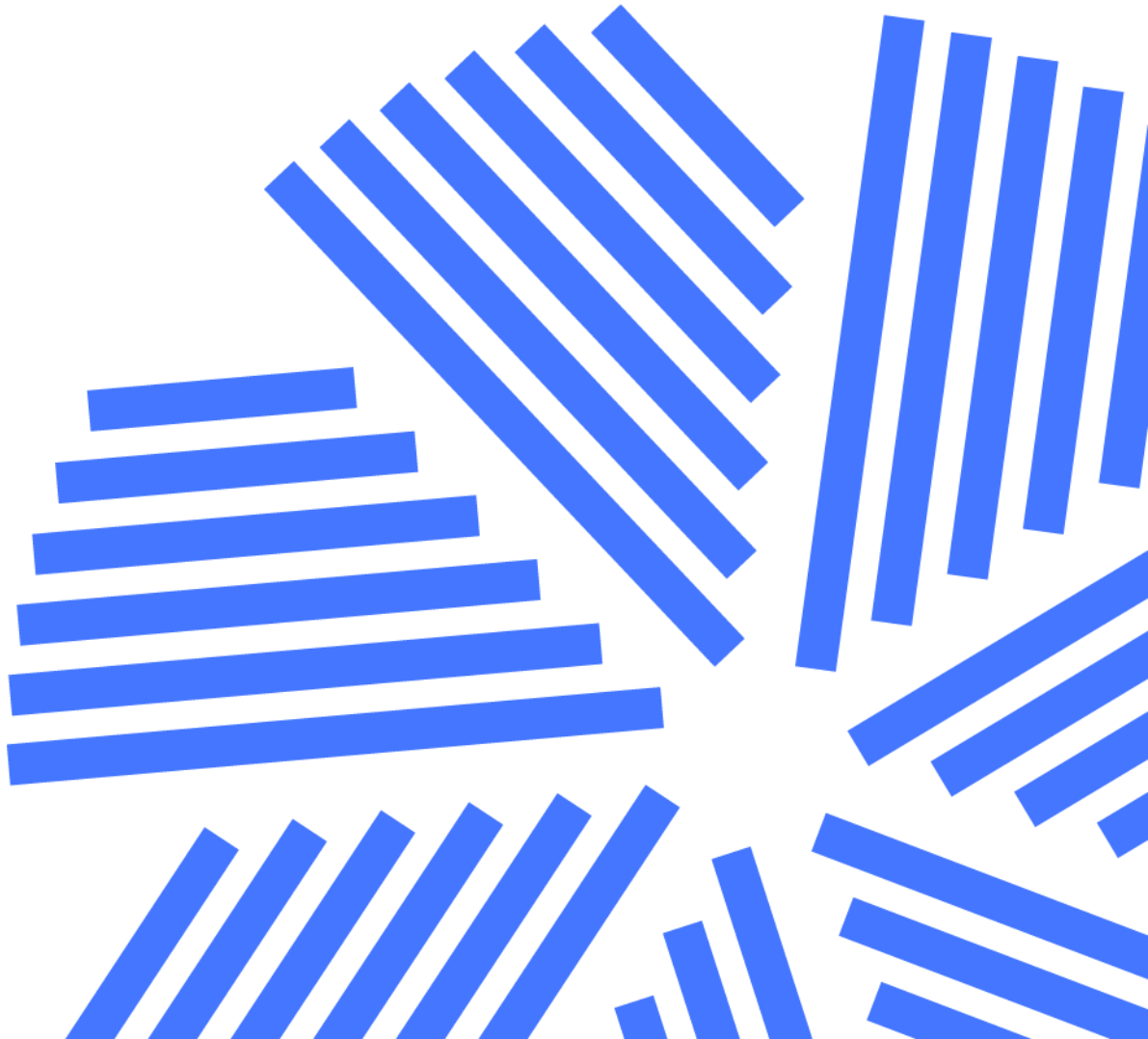
Analysis of Inventories

Revised Date	Location	Page(s)	Replace	With
8 March 2024	Practice Problem 34	570	B is correct. _____ Explanatory text should read:	**C** is correct. _____ In a period of rising inventory costs, inventory valued using FIFO would have relatively higher values compared to inventory valued using LIFO. Thus, any mark downs of inventory values to NRV would have the least impact on inventories valued using the LIFO method as they are already conservatively valued.

Introduction to Financial Statement Modeling

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Example 8, Solution 3	221	The highest gross profit is projected by Analyst D.	The highest gross profit is projected by **Analyst C**.

Equity Investments



Company Analysis: Past and Present

Revised Date	Location	Page(s)	Replace	With
4 June 2024	Example 3, Solution 4	460	C is correct. Last 12 months' sales: $7,688 Last 12 months' operating profit: $1,244 Low end of guidance Next 12 months' sales: 156.360 × $62.50 = $9,773 Next 12 months' operating profit: $9,773 – (156.360 × 17.34) – 1,565 = 5,496 Degree of operating leverage: (5,496/1,244 – 1)/(9,773/7,688 – 1) = 1.95 High end of guidance Next 12 months' sales: 167.197 × $62.50 = $10,450 Next 12 months' operating profit: $10,450 – (167.197 × 17.34) – 1,565 = 5,986 Degree of operating leverage: (5,986/1,244 – 1)/(10,450/7,688 – 1) = 1.85	C is correct. Last 12 months' sales: $7,688 Last 12 months' operating profit: **$3,594** Low end of guidance Next 12 months' sales: 156.360 × $62.50 = $9,773 Next 12 months' operating profit: $9,773 – (156.360 × 17.34) – 1,565 = 5,496 Degree of operating leverage: (5,496/**3,594** – 1)/(9,773/7,688 – 1) = 1.95 High end of guidance Next 12 months' sales: 167.197 × $62.50 = $10,450 Next 12 months' operating profit: $10,450 – (167.197 × 17.34) – 1,565 = 5,986 Degree of operating leverage: (5,986/**3,594** – 1)/(10,450/7,688 – 1) = 1.85

