CFA Institute®

Curriculum Errata Notice

2026 Level III CFA Program

Issue date: November 2025

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
New: 10 Oct 2025	Private Markets Pathway, 3: Private Equity	Practice Problems	Page 147 Solution to 8	The prior fractional ownership is equal to 13.33% (= 2.5 ÷ 18.75). Post-money valuation is given as EUR50 million and pre-money valuation is equal to EUR47.5 million (= 50 − 2.5). New investor equity is given as Estragon's planned investment of EUR2.5 million. Thus, the fractional ownership is equal to approximately 17.7% (= 13.33% × (47.5/50) + (2.5/50)).	The prior fractional ownership is equal to 13.33% (= 2.5 ÷ 18.75). Post-money valuation is given as EUR50 million and pre-money valuation is equal to **EUR45** million (= 50 − **5**). New investor equity is given as Estragon's planned investment of EUR2.5 million **plus an additional EUR2.5 million from another investor, for a total of EUR5 million**. Thus, **Estragon's new** fractional ownership is equal to approximately 17.0% (= 13.33% ×(**45**/50)+(2.5/50)).

New: 10 Oct 2025	Private Markets Pathway, 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:
New: 13 Oct 2025	Private Wealth Pathway, 5: Preserving the Wealth	5.05 Exchange Rate Risk	Page 372 Exhibit 38	Human Capital (€) $6,600,000 Assets $9,910,000	Human Capital (€) **$7,700,000** Assets **$11,110,000**

New: 22 Oct 2025	Derivatives and Risk Management, 3: Currency Management: An Introduction	Page 180, Hedge #2	3.09 Forward Contracts, FX Swaps, and Currency Options	... Because the EUR is the base currency in the HKD/EUR quote, this means using the bid side for both the spot rate and the forward points when calculating the all-in forward rate: 9.0200 + 173 _ 10, 000 = 9.0373 The spot leg of the swap—buying back EUR8,000,000 to settle the outstanding forward transaction—is also based on the bid rate of 9.0200. This is because Yang is selling an amount larger than EUR8,000,000 forward, and the all-in forward rate of the swap is already using the bid side of the market (as it would for a matched swap). Hence, to pick up the net increase in forward EUR sales, the dealer Yang is transacting with would price the swap so that Yang also has to use bid side of the spot quote for the spot transaction used to settle the maturing forward contract.	... Because the EUR is the base currency in the HKD/EUR quote, this means using **the ask side for the spot rate and the bid side for the forward rate when calculating the all-in forward rate:** 9.0200 + 173 _ 10, 000 = 9.0373 The spot leg of the swap—buying back EUR8,000,000 to settle the outstanding forward transaction—is also based on the **ask rate of 9.0210. This is because Yang is buying EUR (the base currency) to unwind her short position, so she must pay the dealer's ask. The forward leg —selling more than EUR8,000,000 forward—is executed at the forward bid rate (spot bid + forward bid points), as Yang is selling EUR forward. Hence, the correct pricing uses the spot ask rate for unwinding the maturing forward contract and the forward bid rate for rolling into the new, larger hedge.**

Complete list of errata

Asset Allocation

<table>
<tr><th>Revised</th><th>Module</th><th>Lesson</th><th>Location (PDF)</th><th>Replace</th><th>With</th></tr>
<tr>
<td>16 Sept 2025</td>
<td>2: Capital Market Expectations, Part 2: Forecasting Asset Class Returns</td>
<td>2.06 Forecasting Real Estate Returns</td>
<td>Page 94 Paragraph relating to Exhibit 6, Exhibit 6 table</td>
<td>Exhibit 6 shows private market cap rates as of 30 June 2021 for US commercial properties differentiated by type, location, and quality. The rates range from 34.7% for industrial properties to 6.8% for retail. The relatively high cap rate for retail reflects the investors’ perception that of short-term risks related to in-person shopping during the COVID-19 pandemic and longer-term risks related to ecommerce continuing to take market share from in-store retail.

Exhibit 6: Private Market Cap Rates (%) as of 30 June 2021
<table>
<tr><td><u>Property Type</u></td><td><u>Average</u></td></tr>
<tr><td>Hotels</td><td>53.0</td></tr>
<tr><td>Health Care</td><td>4.86</td></tr>
<tr><td>Retail Malls</td><td>6.8</td></tr>
<tr><td>Industrial</td><td>3.74</td></tr>
<tr><td>Office</td><td>5.0</td></tr>
<tr><td>Apartments</td><td>4.55</td></tr>
</table>
</td>
<td>Exhibit 6 shows private market cap rates as of March 2018 for US commercial properties differentiated by type, location, and quality. The rates range from 4.7% for offices in gateway cities, such as New York City, to 9.5% for skilled nursing (i.e., 24-hour old-age care) properties. There is a clear pattern of high cap rates for riskier property types (hotels versus apartments, skilled nursing facilities versus medical offices), lower-quality properties (low-productivity versus high-productivity malls), and less attractive locations (offices in secondary versus gateway cities).

