

CFA Program Updates 2024

CFA Society Stamford Annual Meeting

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**The Leading Credential
for the Investment Profession**

(c) Pension Funds

KLO Food Stores, Inc., has an uninsured pension fund amounting to \$5,000,000. Annual payments to the fund amount to \$500,000 and present claims amount to \$100,000 per year. The fund is expected to level off in 12 years.

Current investments of the fund are distributed as follows:

Cash	2%
U.S. Gov't Bonds	10%
Corporate Bonds	60%
Preferred Stock	4%
Common Stock	19%
Other Assets	5%

QUESTION: Outline and explain briefly the investment objectives of this pension fund and the related investment policies you would recommend. Explain how these policies might be implemented.

(d) Trust Funds

The XYZ Bank & Trust Company is considering establishing a common trust fund. A careful study has been made of all trust accounts, and it has been determined that small trust accounts amounting in total to at least \$100,000 are likely candidates for the common trust fund.

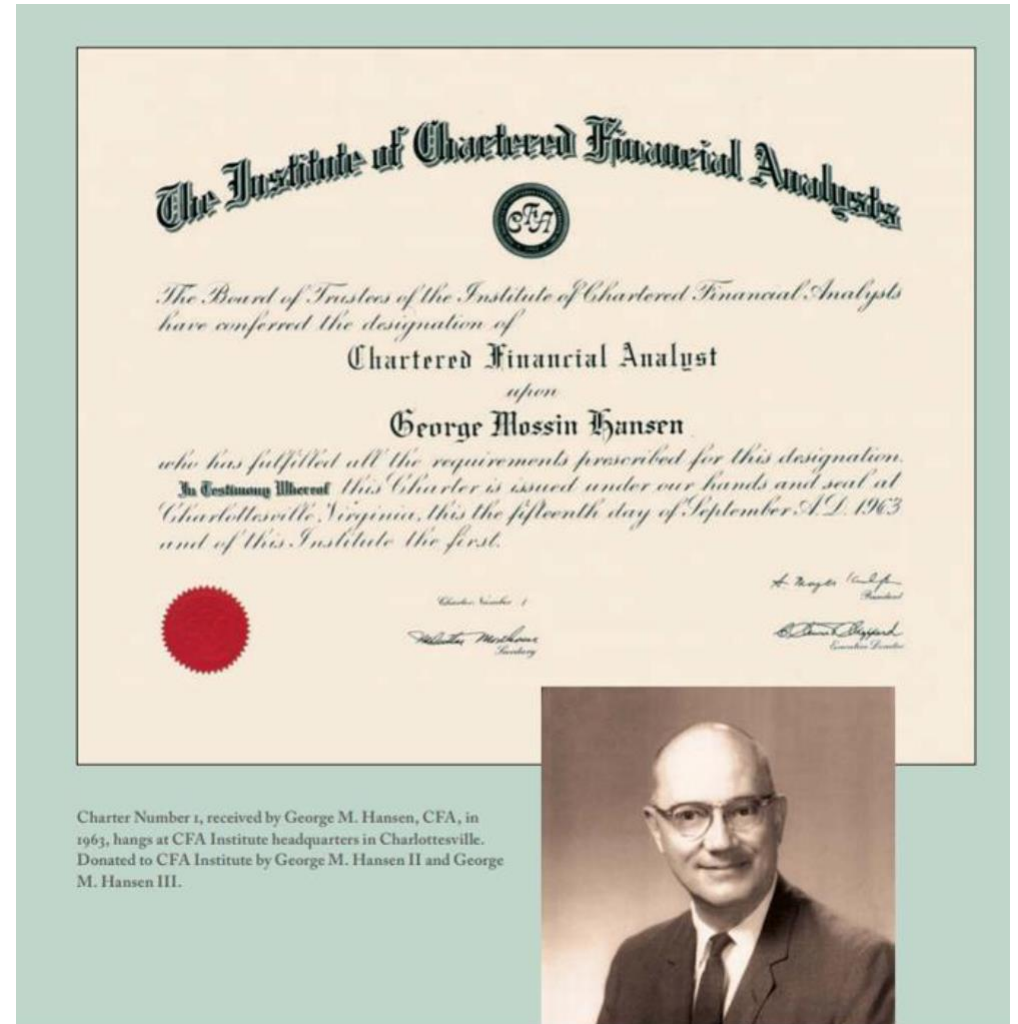
QUESTIONS:

1. List and discuss briefly the advantages of a common trust fund to the participating trusts.
2. Discuss briefly the investment objectives of a balanced common trust fund and outline a suitable long-term investment policy for a fund of this type.