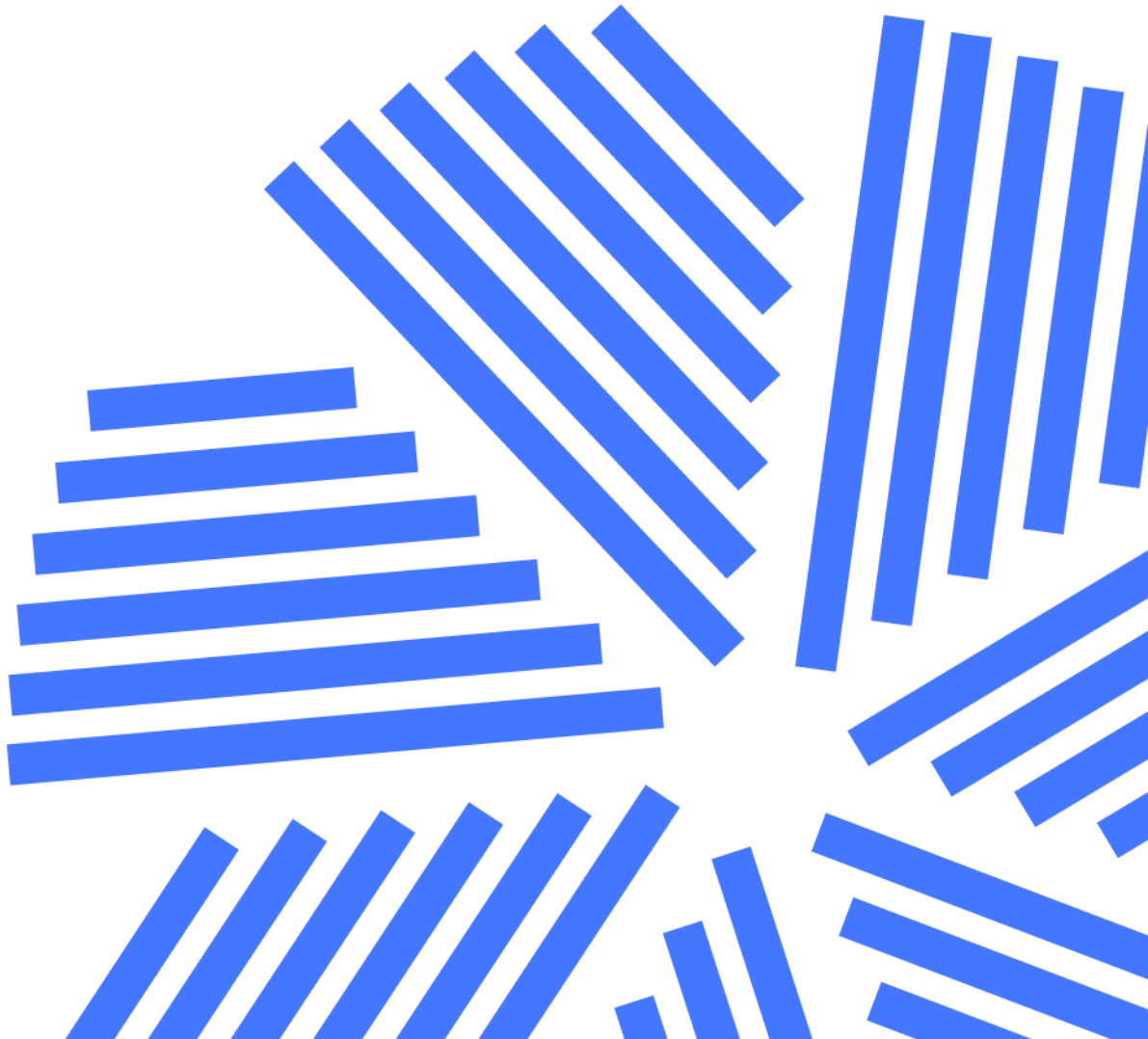
Company Analysis: Past and Present

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Practice Problem, first passage	474	On average, NewShips' commission, which it receives as a broker from the customer, was 6% of the freight rate.	On average, NewShips' commission, which it receives as a broker from the customer, was **5%** of the freight rate.
31 January 2024	Practice Problem	475 - 476	Question should be disregarded as there is not sufficient information about Net Profit to provide a complete answer.	

Equity Valuation: Concepts and Basic Tools

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Example 14, Question 1	596	Thus, total revenues for Boeing are expected to be about a fifth higher than those for Boeing.	Thus, total revenues for Boeing are expected to be about a fifth higher than those for **Airbus**.

Fixed Income



Fixed-Income Instrument Features

Revised Date	Location	Page(s)	Replace	With
28 July 2025	Paragraph above Question Set	18	Other negative covenants include limitations on investments, the disposal of assets, or issuance of debt senior to existing obligations under what is known as a negative pledge clause. Negative covenants seek to ensure that an issuer maintains the ability to make interest and principal payments.	Other negative covenants include limitations on investments, the disposal of assets, or issuance of debt senior to existing obligations ~~under what is known as a negative pledge clause~~. A **negative pledge clause**, specifically, restricts the pledging of assets as collateral for new debt to ensure existing creditors are not subordinated.