Exhibit 6: Cap Rates (%) as of March 2018
<table>
<tr><td><u>Property Type</u></td><td><u>Average</u></td></tr>
<tr><td>Hotels</td><td>7.2</td></tr>
<tr><td>Health Care</td><td>6.6</td></tr>
<tr><td>Retail Malls</td><td>5.6</td></tr>
<tr><td>Industrial</td><td>5.4</td></tr>
<tr><td>Office</td><td>5.2</td></tr>
<tr><td>Apartments</td><td>4.8</td></tr>
</table>
</td>
</tr>
</table>

14 Aug 2025	4: Principles of Asset Allocation	Practice Problems	Page 297 Solution to 7	In this example, there are four asset classes, and the variance of the total portfolio is assumed to be 25%; therefore, using a risk parity approach, the allocation to each asset class is expected to contribute (1/4 × 25%) = 6.25% of the total variance.	In this example, there are four asset classes, and the variance of the total portfolio is assumed to be **25**; therefore, using a risk parity approach, the allocation to each asset class is expected to contribute (1/4 × 25%) = 6.25 or **25** of the total variance.
3 Sept 2025	5: Asset Allocation with Real-World Constraints	5.05 Regulatory and Other External Constraints	Page 321 Sentence under Exhibit 3	Reducing the equity exposure from 70% to 60% lowers the contribution risk significantly, with only a marginally higher expected PV of contributions than Portfolio A.	Reducing the equity exposure from 70% to 60% lowers the contribution risk significantly, with only a marginally **lower** expected PV of contributions than Portfolio A.

Portfolio Construction

Revised	Module	Lesson	Location (PDF)	Replace	With
15 Sept 2025	2: Overview of Fixed-Income Portfolio Management	2.05 A Model for Fixed-Income Returns	Page 69 Exhibit 11 Solution	In one year's time, assuming an unchanged yield curve and zero interest rate volatility, the rolldown return is 0.15% = (£97.285 - £97.12)/£97.12. The rolling yield, which is the sum of the coupon income and the rolldown return, is 3.00% = 2.98% + 0.15%.	In one year's time, assuming an unchanged yield curve and zero interest rate volatility, the rolldown return is **0.17%** = (£97.285 - £97.12)/£97.12. The rolling yield, which is the sum of the coupon income and the rolldown return, is 3.00% = **2.83%** + 0.17%.
25 Aug 2025	3: Asset Allocation to Alternative Investments	3.09 Asset Allocation Approaches and Statistical Properties and Challenges	Page 142 Stale Pricing and Unsmoothing section last paragraph	The volatility calculated on the unsmoothed return series is 14.0%, significantly higher than the volatility estimated from the unsmoothed data.	The volatility calculated on the unsmoothed return series is 14.0%, significantly higher than the volatility estimated from the **smoothed** data.
8 Aug 2025	4: An Overview of Private Wealth Management	4.02 Wealth in a Global Context	Page 207 Case Study table second to last row	Investable net worth[5] 100 | 1,200 | 3,000	Investable net worth[5] **85** | **950** | **2,995**

25 Aug 2025	4: An Overview of Private Wealth Management	4.06 Individual Investors and Investment Policy Statements	Page 287 Practice Problems, Question 1	Which of the following investment parameter categories of the IPS is least likely to include Cree's preference for investments that reflect his environmental and social concerns? A. Asset class preference B. Other investment preferences C. Constraints	Which of the following investment parameter categories of the IPS is **most** likely to include Cree's preference for investments that reflect his environmental and social concerns? **A. Investment parameters** **B. Investment objectives** **C. Duties and responsibilities**
3 April 2025	4: An Overview of Private Wealth Management	Practice Problems	Page 20 Question 15	A. 475	A. **425**
25 Aug 2025	4: An Overview of Private Wealth Management	4.06 Individual Investors and Investment Policy Statements	Page 292 Solution to 1	Replace Solution to 1	**The correct answer is A. Investment parameters would contain limitations on how the portfolio can be invested and this is the most likely place for sustainability-related preferences to be mentioned.** **B is incorrect as investment objectives would include short term and long-term goals. C is incorrect as duties and responsibilities would cover things such as the responsibilities of the wealth manager and the IPS review process.**
30Sept 2025	4: An Overview of Private Wealth Management	4.06 Individual Investors and Investment Policy Statements	Page 294 Solution to 9	Replace solution to Question 9	Content posted here.