(e) Life Insurance Companies

Presented below is the financial condition of the Mutual Insurance Company.

<u>Assets</u>	<u>Amount</u>
Government Bonds	\$ 14,000,000
Corporate Bonds	56,000,000
Mortgages	16,000,000
Policy Loans	5,000,000
Other Assets	9,000,000
Total Assets	<u>\$100,000,000</u>
<u>Liabilities and Surplus</u>	
Insurance Reserves	\$ 64,000,000
Annuity Reserves	18,000,000
Policy Dividend Fund and Other Obligations	10,000,000
Surplus	8,000,000
Total Liabilities	<u>\$100,000,000</u>





CANDIDATES AND EMPLOYERS ARE DEMANDING MORE OF US

“Real world skills from CFA Program is a top ask and would (confer more) clout to employers than any other (development).”

“...Feel unprepared for technical modeling required to be successful in entry-level roles.”

“Things are changing so rapidly CFA cannot update ... quick enough for how much the market is changing. Freshen up the content and make relevant to our day and age.”

“We need more official preparation opportunities from CFA Institute, more practice questions and more mock exams”



WE HAVE ADDRESSED SEVERAL KEY OPPORTUNITIES:

- 1) Better serving *new* investment professionals
- 2) Encouraging candidate *persistence* to Charter
- 3) Delivering on the demand for practical, *relevant skills*
- 4) Offering optional, official prep materials

CHANGES ARE DESIGNED TO MEET INDUSTRY NEEDS

Product and Customer Strategic Changes:

- Add practical application modules at every level (Financial Modeling, Python, etc.)
- Create specialized paths for LIII (Private Wealth, Private Markets, Portfolio Management)
- Focus the curriculum to make it more effective while maintaining rigor
- Offer additional practice opportunities with question banks and mock exams
- Reinforce the value earned during the journey through badging and marketing
- Expand eligibility to students meet the demand from the market

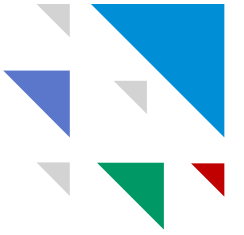
Topics

- **2024 CFA Level I: Curriculum Update**
 - Learning Modules
 - Prerequisite Readings
- **2024 CFA Level II: Curriculum Update**
- **2025 CFA Level III: Curriculum Preview**
 - Level III Core
 - Level III Pathways
- **Practical Skills Modules**

2024 CFA Program Level I

Learning Modules

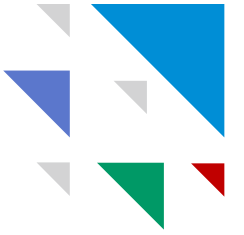
2024 CFA Level I – more focused and learner-centric



Learning Modules:

- **Convert Level I readings into “Learning Modules”**
 - More focused content
 - Increase in visuals, examples and practice questions
 - Reinforces candidate learning experience
- **Timing of Learning Module conversion:**
 - **2023:** Derivatives—10 learning modules
 - **2024:**
 - Corporate Issuers—7 learning modules
 - Fixed Income—19 learning modules
 - Alternative Investments—7 learning modules
 - **Remaining 6 topic areas to follow...**

