

Introducing the CFA Program

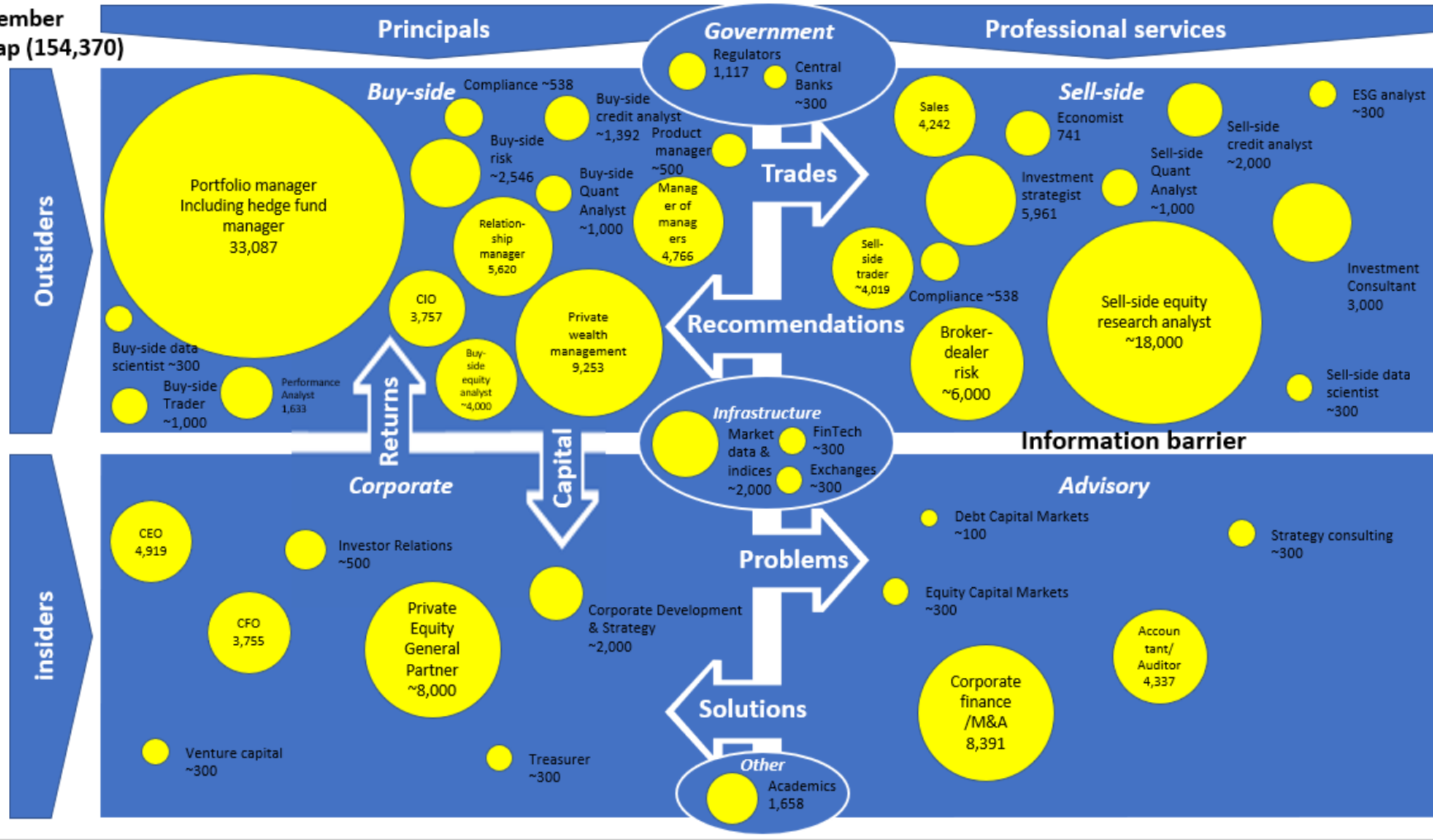
Rob Langrick, CFA, CIPM
Chief Product Advocate, CFA Institute
Yale SOM
16 April 2024



WHAT WILL YOU LEARN ABOUT TODAY?