Yield and Yield Spread Measures for Fixed-Rate Bonds

Revised Date	Location	Page(s)	Replace	With
1 November 2024	Example 9	177	$100.45 = \frac{0.375}{(1+r)^1} + \frac{0.375}{(1+r)^2} + \frac{0.375}{(1+r)^3} + \frac{100.375}{(1+r)^4}.$ $r = 0.0018662 \times 2 = 0.00373.$	$100.75 = \frac{0.375}{(1+r)^1} + \frac{0.375}{(1+r)^2} + \frac{0.375}{(1+r)^3} + \frac{100.375}{(1+r)^4}.$ $r = 0.0018662 \times 2 = 0.00373.$

Yield and Yield Spread Measures for Floating-Rate Instruments

Revised Date	Location	Page(s)	Replace	With
30 October 2024	Second equation from top	191	$PV = \frac{\frac{(0.0125+0.0050)\times 100}{2}}{(1+\frac{0.0125+0.040}{2})^{1}} + \frac{\frac{(0.0125+0.0050)\times 100}{2}}{(1+\frac{0.0125+0.040}{2})^{2}} + \frac{\frac{(0.0125+0.0050)\times 100}{2}}{(1+\frac{0.0125+0.040}{2})^{3}} + \frac{\frac{(0.0125+0.0050)\times 100}{2}+100}{(1+\frac{0.0125+0.040}{2})^{4}}$	$PV = \frac{\frac{(0.0125+0.0050)\times 100}{2}}{\left(1+\frac{0.0125+0.0040}{2}\right)^{1}} + \frac{\frac{(0.0125+0.0050)\times 100}{2}}{\left(1+\frac{0.0125+0.0040}{2}\right)^{2}} + \frac{\frac{(0.0125+0.0050)\times 100}{2}}{\left(1+\frac{0.0125+0.0040}{2}\right)^{3}} + \frac{\frac{(0.0125+0.0050)\times 100}{2}+100}{\left(1+\frac{0.0125+0.0040}{2}\right)^{4}}$
1 November 2024	Question Set, Question 6	201	6. A portfolio manager has asked you to evaluate the following Thai baht–denominated money market instruments with equivalent credit risk.	6. A portfolio manager has asked you to evaluate the following Thai baht–denominated **180 days** money market instruments with equivalent credit risk.

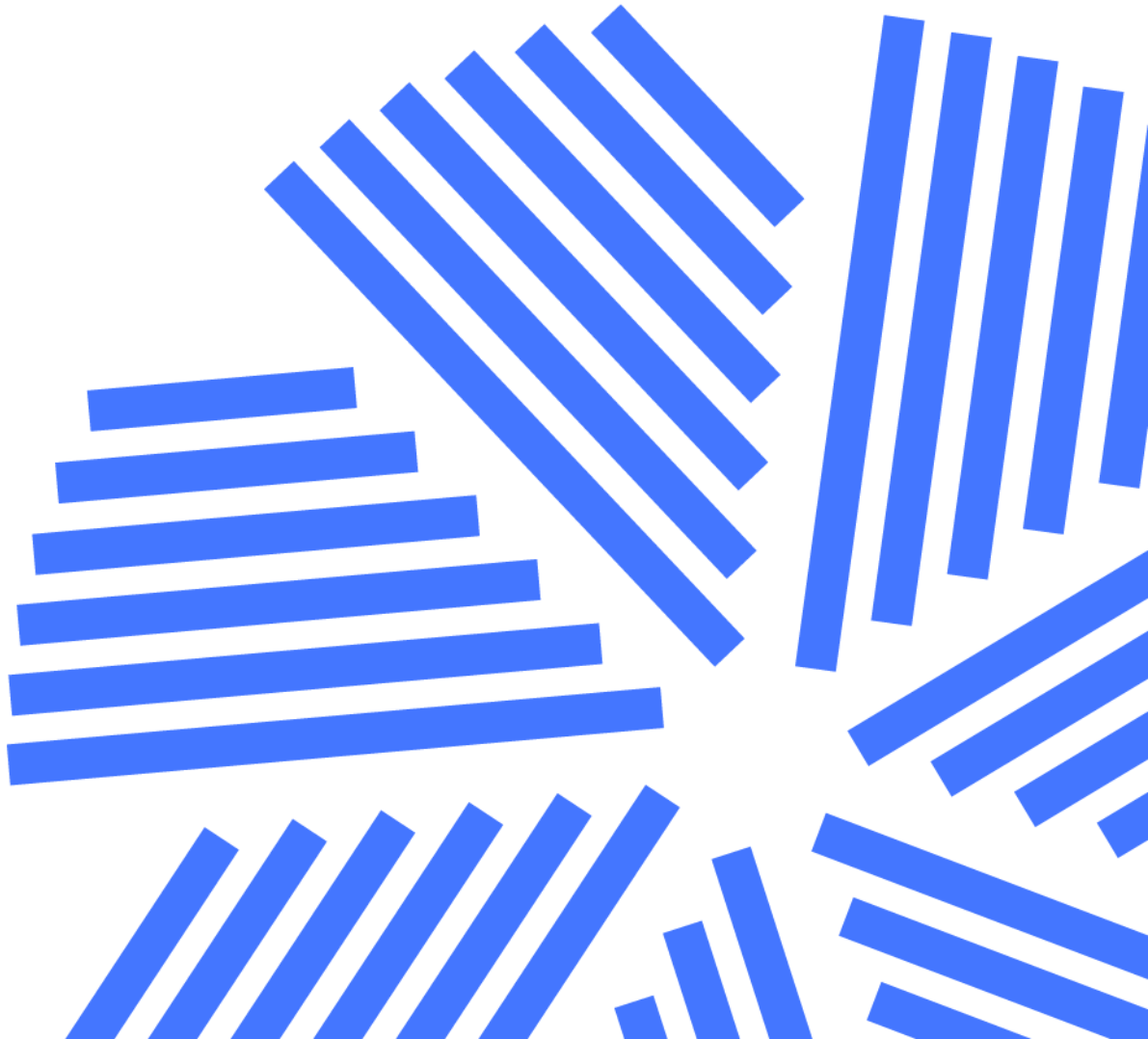
Yield-Based Bond Convexity and Portfolio Properties