CFA Level I readings → learning modules

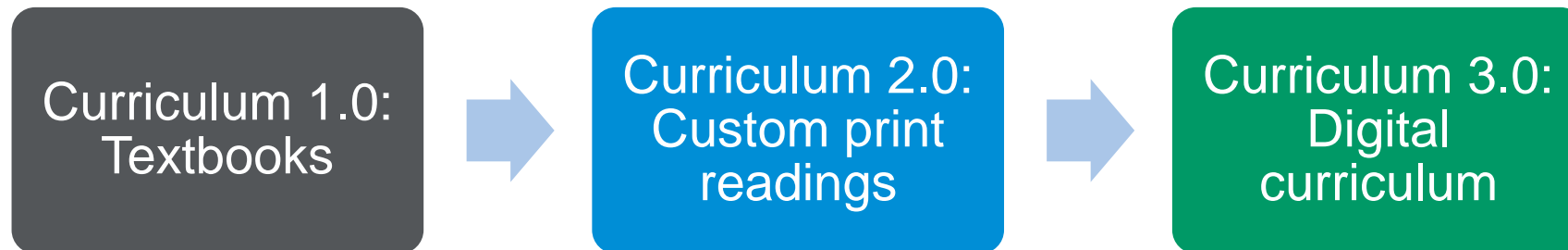


Readings

- Linear learning experience
- Encyclopedic
- Mostly words, few images/exhibits
- Designed for print
- Too long to read in one sitting
- Less friendly to ESL candidates

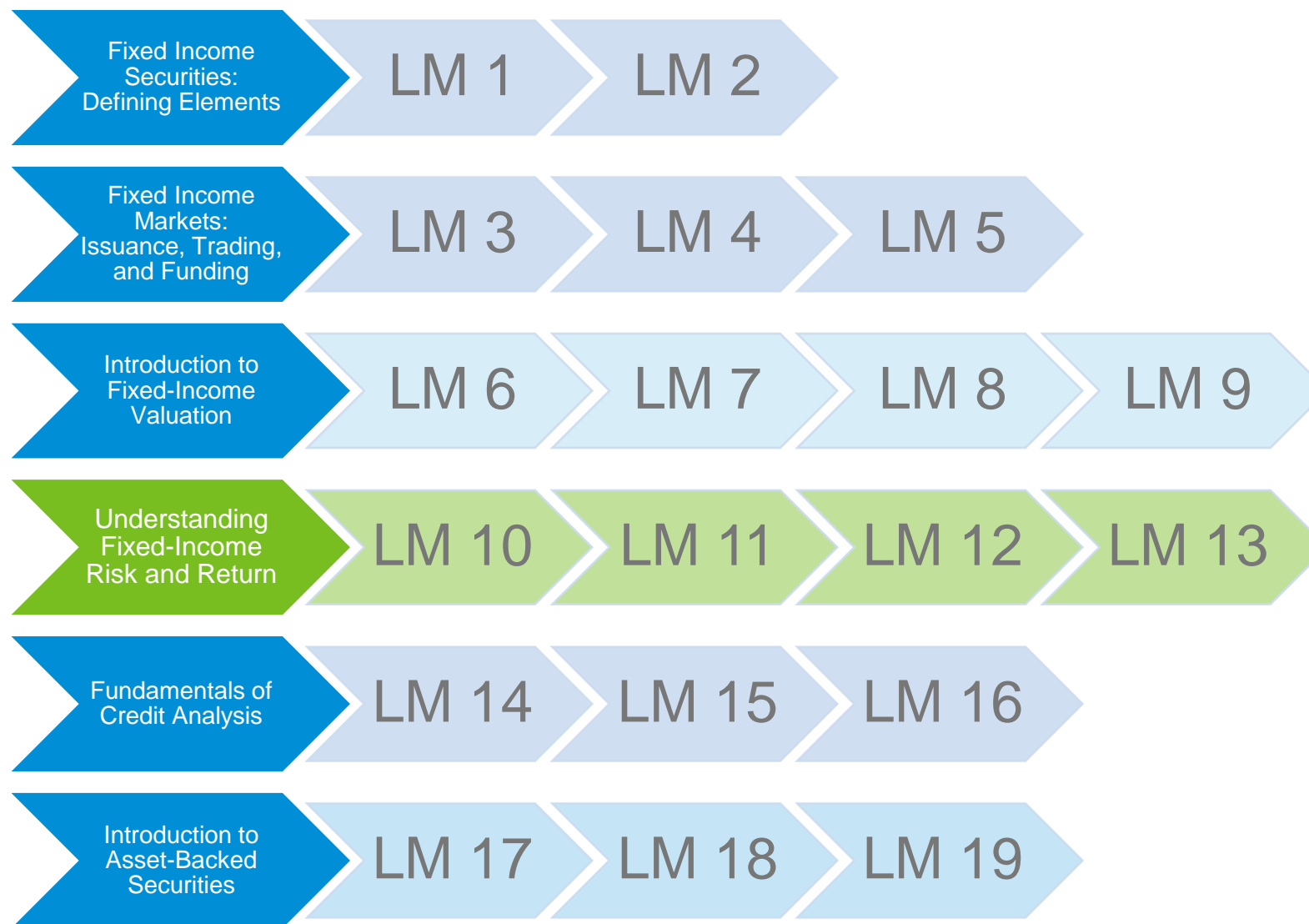
Learning Modules

- Engaging, effective learning
- Knowledge with a purpose
- More images/exhibits, fewer words
- Aligned to digital learning / assessment
- Designed to complete in an evening
- Tailored to the CFA candidate audience