22 Aug 2025	4: An Overview of Private Wealth Management	4.06 Individual Investors and Investment Policy Statements	Page 296 Solution to 22	The correct answer is B. The “Other investment preferences” category typically includes legacy holdings such as shares of stock of a former employer or an investment the client wishes to make countering the wealth manager’s advice. A is incorrect	**A is correct. The choice of an investment’s asset class is least likely to reflect a client’s preferences for environmentally and socially oriented investments. B** is incorrect

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>5 Sept 2025</td><td>1: Portfolio Performance Evaluation</td><td>1.04 Factor-Based and Fixed-Income Return Attribution</td><td>Page 24 Exhibit 7 and list under</td><td>
<table>
<tr><th>Duration Bracket</th><th>Sector</th><th>Duration Effect</th><th>Curve Effect</th><th>Total Interest Rate Allocation</th><th>Sector Allocation</th><th>Bond Selection</th><th>Total</th></tr>
<tr><td>Short</td><td>Government</td><td></td><td></td><td></td><td></td><td>0.00%</td><td>0.00%</td></tr>
<tr><td></td><td>Corporate</td><td></td><td></td><td></td><td>0.04%</td><td>0.00%</td><td>0.04%</td></tr>
<tr><td></td><td>Total</td><td>0.40%</td><td>0.12%</td><td>0.52%</td><td>0.04%</td><td>0.00%</td><td>0.56%</td></tr>
<tr><td>Mid</td><td>Government</td><td></td><td></td><td></td><td></td><td>0.00%</td><td>0.00%</td></tr>
<tr><td></td><td>Corporate</td><td></td><td></td><td></td><td>-0.05%</td><td>0.00%</td><td>-0.05%</td></tr>
<tr><td></td><td>Total</td><td>0.23%</td><td>0.03%</td><td>0.26%</td><td>-0.05%</td><td>0.00%</td><td>-0.21%</td></tr>
<tr><td>Long</td><td>Government</td><td></td><td></td><td></td><td></td><td>0.00%</td><td>0.00%</td></tr>
<tr><td></td><td>Corporate</td><td></td><td></td><td></td><td></td><td>0.13%</td><td>-0.09%</td></tr>
<tr><td></td><td>Total</td><td>-1.25%</td><td>0.37%</td><td>-0.88%</td><td>-0.22%</td><td>0.13%</td><td>-0.97%</td></tr>
<tr><td>Total</td><td></td><td>-0.62%</td><td>0.52%</td><td>-0.10%</td><td>-0.23%</td><td>0.13%</td><td>-0.20%</td></tr>
</table>

• The portfolio underperformed its benchmark by 26 bps
• 7 bps were added through bond selection
</td><td>
<table>
<tr><th>Duration Bracket</th><th>Sector</th><th>Duration Effect</th><th>Curve Effect</th><th>Total Interest Rate Allocation</th><th>Sector Allocation</th><th>Bond Selection</th><th>Total</th></tr>
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<tr><td></td><td>Total</td><td>0.23%</td><td>0.03%</td><td>0.26%</td><td>-0.05%</td><td>0.00%</td><td>-0.21%</td></tr>
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<tr><td></td><td>Corporate</td><td>-1.25%</td><td>0.37%</td><td>-0.88%</td><td>-0.22%</td><td>0.13%</td><td>-0.97%</td></tr>
<tr><td></td><td>Total</td><td>-1.25%</td><td>0.37%</td><td>-0.88%</td><td>-0.22%</td><td>0.13%</td><td>-0.97%</td></tr>
<tr><td>Total</td><td></td><td>-0.62%</td><td>0.52%</td><td>-0.10%</td><td>-0.23%</td><td>0.13%</td><td>-0.20%</td></tr>
</table>

• The portfolio underperformed its benchmark by 20 bps
• 13 bps were added through bond selection
</td></tr>
<tr><td>5 Sept 2025</td><td>1: Portfolio Performance Evaluation</td><td>1.04 Factor-Based and Fixed-Income Return Attribution</td><td>Example 6 Solution to 2</td><td>From Exhibit 7, the curve and selection effects were positive (37 bps and 7 bps, respectively) whereas the duration and sector allocation effects were negative (−125 bps and −16 bps, respectively). … The positive selection effect of 7 bps implies that the manager’s specific bond selections added to return.</td><td>From Exhibit 7, the curve and selection effects were positive (37 bps and 13 bps, respectively) whereas the duration and sector allocation effects were negative (−125 bps and −22 bps, respectively). … The positive selection effect of 13 bps implies that the manager’s specific bond selections added to return.</td></tr>
</table>

11 Sept 2025	2: Investment Manager Selection	2.03 Type I and Type II Errors in Manager Selection	Page 86-87	Under "Performance Implications of Type I and Type II Errors," remove the following text: The extent to which a strategy is mean-reverting also has a bearing on the cost of Type I and Type II errors. If a strategy's performance is mean reverting, firing a poor performer (or hiring a strong performer) only to see a reversion in performance results is a Type I error. A Type II error would be trimming or not hiring strong performers and hiring managers with weaker track records.