1. WHO HAS THE CFA CHARTER?
2. WHY DID THEY EMBARK ON THE CFA PROGRAM?
3. WHAT DOES THE CFA PROGRAM COVER?
4. HOW CAN I TAKE THE CFA PROGRAM?
5. LATEST CFA PROGRAM INNOVATIONS

Member map (154,370)



WHERE DO THEY WORK?

(GOOGLE “WHERE DO CFA CHARTERHOLDERS WORK” TO ACCESS LIVE LEAGUE TABLE)

The below table highlights firms with 300 or more charterholders worldwide. It's important to note that this data is self-reported by Charterholders; hence, individual records might be outdated.

Employer	Number of Charterholders
UBS	2,482
JPMorgan Chase	2,202
RBC	2,028
Bank of America	1,589
Morgan Stanley	1,487
HSBC	1,375
TD Bank	1,327
Citigroup	1,305
BlackRock	1,301
Ernst & Young	1,111
Goldman Sachs	1,098

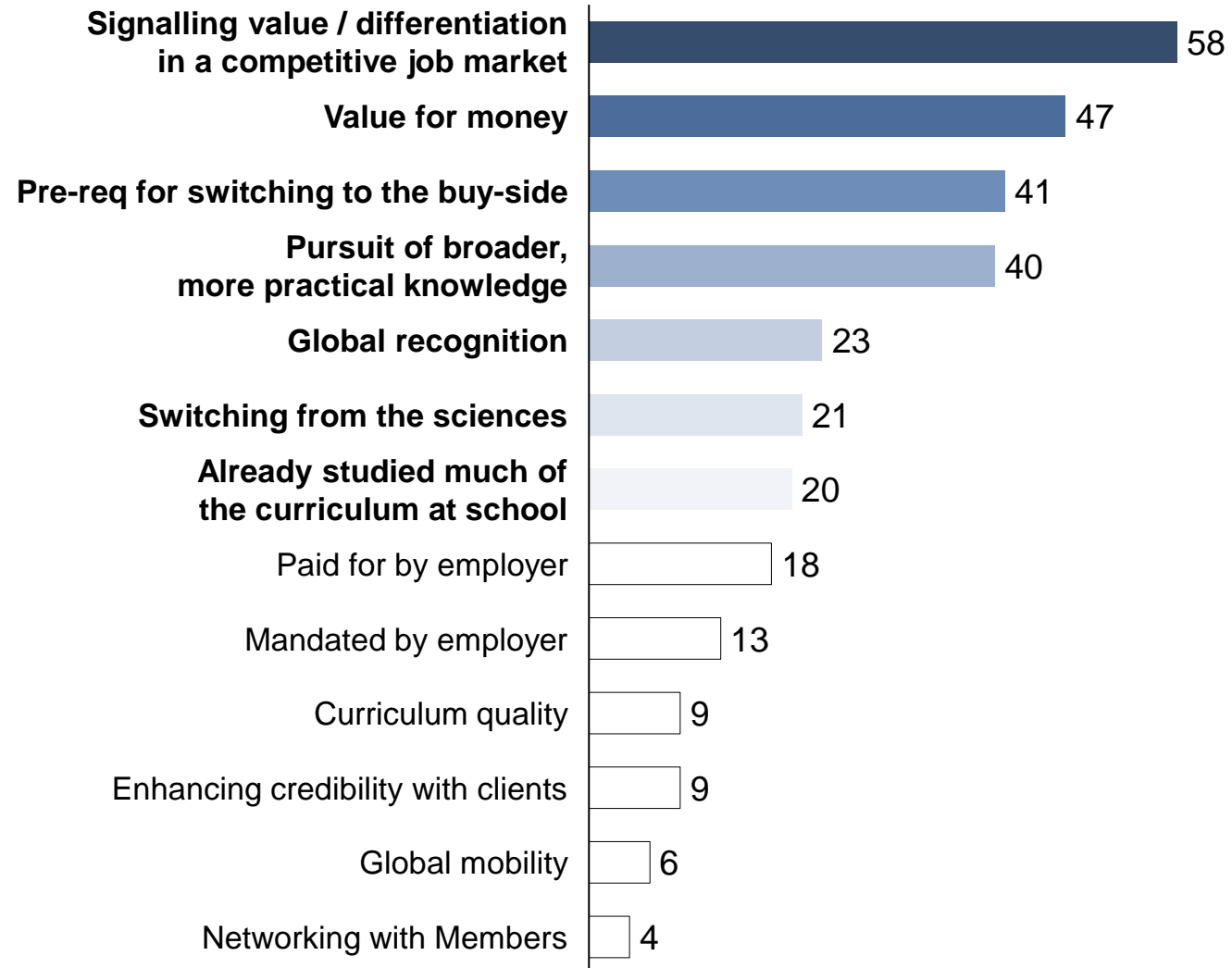


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WHY DID YOU DO THE CFA?

PRIMARY RESEARCH OF 309 CHARTERHOLDERS GLOBALLY IN FALL 2020





ETHICS AND
PROFES-