Revised Date	Location	Page(s)	Replace	With
24 September 2024	Question 1	312	For a 5bps increase and decrease in yield-to-maturity, PV+ and PV– are 98.245077 and 101.792534, respectively.	For a **50bps** increase and decrease in yield-to-maturity, PV_+ and PV_- are **99.82283** and **100.177546**, respectively.
24 September 2024	Solution 1	314	$\text{ApproxCon} = \frac{101.792534 + 98.245077 - (2 \times 100)}{(0.0005)\,2 \times 100}$ $= 15.044498$	$\text{ApproxCon} = \frac{100.177546 + 98.82283 - (2 \times 100)}{(0.005)\,2 \times 100}$ $= 15.04$

Credit Analysis of Corporate Issuers

Revised Date	Location	Page(s)	Replace	With
5 August 2025	Paragraph above Example 6	429	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.	**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.

Derivatives



Derivative Instrument and Derivative Market Features

Revised Date	Location	Page(s)	Replace	With
4 June 2025	Paragraph under Exhibit 4	14	London Metals Exchange (LME)	London Metal Exchange (LME)

Forward Commitment and Contingent Claim Features and Instruments

Revised Date	Location	Page(s)	Replace	With
4 June 2025	Example 2 image, paragraph under Ex. 2 image, Paragraph under Ex. 2, Example 3 image	30, 31, 32	London Metals Exchange (LME)	London Metal Exchange (LME)

Derivative Benefits, Risks, and Issuer and Investor Uses

Revised Date	Location	Page(s)	Replace	With
26 August 2024	Question Set, Solution 2	66	The seller of a call option receives an upfront premium in exchange for the right to purchase the underlying at the exercise price at maturity. Once the seller of a call option receives the premium from the option buyer, it has no further counterparty credit risk to the option buyer.	The seller of a call option receives an upfront premium in exchange for the **obligation to sell the underlying asset at the exercise price if the option is exercised**. Once the seller of a call option receives the premium from the option buyer, it has no further counterparty credit risk to the option buyer.

Arbitrage, Replication, and the Cost of Carry in Pricing Derivatives

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Example 6	90	$F_{0,(f/d)}(T) = 1.3325 = \frac{AUD1{,}333.80}{AUD1{,}001}$	$F_{0,(f/d)}(T) = 1.3325 = \frac{\mathbf{AUD1{,}333.33}}{\mathbf{USD1{,}001}}$
22 August 2024	Question Set, Question 2	93	B. A foreign currency forward where the domestic risk-free rate is greater than the foreign risk-free rate	B. A foreign currency forward where the **foreign** risk-free rate is greater than the **domestic** risk-free rate

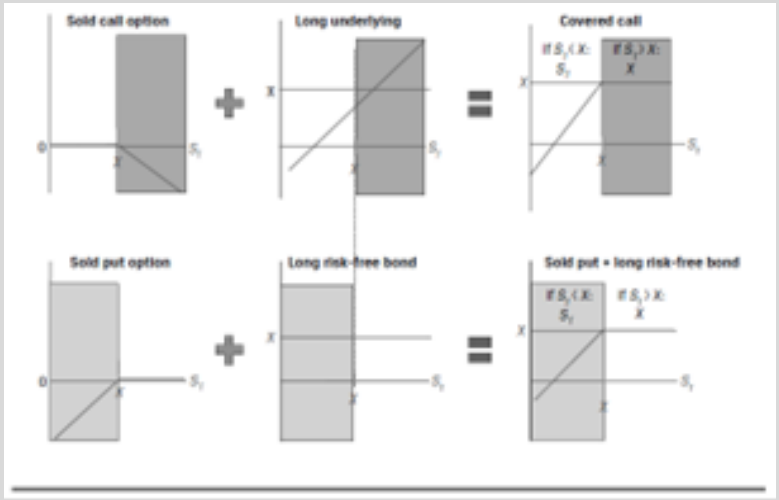
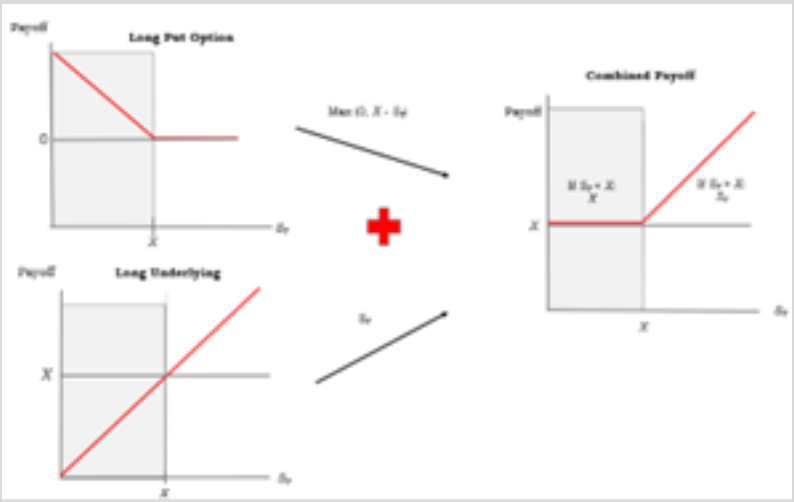
Pricing and Valuation of Forward Contracts