Derivatives and Risk Management

Revised	Module	Lesson	Location (PDF)	Replace	With
8 Aug 2025	1: Options Strategies	1.02 Position Equivalencies	Page 5 Second paragraph under "Synthetic Forward Position"	Consider an investor who buys an at-the-money (ATM) call and simultaneously sells a put with the same strike and the same expiration date. Whatever the stock price at expiration, one of the two options will be in the money.	Consider an investor who buys an at-the-money (ATM) call and simultaneously sells a put with the same strike and the same expiration date. **Technically, it should be referring to ATM spot or ATM forward. However, for practice purposes, there is usually not much distinction in the mechanics.** Whatever the stock price at expiration, one of the two options will be in the money.
8 Aug 2025	3: Currency Management: An Introduction	3.07 Economic Fundamentals, Technical Analysis and the Carry Trade	Page 171 End of second paragraph under Exhibit 6	One guide to the riskiness of the carry trade is the volatility of spot rate movements for the currency pair; all else equal, lower volatility is better for a carry trade position.	One guide to the riskiness of the carry trade is the volatility of **outright forward (not spot)** rate movements for the currency pair; all else equal, lower volatility is better for a carry trade position. **This is an important distinction: although spot rates are generally highly correlated with forward rates this is not always the case. For example, Argentina had a currency board where the spot rate was fixed at 1 ARS per USD but the outright forward rates were very volatile.**

8 Aug 2025	3: Currency Management: An Introduction	3.08 Volatility Trading	Page 173 Second Paragraph	One simple option strategy that implements a volatility trade is a straddle, which is a combination of both an at-the-money (ATM) put and an ATM call. A long straddle buys both of these options. Because their deltas are −0.5 and +0.5, respectively, the net delta of the position is zero; that is, the long straddle is delta neutral.	One simple option strategy that implements a volatility trade is a straddle, which is a combination of both an at-the-money (ATM) put and an ATM call. A long straddle buys both of these options. *Because their deltas are −0.5 and +0.5, respectively*. **Note: deltas for European-style put options range from –1 (deep-in-the-money put) to 0 (deep-out-of-the-money put), and from 0 to +1 for calls. Deltas of 0.5 and +0.5 occur when the strikes are ATM on a forward basis.** When the net delta of the position is zero, the long straddle is delta neutral.
19 Aug 2025	3: Currency Management: An Introduction	3.09 Forward Contracts, FX Swaps, and Currency Options	Page 180, Table and Paragraph under table, inside Executing a Hedge	JPY/HKD 14.4/14.42 Thus, the spot leg of the swap would be to buy JPY800,000,000 at the mid-market rate of 10.81 JPY/HKD.	JPY/HKD **14.40**/14.42 Thus, the spot leg of the swap would be to buy JPY800,000,000 at the mid-market rate of **14.41** JPY/HKD.

New: 22 Oct 2025	3: Currency Management: An Introduction	3.09 Forward Contracts, FX Swaps, and Currency Options	Page 180, Hedge #2	… Because the EUR is the base currency in the HKD/EUR quote, this means using the bid side for both the spot rate and the forward points when calculating the all-in forward rate: 9.0200 + 173 _ 10, 000 = 9.0373 The spot leg of the swap—buying back EUR8,000,000 to settle the outstanding forward transaction—is also based on the bid rate of 9.0200. This is because Yang is selling an amount larger than EUR8,000,000 forward, and the all-in forward rate of the swap is already using the bid side of the market (as it would for a matched swap). Hence, to pick up the net increase in forward EUR sales, the dealer Yang is transacting with would price the swap so that Yang also has to use bid side of the spot quote for the spot transaction used to settle the maturing forward contract.	… Because the EUR is the base currency in the HKD/EUR quote, this means using **the ask side for the spot rate and the bid side for the forward rate when calculating the all-in forward rate:** 9.0200 + 173 _ 10, 000 = 9.0373 The spot leg of the swap—buying back EUR8,000,000 to settle the outstanding forward transaction—is also based on the **ask rate of 9.0210. This is because Yang is buying EUR (the base currency) to unwind her short position, so she must pay the dealer's ask. The forward leg —selling more than EUR8,000,000 forward —is executed at the forward bid rate (spot bid + forward bid points), as Yang is selling EUR forward. Hence, the correct pricing uses the spot ask rate for unwinding the maturing forward contract and the forward bid rate for rolling into the new, larger hedge.**
2 Sept 2025	3: Currency Management: An Introduction	3.10 Currency Management Strategies	Page 186 Example 5 – Solution to 3	Remove the following text: Moreover, the GBP has depreciated against the MXN, because the MXN/GBP spot rate declined between one month ago and now, which will also add to the negative roll yield.	