SIONAL
STANDARDS

ECONOMICS

FINANCIAL
REPORTING
AND
ANALYSIS

CORPORATE
FINANCE

QUANTIT-
ATIVE
METHODS

“Our industry has so many different types of products, and the CFA Program covers every single different area.”

EQUITY
INVEST-MENTS

Ken Luce, CFA
Toronto, CANADA

FIXED
INCOME

DERIVA-
TIVES

ALTERNA-TIVE
INVEST-MENTS

PORTFOLIO
MANAGEMENT
AND WEALTH
PLANNING



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Topic weights



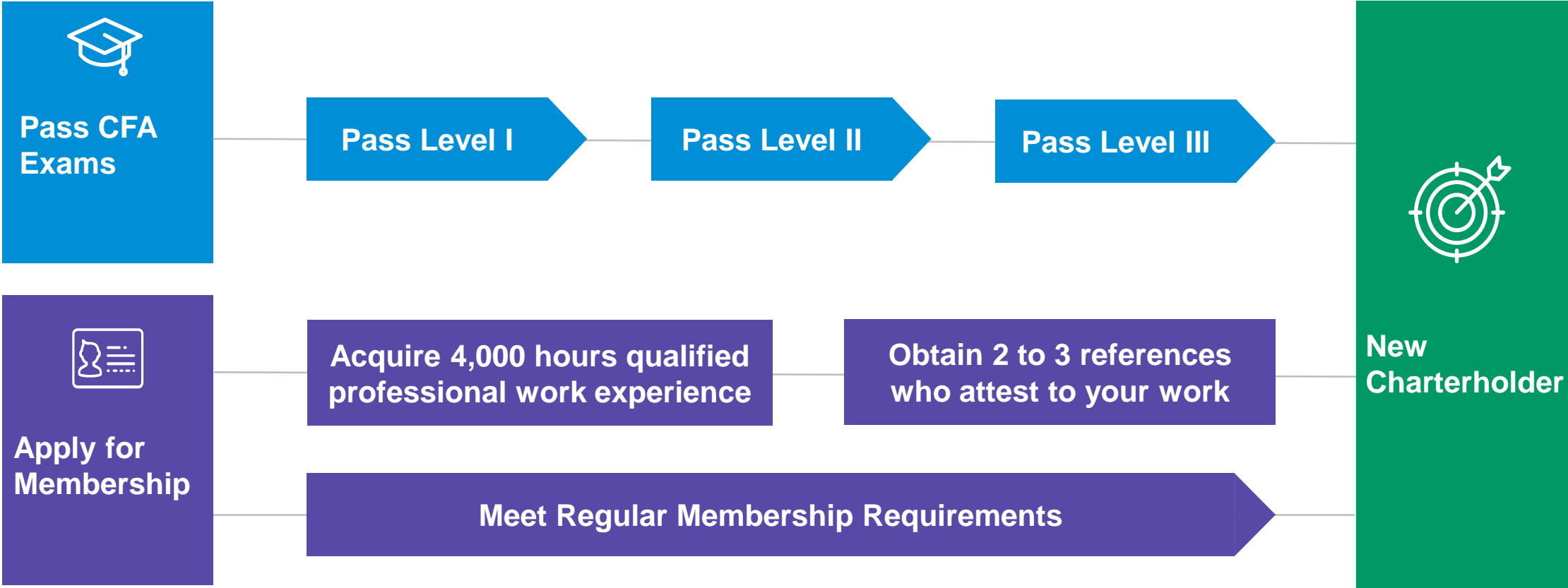
Topic	Level I	Level II	Level III
Ethical and Professional Standards	15–20%	10–15%	10–15%
Quantitative Methods	6–9	5–10	n/a
Economics	6–9	5–10	5–10
Financial Statement Analysis	11–14	10–15	n/a
Corporate Issuers	6–9	5–10	n/a
Equity Investments	11–14	10–15	10–15
Fixed Income	11–14	10–15	15–20
Derivatives	5–8	5–10	5–10
Alternative Investments	7–10	5–10	5–10
Portfolio Management and Wealth Planning	8–12	10–15	35–40
Total	100%	100%	100%