Revised Date	Location	Page(s)	Replace	With
8 March 2024	Solution 5	110-111	Replace all references to “gain” in the answer with “loss”	An immediate appreciation in the ZAR/EUR spot price after contract inception will result in an MTM **loss** from Rook Point’s perspective as the forward seller of ZAR/EUR. The FX forward MTM from Rook Point’s perspective equals the present value of the forward price discounted at the interest rate differential between the foreign currency and the domestic currency minus the spot price: $V0(T) = F0,f/d (T) e-(r f –r d)T − S0,f/d$ Note that ZAR is the price, or foreign, currency and EUR is the base, or domestic, currency, so we can rewrite the equation as: $V0(T) = F0,ZAR/EUR (T) e-(r ZAR–r EUR)T − S0,ZAR/EUR$ If the ZAR price (S0,ZAR/EUR) appreciates from 16.909 to 16.5, we can show that Rook Point would have a 0.4090 **loss**, as follows: $Vt (T) = 17.2506e-(0.035 – -0.005)×(0.5) − 16.5$ $= 16.909 − 16.5$ $= 0.4090$

Pricing and Valuation of Forward Contracts

Revised Date	Location	Page(s)	Replace	With
15 October 2024	Exhibit 9	118	Mentions of the word “player”	The word “payer”
31 January 2024	Example 2, Solution 1	131	$f_0(T) = (\$1{,}770.00 + \$1.99)(1.02)^{-0.24982}$	$f_0(T) = (\$1{,}770.00 + \$1.99)(1.02)^{\mathbf{0.24982}}$ = $1,780.78 per ounce.

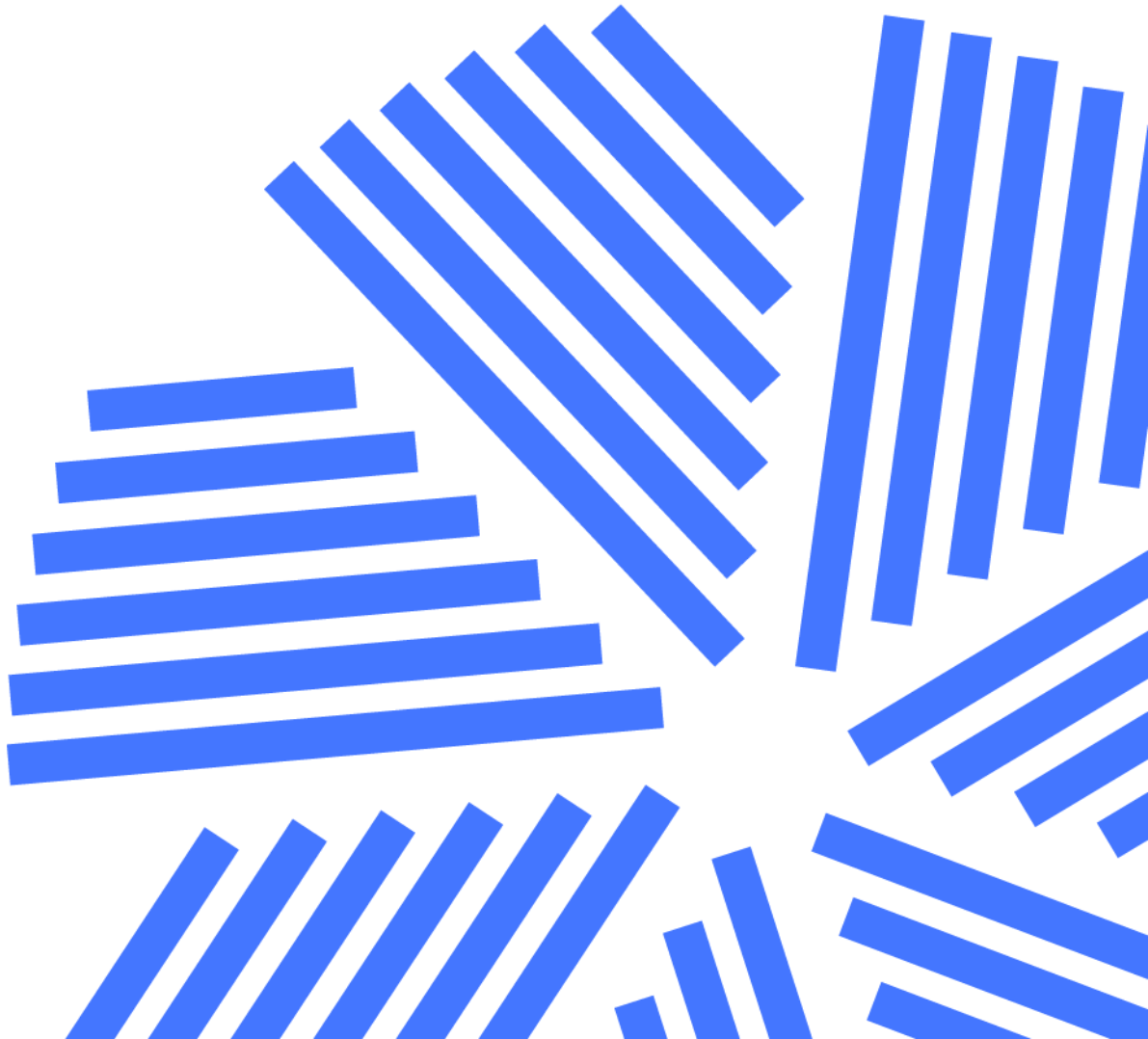
Option Replication Using Put-Call Parity

Revised Date	Location	Page(s)	Replace	With
8 March 2024	Exhibit 3	199		

Valuing a Derivative Using a One-Period Binomial Model

Revised Date	Location	Page(s)	Replace	With
23 September 2024	Second sentence	223	Equation 4 gives us the hedge ratio of the option, or the proportion of the underlying that will offset the risk associated with an option.	**Equation 6** gives us the hedge ratio of the option, or the proportion of the underlying that will offset the risk associated with an option.
31 January 2024	Equation 8	224	*V*1 = €12 = €11.43	*V*1 = €12 = €11.43 **(1 + 0.5)**

Alternative Investments



Alternative Investment Features, Methods, Structures

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Solution 6	268	A. 2 is correct. In alternative fund investing, the fund manager pays the net return (gross return less management fees) to investors. B. 3 is correct. The returns generated by fund investments are gross returns. From these, management deducts its fees, paying the remainder (net fees) to fund investors. C. 1 is correct. Management fees and performance fees are how alternative fund managers are compensated for managing the fund and its investments.	**A. 3 is correct. The returns generated by fund investments are gross returns. From these, management deducts its fees, paying the remainder (net fees) to fund investors.** **B. 2 is correct. In alternative fund investing, the fund manager pays the net return (gross return less management fees) to investors.** C. 1 is correct. Management fees and performance fees are how alternative fund managers are compensated for managing the fund and its investments.