20 Aug 2025	3: Currency Management: An Introduction	Solutions	Page 236 Question 33	All-in forward rate = 0.8914 + (30/10,000) = 0.8944 USD2,500,000 / 0.8944 = EUR2,795,169.95. 2.Buy USD2,500,000 at the spot rate to offset the USD sold in Step 1 above. Buying the US dollar against the euro means selling euros, which is the base currency in the USD/EUR spot rate. Therefore, the bid side of the market must be used to calculate the inflow in euros. USD2,500,000 / 0.8875 = EUR2,816,901.41. 3.Therefore, the net cash flow is equal to EUR2,795,169.95 – EUR2,816,901.41, which is equal to a net outflow of EUR21,731.46. To maintain the desired hedge, Delgado will then enter into a new forward contract to sell the USD2,650,000. There will be no additional cash flow today arising from the new forward contract.	All-in forward rate = **1.174 + (10/10,000) = 1.1724** USD2,500,000 / **1.1724 = EUR2,132,378.03.** 2.Buy USD2,500,000 at the spot rate to offset the USD sold in Step 1 above. Buying the US dollar against the euro means selling euros, which is the base currency in the USD/EUR spot rate. Therefore, the bid side of the market must be used to calculate the inflow in euros. **USD2,500,000 / 1.575 = EUR2,159,827.21.** 3.Therefore, the net cash flow is equal to **EUR2,132,378.03 – EUR2,159,827.21**, which is equal to a net outflow of **EUR27,449.18.** To maintain the desired hedge, Delgado will then enter into a new forward contract to sell the USD2,650,000. There will be no additional cash flow today arising from the new forward contract.

Portfolio Management Pathway

Revised	Module	Lesson	Location (PDF)	Replace	With
13 Aug 2025	2: Active Equity Investing: Strategies	2.08 Activist Strategies	Page 72 Paragraph above Exhibit 21	Exhibit 21 shows the steps of identifying an activist investment target company. Target companies feature slower revenue and earnings growth than the market, suffer negative share price momentum, and have weaker-than-average corporate governance.	Exhibit 21 shows **some of the factors activist investors usually consider when evaluating potential targets. To derive the Z-score, the statistical distribution for each factor across the full company universe is computed and then standardized against that distribution.** 1**The resulting standardized scores show that activist targets tend to have: slower revenue and earnings growth than the market; weaker share-price momentum and return on equity than peers; and poorer-than-average corporate-governance metrics. Notably, these patterns, visible a year before the activist campaign, continue up to the event date**.
12 Aug 2025	3: Active Equity Investing: Portfolio Construction	3.02 Building Blocks of Active Equity Portfolio Construction	Page 124 Paragraph above Exhibit 4	Exhibit 4 shows the cumulative value of $100 invested in both the Russell 1000 Growth Index and the Russell 1000 Value Index over a 10-year period ending in 2020.	Exhibit 4 shows the cumulative value of $100 invested in both the Russell 1000 Growth Index and the Russell 1000 Value Index over a 10-year period ending in **2006**.

15 Sept 2025	4: Liability-Driven and Index-Based Strategies	4.03 Managing the Interest Rate Risk of Multiple Liabilities	Page 218 Duration Matching – Last sentence	With multiple liabilities, matching money durations is useful because the market values and cash flow yields of the assets and liabilities are not necessarily equal.	With multiple liabilities, matching money durations is useful because the market values and cash flow yields of the assets and liabilities are not necessarily equal. **Unlike the single liability case, where the asset portfolio's modified duration (money duration) must be slightly greater than that of the liability, immunization against multiple liabilities requires that the asset portfolio's money duration (BPV) match that of the liabilities. The match may be slightly above or below, provided it is the closest available to the liability BPV.**
15 Sept 2025	4: Liability-Driven and Index-Based Strategies	4.03 Managing the Interest Rate Risk of Multiple Liabilities	Page 223 Above Derivatives overlay	Add above Derivatives Overlay: As described in the case study, in addition to matching money duration, immunization against multiple liabilities requires an asset portfolio with convexity which exceeds that of the liabilities but must have the lowest possible convexity available in order to minimize the structural risk to the strategy.	
21 Aug 2025	5: Yield Curve Strategies	5.03 Yield Curve Strategies	Page 296 End of second paragraph in Example 7	We can therefore solve for the modified duration of the 2-year zero as 1.96 (= 2/1.02) and the 10-year zero as 9.62 (= 10/1.04), so net portfolio duration equals zero, or (124.6 - 25.41 × 1.96) + (-25.4/124.6 - 25.41 × 9.62).	We can therefore solve for the modified duration of the 2-year zero as 1.96 (= 2/1.02) and the 10-year zero as 9.62 (= 10/1.04), so net portfolio duration equals zero, or **[(124.6/(124.6 − 25.41)) x 1.96] + [(−25.41/(124.6 − 25.41)) x 9.62].**