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THE PATH TO BECOMING A CFA® CHARTERHOLDER



OUR TESTING CENTERS LET YOU LASER-FOCUS



COMPUTER-BASED TESTING OVERVIEW

Scheduling	Self-schedule in the exam window. Rescheduling of exam appointment within the same exam window is available for a fee.
Location	Proctored exams in 400+ locations globally, to include all locations that were offered in June paper-based testing
Exam Length	Two 2¼ hour sessions with an optional break in between
Exam Format	Level I – 180 multiple choice questions Level II – 88 item set questions Level III – constructive response (morning) and item set (afternoon)



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2024 & 2025 CFA PROGRAM INNOVATIONS

- Added practical application modules at every level (Financial Modeling, Python, etc.)
- Bloomberg training woven into CFA Program
- Focused the curriculum to make it more effective while maintaining rigor
- Create specialized paths for LIII (Private Wealth, Private Markets, Portfolio Management)

Level I Python

Introduction to Python programming fundamentals: variables, data types, loops, functions, Pandas library, data wrangling...and how it differs from Excel

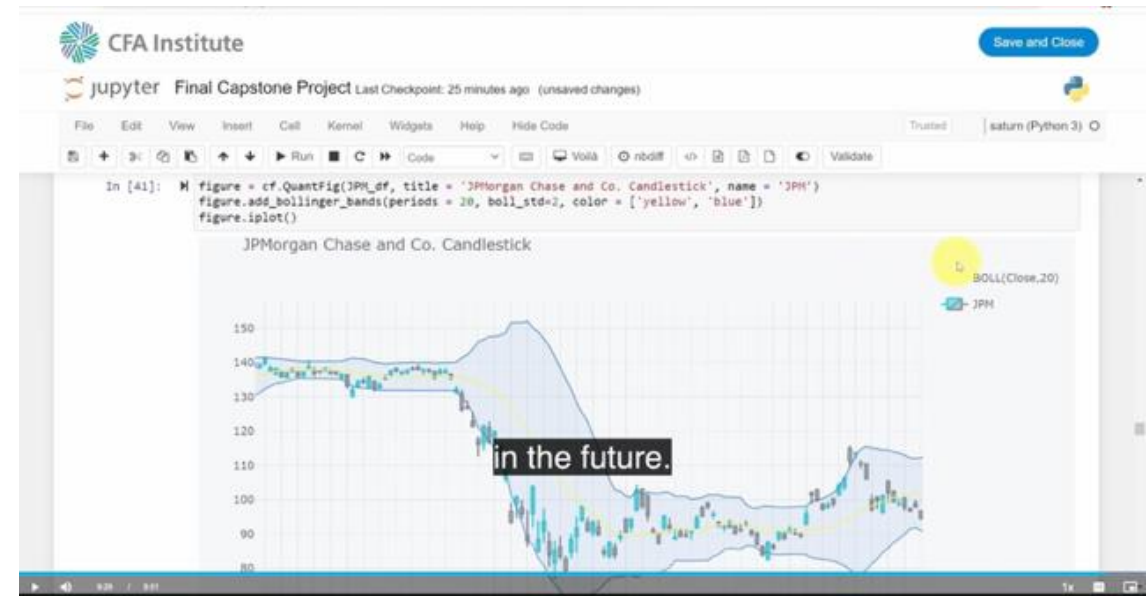
10 hours of video across 68 videos

5 hours of coding labs (practical hands-on coding with tutor guidance)

Jupyter notebook built in

34 multiple-choice questions

No pre-requisite knowledge



Level I Financial Modeling

How to build a three statement financial model of a company using best practice