Alternative Investment Performance and Returns

Revised Date	Location	Page(s)	Replace	With
28 July 2025	Knowledge Check: MOIC Calculation	275	IRR 20%	IRR **6.82%**
31 January 2024	Example 4, Question 2	283	In the second year, Kettleside fund value declines to $110 million. The fee structure is as specified in Question 1 but also includes the use of a high-water mark (PHWM) computed net of fees.	In the second year, Kettleside fund value declines to $110 million. The fee structure is as specified in Question 1 **of Example 3** but also includes the use of a high-water mark (PHWM) computed net of fees.

Alternative Investment Performance and Returns

Revised Date	Location	Page(s)	Replace	With
8 March 2024	Example 4, Solution 2	283 - 284	We must again alter Equation 4 to include the high-water mark (P_{HWM}) provision, as follows: $R_{GP(Net\ with\ High\text{-}Water\ Mark)} = (P_2 \times r_m) + \max[0, (P_2 - P_{HWM}] \times p\}$ where P_{HWM} is defined as the maximum fund value at the end of any previous period net of fees. We may solve for investor return ri in Period 2 as follows: $r_i = (P_2 - P_1 - R_{GP})/P_1$, $R_{GP(Net\ with\ High\text{-}Water\ Mark)}$ = \$110 million × 1% + max[0, (\$110 million – \$122.7 million) × 20%] = \$1.1 million. r_i = (\$110 million – \$122.7 million – \$1.1 million)/\$122.7 million = –11.247%. The beginning capital position in the second year for the investors is \$130 million − \$7.3 million = \$122.7 million. The ending capital position at the end of the second year is \$110 million − \$1.1 million = \$108.9 million.	We must again alter Equation 4 to include the high-water mark (P_{HWM}) provision, as follows: $R_{GP(Net\ with\ High\text{-}Water\ Mark)}$ **$= (P_2 \times r_m) + \max\{0, P_2(1-r_m) - P_{HWM}] \times p]$** where P_{HWM} is defined as the maximum fund value at the end of any previous period net of fees. We may solve for investor return r_i in Period 2 as follows: $r_i = (P_2 - P_1 - R_{GP})/P_1$, $R_{GP(Net\ with\ High\text{-}Water\ Mark)}$ **= \$110 million x 1% + max[0,[\$110 x 0.99 - \$124.16] x 20%]** = \$1.1 million. 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 ending capital position at the end of the second year is \$110 million − \$1.1 million = \$108.9 million.

Alternative Investment Performance and Returns

Revised Date	Location	Page(s)	Replace	With
8 March 2024	Example 4, Solution 3	284	We amend Equations 8 and 9 to reflect returns for the third period and calculate as follows: $R_{GP(\text{High-Water Mark})} = (P_3 \times r_m) + \max[0, (P_3 - P_{HWM}) \times p]$. ri = (P3 – P2 – RGP)/P2. 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 $122.7 million, the ending value in the first year, P1. **Kettleside Timberland LP Performance Fee Modifications** Year / Fund Value ($m), after Fees 0 / 100.00 1 / 122.70 ← High-Water Mark 2 / 108.90 RGP(High-Water Mark) = $128 million × 1% + max[0, ($128 million – $122.7 million) × 20%] = $2.34 million. r_i = ($128 million – $108.9 million – $2.34 million)/$108.9 million = 15.39%. The beginning capital position in the third year for the investors is $110 million − $1.1 million = $108.9 million. The ending capital position for the third year is $128 million – $2.34 million = $125.66 million, which represents a new high-water mark to be applied the following year for this investor.	We amend Equations 8 and 9 to reflect returns for the third period and calculate as follows: $R_{GP(\text{Net with High-Water Mark})} = (P_3 \times r_m) + \max[0, P_3(1-r_m) - P_{HWM}) \times p]$ ri = (P3 – P2 – RGP)/P2. 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 $122.7 million, the ending value in the first year, P1. **Kettleside Timberland LP Performance Fee Modifications** Year / Fund Value ($m), after Fees 0 / 100.00 1 / 122.70 ← High-Water Mark 2 / 108.90 RGP(High-Water Mark) **= $128 million × 1% + max[0, ($128 x 0.99 – $124.16) × 20%]** **= $1.792 million.** **$r_i$ = ($128 million – $108.9 million – $1.792 million)/$108.9 million** **= 15.89%.** The beginning capital position in the third year for the investors is $110 million − $1.1 million = $108.9 million. **The ending capital position for the third year is $128 million – $1.792 million = $126.208 million,** which represents a new high-water mark to be applied the following year for this investor.

Investments in Private Capital: Equity and Debt

Revised Date	Location	Page(s)	Replace	With
4 November 2024	Self-Assessment, Question 4	302	As the loan amortizes, its outstanding principal declines, increasing LTV.	As the loan amortizes, its outstanding principal declines, **decreasing** LTV.
29 August 2024	Example 4	315	As Peterburgh amortizes the loan, the outstanding principal of the mortgages decline, which increases the LTV value.	As Peterburgh amortizes the loan, the outstanding principal of the mortgages decline, which **decreases** the LTV value.
8 March 2024	Solution 7	324	A is correct. While private capital can have overall positive contributions to diversification, direct lending can involve a large capital commitment to a single borrower, with increased concentration risk and reduced diversification. Investors attempt to protect against the risk of direct lending by having the debt itself classified as senior and secured with protective covenants in place to benefit from the associated higher interest rates while reducing non-diversifiable specific risk associated with a single borrower	C is correct. Private capital can have overall positive contributions to diversification. Note, however, that direct lending can involve a large capital commitment to a single borrower, with increased concentration risk and reduced diversification.