19 Aug 2025	5: Yield Curve Strategies	Solutions	Page 331 Solutions – Problem 21	C is Correct. The bear steepening in A involves a rise in the 10-year yield-to-maturity more than in the 5-year yield-to-maturity, causing portfolio loss.	**A** is correct. The bear steepening in A involves a rise in the 10-year yield-to-maturity more than in the **2**-year yield-to-maturity, causing portfolio loss.
21 Aug 2025	6: Fixed-Income Active Management: Credit Strategies	6.04 Liquidity and Tail Risk	Page 377 Example 19	What is the VaR for the full bond price at a 99% confidence interval for one month if annualized daily yield volatility is 1.75% (1.75 bps) and we assume that interest rates are normally distributed?	What is the VaR for the full bond price at a 99% confidence interval for one month if annualized daily yield volatility is 1.75% (**175 bps**) and we assume that interest rates are normally distributed?
22 Aug 2025	6: Fixed-Income Active Management: Credit Strategies	6.05 Synthetic Credit Strategies	Page 380 Equation 14	CDS Price ≈ 1 + ((Fixed Coupon − CDS Spread) × $\text{EffSpreadDur}_{\text{CDS}}$)	CDS Price ≈ 1 **−** ((Fixed Coupon − CDS Spread) × $\text{EffSpreadDur}_{\text{CDS}}$)
25 Aug 2025	6: Fixed-Income Active Management: Credit Strategies	6.06 Credit Spread Curve Strategies	Page 388 Example 26 Solution 3	In total, the incremental roll-down strategy generates $506,500 (=$344,000 + 163,500) of which $292,250 (=217,250 + $75,000) is estimated to be due to credit spread curve roll down.	In total, the incremental roll-down strategy generates $506,500 (=$344,000 + 16**2**,500) of which $292,250 (=217,250 + $75,000) is estimated to be due to credit spread curve roll down.

5 Sept 2025	6: Fixed-Income Active Management: Credit Strategies	6.06 Credit Spread Curve Strategies	Page 392 Example 29 Solution 1	To offset the existing CDX positions in one year, the investor would sell HY protection and buy IG protection. The investor is able to sell HY protection at a premium of 7.52, resulting in a $178,000 gain from the long CDX HY position over one year (1.093 – 1.0752) × $10,000,000). Since the investor must buy IG protection in one year at a lower discount to par of (1 – 0.99244), it has a $17,800 gain from the CDX IG position (= (0.99244 – 0.99066) × $10,000,000). Subtracting the $400,000 net coupon payment made by the investor results in a one-year loss from the strategy of $204,200 (= $178,000 + $17,800 – $400,000) with constant spreads.	To offset the existing CDX positions in one year, the investor would sell HY protection and buy IG protection. The investor is able to sell HY protection at a premium of 7.52, resulting in a $178,000 **loss** from the long CDX HY position over one year (**1.0752 – 1.093**) × $10,000,000). Since the investor must buy IG protection in one year at a lower discount to par of (1 – 0.99244), it has a $17,800 gain from the CDX IG position (= (0.99244 – 0.99066) × $10,000,000). Subtracting the $400,000 net coupon payment made by the investor results in a one-year loss from the strategy of **$595,800** (= $**-178,000** + $17,800 – $400,000) with constant spreads.
13 Aug 2025	7: Trade Strategy and Execution	7.09 Evaluating Trade Execution	Page 463 Sentence above Equation	The VWAP cost benchmark is computed as follows	The **T**WAP cost benchmark is computed