Choice of easy, medium or hard companion practice exercises

10 hours of video across 60 videos

50 multiple-choice questions

No pre-requisite knowledge

Learn Excel keyboard shortcuts and several new Excel 365 functions

The screenshot shows an Excel spreadsheet with the following data:

	(U.3)	U.U	U.U	U.U	(L.4)
Change in Cash					
Amount Outstanding - Ending	\$0.3	\$0.0	\$0.0	\$0.0	\$1.4
Interest Rate	1.0%	1.0%	1.0%	1.0%	1.0%
Annual Interest Income	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revolver - Step 1 of Revolver - CFLO					
Operating Cash Flow	From CFLO Stmt	-45.6	37.9	56.6	51.8
Investing Cash Flow	From CFLO Stmt	(16.0)	(17.0)	(17.3)	(17.5)
Mandatory Debt Repayments	From Debt Sched	(25.0)	(25.0)	(25.0)	(25.0)
Common Stock Issuance / (Buy-back)	From Equity Sched	0.0	0.0	0.0	0.0
Dividends	From Equity Sched	(5.9)	(2.6)	(7.8)	(6.7)
FCF After Mandatory Debt Repayment and Dividend		(\$1.4)	(\$6.7)	\$6.5	\$2.6
Revolver Outstanding - Beginning		0.0	1.1	7.7	1.2
Additions / (Repayments)		1.1	6.7	(6.5)	(1.2)
Revolver Outstanding - Ending	\$0.0	\$1.1	\$7.7	\$1.2	=SUM(N304:N305)
Interest Rate	6.0%	6.0%	6.0%	6.0%	6.0%
Annual Interest Expense	\$0.0	\$0.1	\$0.5	\$0.1	\$0.0
Senior Secured Term Debt					
Amount Outstanding - Beginning		150.0	125.0	100.0	
Additions / (Repayments)		(25.0)	(25.0)	(25.0)	
Amount Outstanding - Ending		125.0	100.0	75.0	
Interest Rate	6.0%	6.0%	6.0%	6.0%	6.0%
Annual Interest Expense	\$12.0	\$10.5	\$9.0	\$7.5	\$6.0



Level II Analyst Skills

“What they don’t teach you in the CFA Program”...until now! Practical day-to-day tips to become a ranked analyst