Real Estate and Infrastructure

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Question 6	351	Akasaka Investment Company established a portfolio of warehouse properties with a total market value of THB3.60 billion. It secured mortgage financing of THB2.61 billion. The terms of the mortgage required Akasaka to maintain a loan-to-value ratio of 0.725. After 18 months, the portfolio value had dropped to THB2.23 billion and the mortgage liability was THB2.35 billion.	Akasaka Investment Company established a portfolio of warehouse properties with a total market value of THB3.60 billion. It secured mortgage financing of THB2.61 billion. The terms of the mortgage required Akasaka to maintain a loan-to-value ratio of 0.725. After 18 months, the portfolio value had dropped to **THB3.23** billion and the mortgage liability was THB2.35 billion.

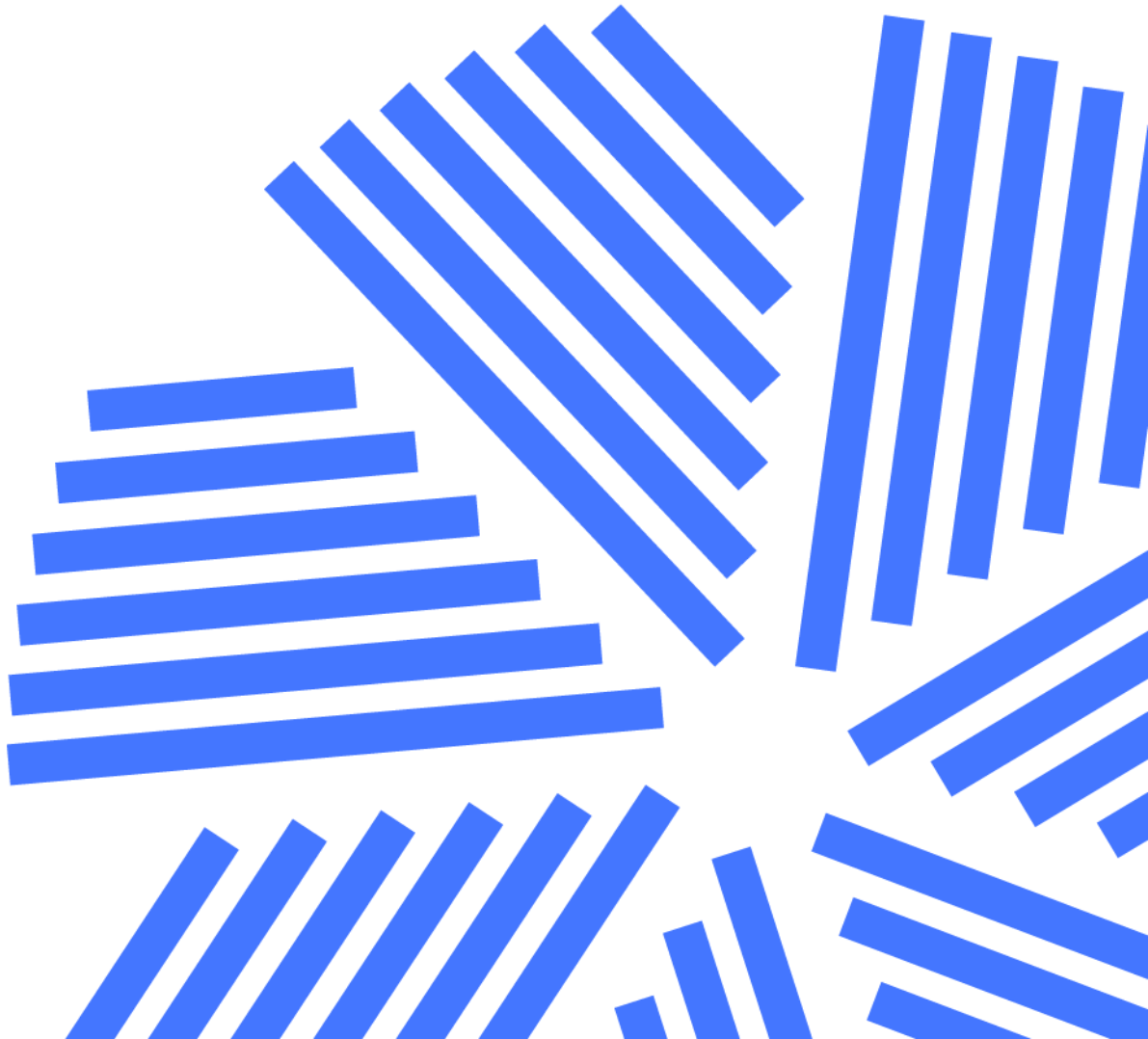
Natural Resources

Revised Date	Location	Page(s)	Replace	With
13 September 2024	Learning Module Self Assessment, Solution 4	357	A and B are both incorrect because interest and storage reflect costs associated with owning the physical commodity.	A and **C** are both incorrect because interest and storage reflect costs associated with owning the physical commodity.