Example: CFA L1 Fixed Income:

6 Readings in 2023 → 19 Learning Modules in 2024



Example: CFA LI Fixed income

2023 “Understanding Fixed Income Risk and Return” → 4 LMs in 2024

Learning Module #	Concepts covered
10	Interest Rate Risk and Return
11	Yield-based Bond Duration Measures and Properties
12	Yield-based Bond Convexity and Portfolio Properties
13	Curve-Based and Empirical Fixed-Income Risk Measures

2024 CFA Program Level I

Prerequisite Readings

2024 CFA LI—Prerequisite Readings



- From 2024, the CFA Program assumes candidate knowledge of foundational content as presented in introductory university-level courses in Statistics, Economics, and Accounting.
- Foundational material from these three topic areas is shifting to prerequisite readings:
 - Volume 1: Quantitative Methods
 - Volume 2: Economics
 - Volume 3: Financial Statement Analysis
- Each 2024 Preread volume includes the following ‘disclaimer’ statement:

The CFA Program assumes basic knowledge of Economics, Quantitative Methods, and Financial Statements as presented in introductory university-level courses in Statistics, Economics, and Accounting. CFA Level I candidates who do not have a basic understanding of these concepts or would like to review these concepts can study from any of the three prerequisite-reading volumes.

Topic Weights for 2024 will see a **decrease** in Econ, Quant, and FSA and an **increase** in Equity, Fixed Income, Portfolio Management, and Alternative Investments.

CFA Program Level II

2024 Curriculum Update

2024 CFA LII—Better bridge to LIII and Focus on Valuation & Analysis



Fewest changes at LII, which focus on:

- Valuation and analysis
- Better bridge to LIII to pave the way for the future

3 Major Revisions to L2 Readings for 2024-5:

- **Equity:** 2024 Private Company Valuation (new reading to replace 2023 and set up for Level III)
- **FSA:** 2024 Employee Compensation (key update)
- **Alternatives:** 2025 Real Estate Investment Overview (builds on L1, sets up for Level III)

1 Minor Revision to L2 Readings for 2024:

- **Quant:** 2024 Extensions of Multiple Regression (key update)