9 hours of video across 45 videos

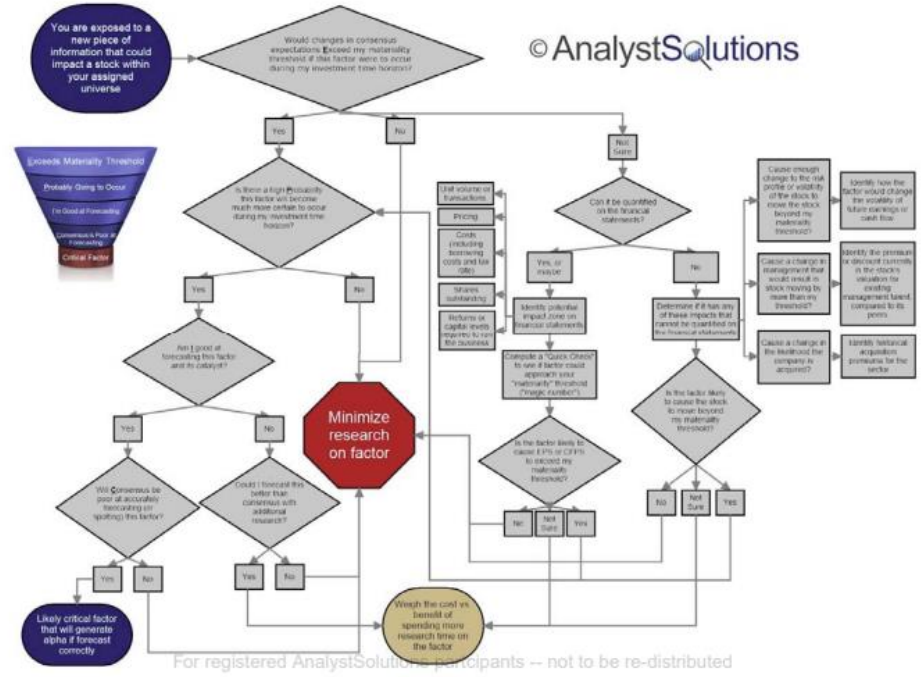
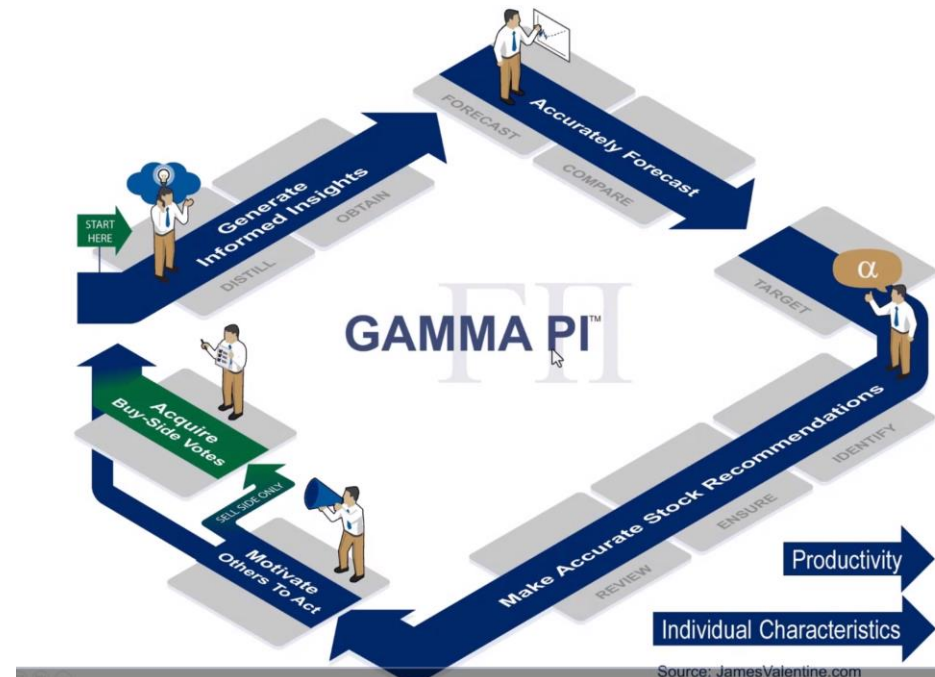
55 multiple-choice questions

“Transformation Action Plan” to hone key skills needed as an equity analyst

Series of take-away memorable checklist frameworks to master parts of the workflow

Demystifies interactions between buy-side and sell-side and practical valuation

No pre-requisite knowledge



Level II Python

Python, Data Science & AI: data scraping, data wrangling, data cleaning, AI/ML, building and leveraging algorithms and AI libraries including SciKit, neural networks, using Large Language Models, data visualization