Private Markets Pathway

Revised	Module	Lesson	Location (PDF)	Replace	With
28 Aug 2025	2: General Partner and Investor Perspectives and the Investment Process	2.03 Investor (LP) Perspectives, Fees and Performance Measurement	Page 60 Estragon SA Fund's Clawback Provision Case Study	The fund's excess returns in Year 4 were EUR140 million (= EUR200 million – EUR60 million), and Estragon collected EUR28 million (= EUR140 million × 0.20) in carried interest at the end of Year 4. However, the fund earned no additional return in the three subsequent years. The total carried interest at the end of fund's life could be no more than EUR19 million [= 0.20 × (EUR200 million – EUR105 million)]. So, the clawback provision mandates that Estragon must return EUR9 million (= EUR28 million – EUR19 million) to its LPs given the overpayment of carried interest early in the fund's life, since one highly successful investment was followed by three failures.	The fund's excess returns in Year 4 were **EUR175 million (= EUR200 million – EUR25 million)**, and Estragon collected **EUR35 million (= EUR175 million × 0.20)** in carried interest at the end of Year 4. However, the fund earned no additional return in the three subsequent years. The total carried interest at the end of fund's life could be no more than EUR19 million [= 0.20 × (EUR200 million – EUR105 million)]. So, the clawback provision mandates that Estragon must return **EUR16 million (= EUR35 million – EUR19 million)** to its LPs given the overpayment of carried interest early in the fund's life, since one highly successful investment was followed by three failures.

New: 10 Oct 2025	3: Private Equity	Practice Problems	Page 147 Solution to 8	The prior fractional ownership is equal to 13.33% (= 2.5 ÷ 18.75). Post-money valuation is given as EUR50 million and pre-money valuation is equal to EUR47.5 million (= 50 − 2.5). New investor equity is given as Estragon's planned investment of EUR2.5 million. Thus, the fractional ownership is equal to approximately 17.7% (= 13.33% × (47.5/50) + (2.5/50).	The prior fractional ownership is equal to 13.33% (= 2.5 ÷ 18.75). Post-money valuation is given as EUR50 million and pre-money valuation is equal to **EUR45** million (= 50 − **5**). New investor equity is given as Estragon's planned investment of EUR2.5 million **plus an additional EUR2.5 million from another investor, for a total of EUR5 million**. Thus, **Estragon's new** fractional ownership is equal to approximately 17.0% (= 13.33% ×(**45**/50)+(2.5/50)).
13 Aug 2025	6: Private Real Estate Investments	6.02 Private Real Estate Investment Features	Page 275 Pandan East Expected NOI and Project Return Case Study	Project planners estimate a monthly rent per ft2 net of expenses in Malaysian ringgit of MYR2.75, with no additional income.	Project planners estimate a monthly rent per **ft2 in** Malaysian ringgit of MYR2.75, with no additional income.

New: 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:
11 Sept 2025	7: Infrastructure	7.04 Infrastructure Investment Process	Page 352 Exhibit 10	Equityholders- Payments made once senior debt obligations are met	Equityholders- Payments made once **junior** debt obligations are met
9 Sept 2025	7: Infrastructure	7.04 Infrastructure Investment Process	Page 360 Question Set, Solution to 4	which results in a GP performance fee of GBP2,689,968.	which results in a GP performance fee of **GBP2,689,698**.
5 Sept 2025	7: Infrastructure	7.05 Infrastructure Investment Due Diligence and Valuation	Page 375 Question Set, Solution to 1	= 5.57% = RATE(3, 0, -315000000, 437514322).	= 5.57% = RATE(3, 0, -315000000, **370642367**).

5 Sept 2025	7: Infrastructure	7.05 Infrastructure Investment Due Diligence and Valuation	Page 375 Question Set, Solution to 2	In this case, the value of the project (USD527,514,322)	In this case, the value of the project (USD**460,642,367**)
12 Sept 2025	7: Infrastructure	Solutions	Page 387 Solution to 12	Net cash flow from operations = Revenue – Operating expenses. Solve for the equity dividend rate as 13.25%	Net cash flow from operations = Revenue – **(Operating expenses + Capital Expenditures)**. Solve for the equity dividend rate as **24.63%**

Private Wealth Pathway

Revised	Module	Lesson	Location (PDF)	Replace	With
13 Aug 2025	1: The Private Wealth Management Industry	Solutions	Page 61 Solution to 7	A is correct.	**B** is correct.
5 Sept 2025	1: The Private Wealth Management Industry	Solutions	Page 61 Solution to 11	A client who opts for less insurance coverage would	A client who opts for **more** insurance coverage would
22 Aug 2025	3: Wealth Planning	Practice Problems	Page 227 Exhibit 1	In table: first 2 instances of "Tax deferred"	"Tax **exempt**"
28 Aug 2025	3: Wealth Planning	Practice Problems	Page 230 Solution to Question 9	B is correct.	**C** is correct.
12 Aug 2025	4: Investment Planning	4.03 Taxation	Page 260 Solution to 1	B is correct. A is incorrect.	B is **incorrect.** A is **correct.**
27 Aug 2025	4: Investment Planning	Practice Problems	Page 299 Solution to 15	B is correct.	**A** is correct.
12 Aug 2025	5: Preserving the Wealth	5.02 Risk Management Using Asset-Liability Management	Page 321 Exhibit 12	Percent of projected results within range: 50% 75% 95%	Percent of projected results within range: **95%** **75%** **50%**