Hedge Funds

Revised Date	Location	Page(s)	Replace	With
4 June 2025	Learning Module Self Assessment, Question/Solution 5	383 - 384	1. 16.38 Return to the investors = 20 million – 3.72 million = 16.38 million. Investors' return = 16.38%.	1. 16.28 Return to the investors = 20 million – 3.72 million = **16.28 million.** Investors' return = **16.28%.**

Ethical and Professional Standards



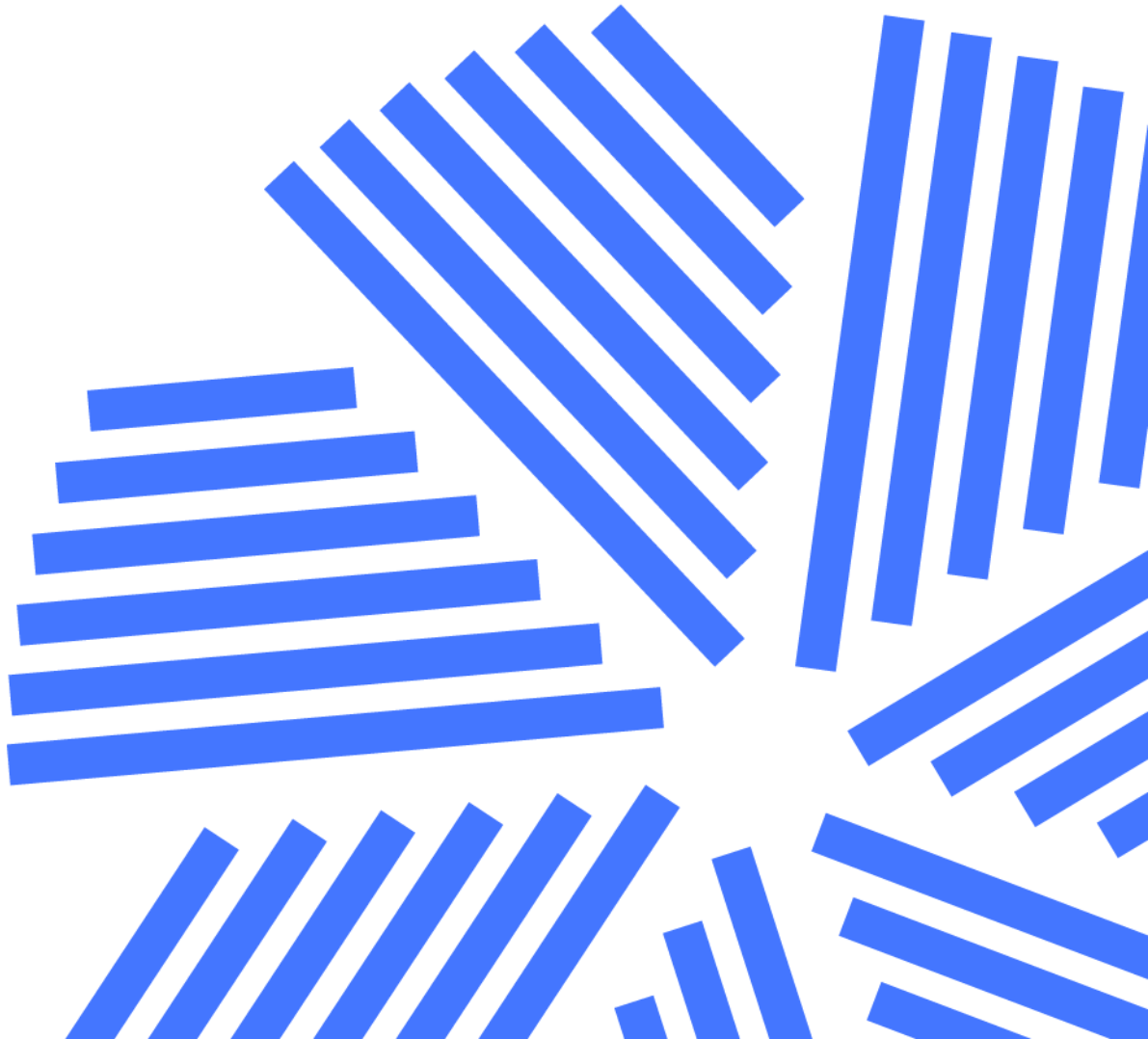
Guidance for Standards I - VII

Revised Date	Location	Page(s)	Replace	With
29 August 2024	After D. Misconduct	217	Add after D. Misconduct	**E. Competence Members and Candidates must act with and maintain the competence necessary to fulfill their professional responsibilities**
31 January 2024	Text under Incident-Reporting Procedures	323	Part of the print page is not appearing. The full paragraph is as follows:	Members and candidates should be aware of their firm's policies related to whistleblowing and encourage their firm to adopt industry best practices in this area. Many firms are required by regulatory mandates to establish confidential and anonymous reporting procedures that allow employees to report potentially unethical and illegal activities in the firm.

Ethics Application

Revised Date	Location	Page(s)	Replace	With
31 January 2024	Conduct as Participants in CFA Institute Programs	460	Replace under Analysis: B is correct. C is incorrect.	**C is correct.** **B is incorrect.**

Glossary



Key Terms

Revised Date	Location	Page(s)	Replace	With
4 November 2024	Amortizing debt	G-1	A loan or bond with a payment schedule that calls for periodic payments of interest and repayments of principal.	A loan or bond with a payment schedule that calls for **the complete repayment of principal over the instrument's time to maturity.**
5 August 2025	Issue Rating	G-16	A rating which seeks to capture the probability of default or expected loss of the issuer's senior unsecured bonds	**A rating which seeks to capture the credit risk of a specific financial obligation of an issuer which takes such factors as seniority into account.**
5 August 2025	Issuer Rating	G-16	A rating which seeks to capture the credit risk of a specific financial obligation of an issuer which takes such factors as seniority into account.	**A rating which seeks to capture the probability of default or expected loss of the issuer's overall financial obligations.**
20 August 2025	Off-the-run-securities	G-20	Sovereign debt securities outstanding other than on-the-sun securities. Off-the-run securities are less liquid than on-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.