10 hours of video across 65 videos

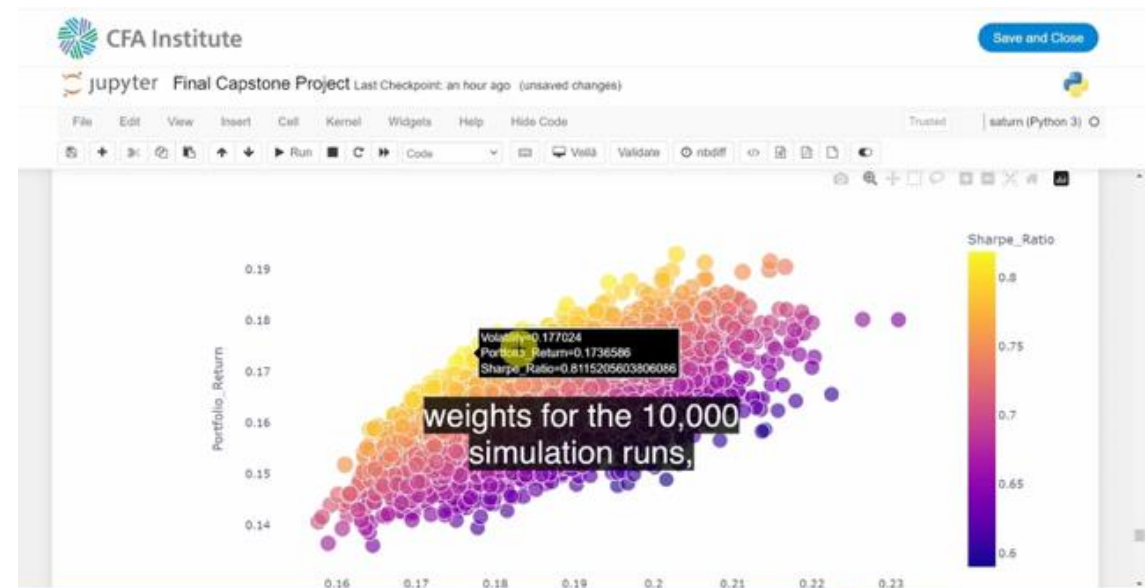
5 hours of coding labs (practical hands-on coding with tutor guidance)

32 multiple-choice questions

Sequel to Level I Python

Both Level I & II PSMs given as options to all Level II candidates

```
def effective_annual_rate(i, m):  
    return ((1 + (i/m))**m) - 1  
  
nominal_rate = float(input('Enter the nominal (stated) annual rate of return: '))  
compounding_periods = float(input('Enter the number of compounding periods per year: '))  
  
effective_rate = effective_annual_rate(nominal_rate, compounding_periods)  
print('Effective annual interest rate = {}'.format(round(effective_rate, 4) * 100))  
print('Total interest earned = {}'.format(effective_rate * amount_invested, 4))  
  
Enter the total amount you would like to invest: 100000  
Enter the nominal (stated) annual rate of return: 10  
Enter the number of compounding periods per year: 12  
Effective annual interest rate = 10.47%  
Total interest earned = $104.7131
```



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Trading Blocs and Regional Integration

OPTIONAL UNTESTED SEGMENT

UNLOCKING REAL-WORLD APPLICATIONS WITH BLOOMBERG

Bloomberg is one of the main market data platforms used globally by finance professionals throughout their workflows. In this optional section, we will explore a real-world application of the CFA Curriculum on Bloomberg.

B {ECTR} TRADE FLOW

The Bloomberg ECTR function allows you to view the scale of bilateral international trade flows between many countries over selected time periods.