7 Aug 2025	5: Preserving the Wealth	5.04 Inflation	Page 350 Third bullet under “Types of Inflation”	Unanchored inflation expectations, in which households and firms start to believe that future prices will be higher (or become unanchored) and adapt their behavior accordingly	Unanchored inflation expectations, in which households and firms start to believe that future prices will be higher (or become unanchored **to central bank inflation targets**) and adapt their behavior accordingly
22 Aug 2025	5: Preserving the Wealth	5.04 Inflation	Page 358 Knowledge Check, Solution to 1	0.343 x (EUR171,451 + EUR161,685) = EUR121,675	0.343 x (EUR171,451 + **EUR181,685**) = **EUR121,126**
7 Aug 2025	5: Preserving the Wealth	5.04 Inflation	Page 362 Paragraph above Exhibit 33	Exhibit 30 shows that spot commodity real returns are also positive. The positive correlation and positive real return, however, translates into a poor inflation hedge because the annual volatility of real return is high. Exhibit 33 shows that the annual volatility of an average spot commodity is 27.55%, which is comparable to the volatility of equity market returns and drives the geometric mean excess return down to –0.93%.	**Exhibit 33** shows that spot commodity real returns are also positive. **The positive correlation and positive real return unfortunately fail to translate to a good inflation hedge as the annual volatility of the real return is high. As exhibit 33 also shows** that the annual volatility of an average spot commodity is 27.55%, which is comparable to the volatility of equity market returns and drives the geometric mean excess return down to –0.93%.
13 Oct 2025	Private Wealth Pathway	5.05 Exchange Rate Risk	Page 372 Exhibit 38	Human Capital (€) $6,600,000 Assets $9,910,000	Human Capital (€) **$7,700,000** Assets **$11,110,000**

7 Aug 2025	5: Preserving the Wealth	Practice Problems	Page 383 Question 16	Formulate steps a prudent wealth advisor should recommend to help Mr. Young maximize the benefits from his anticipated multi-million US dollar income resulting from the contract with the Japanese corporation?	**Mr. Young also expects a multi-million-dollar payout from an existing contract with a Japanese corporation. Formulate steps a prudent wealth advisor should recommend to maximize his after-tax wealth and long-term objectives?**

7 Aug 2025	5: Preserving the Wealth	Practice Problems	Page 387 Solution to Question 17	B is the correct answer. In choosing a new country of residence, Mr. Young's optimal tax system—either Residence Jurisdiction or Source Jurisdiction—depends on several factors, such as his non-US citizenship, EU citizenship, and the assumption of stable tax rates. In a Residence Jurisdiction, he would be taxed on his worldwide income in both the United States and his new residence. This includes income from all sources, not just the United States. Under Source Jurisdiction, taxation focuses on the income's origin. In the United States, this means taxing only income earned within the country, regardless of Mr. Young's citizenship. Income earned outside the United States may escape US taxation. Given constant tax rates in both countries, the choice between these systems isn't clear-cut. Source Jurisdiction might offer tax advantages, but that depends on various intricate factors. While constant tax rates don't tilt the balance toward either system, a detailed analysis of tax exposures is essential. Consulting international tax experts is crucial for an informed decision, although Source Jurisdiction could be more beneficial in Mr. Young's case.	B is the correct answer. **When statutory tax rates are identical, the key driver of total tax liability is the size of the taxable income base, not the rate itself. A territorial (source-based) system taxes only income earned within the new country. Consequently, royalties from Mr. Young's semiconductor IP, offshore portfolio income, and foreign real-estate rents can be recognized outside that jurisdiction, keeping them out of its tax net. A residence-based system, however, applies the same rate to all worldwide income; foreign-tax credits merely prevent double taxation—they do not lower the single-country bill. With rates held constant, taxing a smaller base (territorial system) will always produce a lower liability than taxing a larger base (residence system). While treaty relief, sub-national taxes, and compliance costs still warrant professional advice, the territorial approach remains more advantageous to Mr. Young as long as the statutory rates are equal under both regimes.**

22 Aug 2025	6: Advising the Wealth	6.05 Managing Concentrated Position for Professionals, Executives, and Others	Page 457 Sentence two, last paragraph under “Total Return Swap”	The reverse is true for losses.	The reverse is true for **gains on the underlying stock.**
17 Sept 2025	7: Transferring the Wealth	7.04 Charities and Philanthropy	Page 518 Case Study	Case Study “Using a DAF for Charitable Giving – Murray Klein”	Content posted here.

Glossary

Revised	Module	Location (PDF)	Replace	With
19 May 2025	Key Terms	G-3	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