3 Readings Shifting between LII and LIII in 2024:

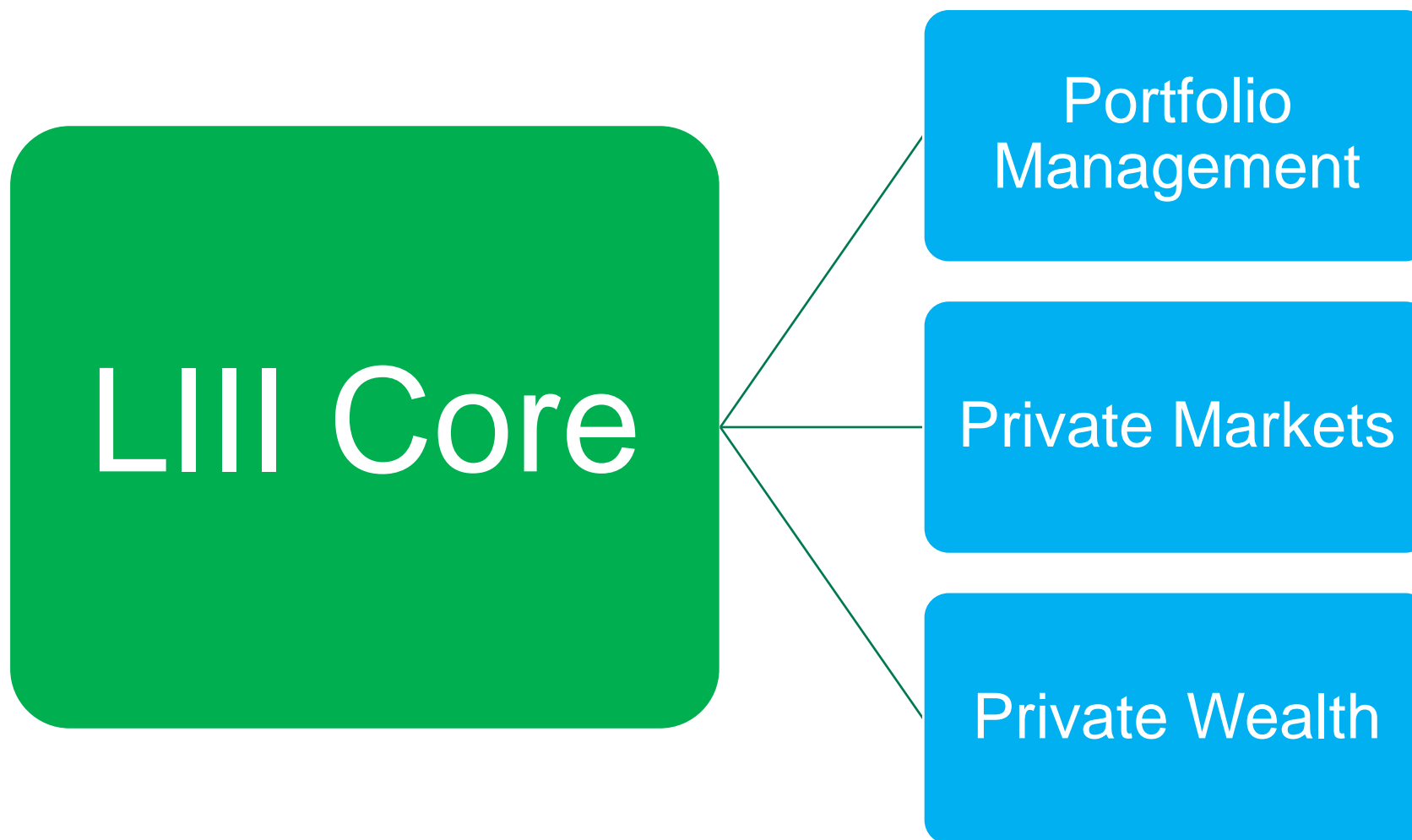
- **Alternatives:** Hedge Fund Strategies (**moving to LII** from LIII)
- **Alternatives:** Private Equity (**moving from LII** to LIII-pathways)
- **Portfolio Management:** Trading Costs & Electronic Markets (**moving from LII** to LIII-core)

CFA Program Level III

2025 Curriculum Year--preview

2025 CFA LEVEL III is divided into two components:

Core Curriculum and a choice of *Specialized Pathway*



2025 CFA LIII—Specialized Pathways



The “**Core Curriculum**” will make up **65~75%** of a candidate’s study material

Each candidate will be able to choose a “**specialized pathway**” comprising **25~35%** of their study material. The specialized pathway options are as follows:

- **Portfolio Management Pathway**
- **Private Markets Pathway**
- **Private Wealth Pathway**

2025 CFA Level III Topics:

Core Curriculum:



Asset
Allocation

Portfolio
Construction

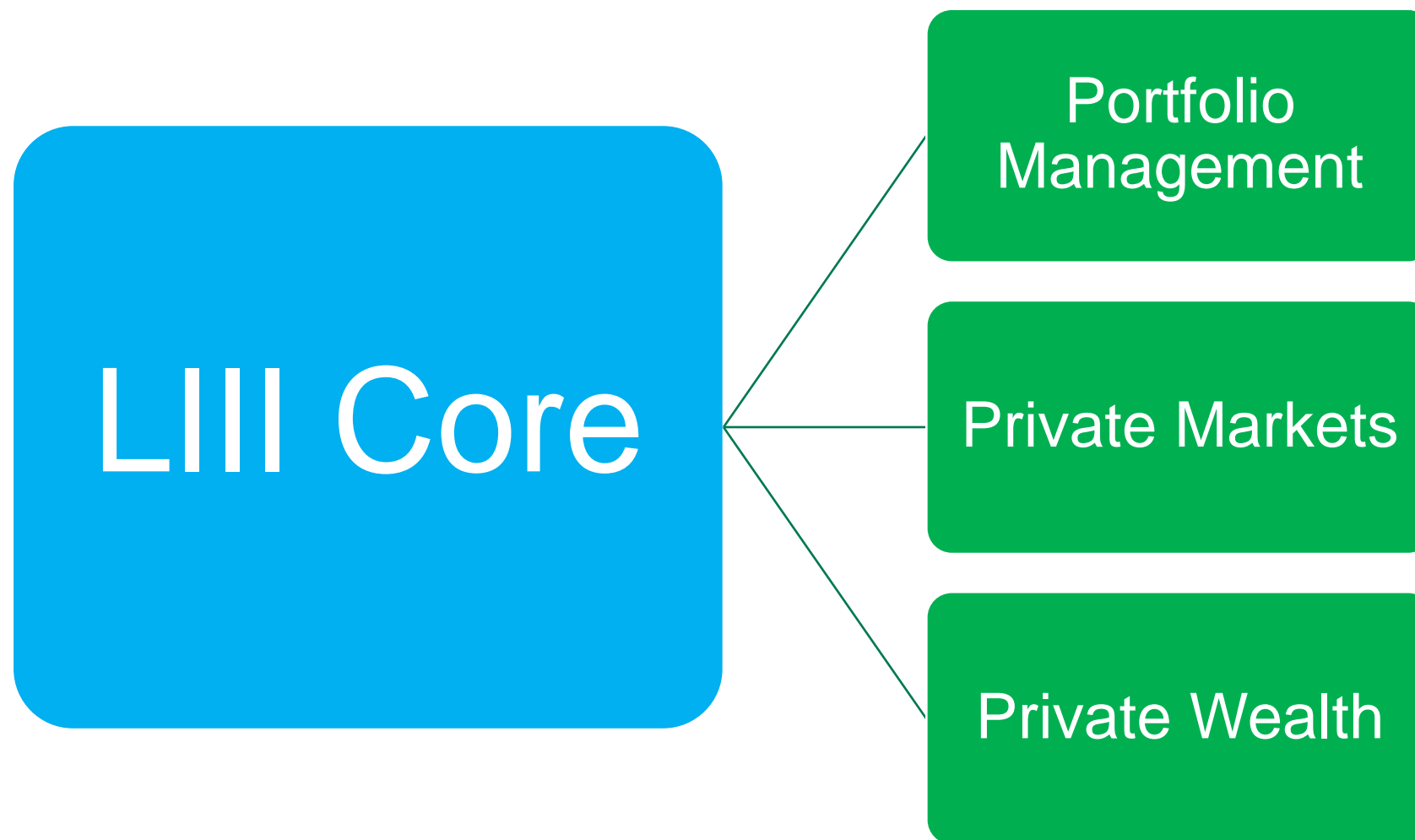
Performance
Measurement

Derivatives &
Risk Mgmt.

Ethics

2025 CFA LEVEL III is divided into two components:

Core Curriculum and a choice of *Specialized Pathway*



2025 CFA Level III Topics:

Portfolio Management Pathway Curriculum:



2025 CFA Level III Topics:

Private Markets Pathway Curriculum:



Structures and
Investment
Process

Private Equity

Private Debt

Private Real
Estate &
Infrastructure

Ethics in
Private
Markets

2025 CFA Level III Topics:

Private Wealth Pathway Curriculum:



CFA Program

Practical Skills Modules

Practical Skills Modules | Topics



Level I

- Financial Modeling
- Python Programming Fundamentals

Level II

- Analyst Skills
- Python, Data Science & AI

Practical Skills Modules | Objectives

Level I

Financial Modeling

Objective: To build a top-tier three-statement financial model of a company in Excel

Vendor: Financial Modeling Institute

Contact:
Ian Schnoor, CFA

Python Programming Fundamentals

Objective: Use basic Python coding skills to solve practical real-world problems

Vendor: Wall Street Prep

Contact: Ryan Ahmed,
Arkady Libman

Level II

Analyst Skills

Objective: Master the core competencies and key skills of successful analysts

Vendor: Analyst Solutions

Contact:
Jim Valentine, CFA

Python, Data Science & AI

Objective: Apply advanced Python coding skills to case studies on data science and AI

Vendor: Wall Street Prep

Contact: Ryan Ahmed,
Arkady Libman