"ECTR provides an interactive trade flow map that allows you to see the export and import values between a selected country and its global trading partners. The data is provided by the International Monetary Fund (IMF) Direction of Trade Statistics, which has its own hierarchical method of grouping countries and regions. You can quickly backdate the data to determine if trade between countries has increased or decreased and, overall, if one country's trade imbalance is expanding or contracting. You can also see which countries maintain strong ties (or are dependent on each other) as indicated by the size of the trade flows, as well as further your analysis on the degree to which international sanctions and regulations have impacted countries such as Iran, forcing them to forge new trading relationships." -Bloomberg

To explore this function, type ECTR into the Bloomberg command line and press Enter or <GO>.



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Please provide [feedback](#) on this Bloomberg feature.

Rate Your Confidence

High

Medium

Low

Continue »

Category

International Trade

Related Questions:[Practice questions related to this topic](#)



A lesson from the landscaping industry:

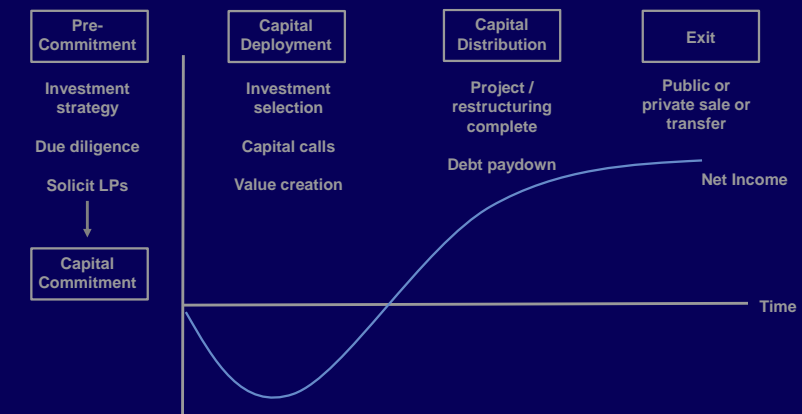
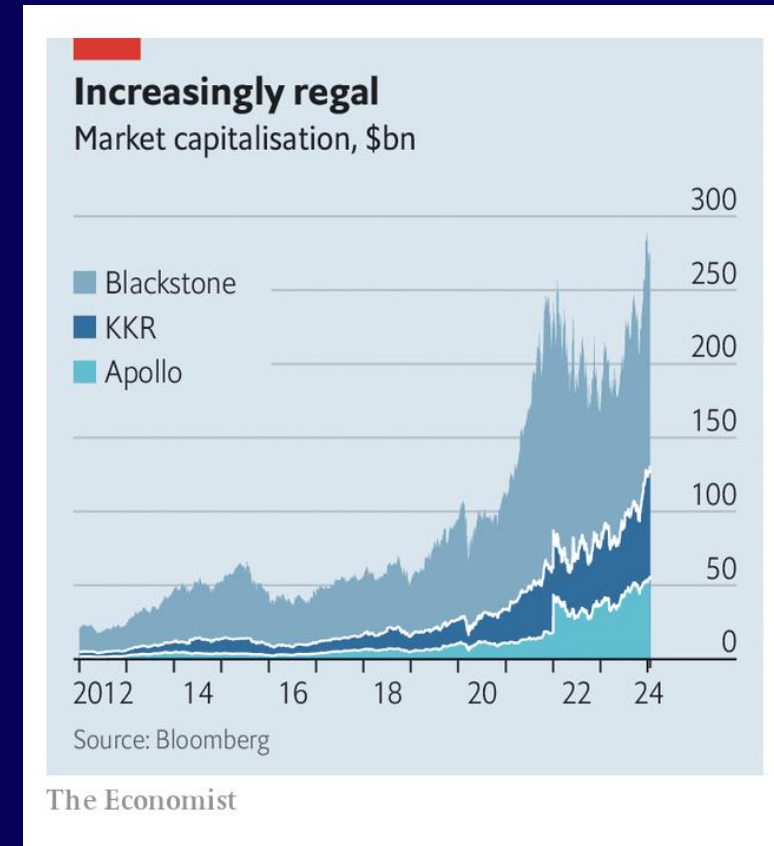


Wait before laying paths where the people want to go



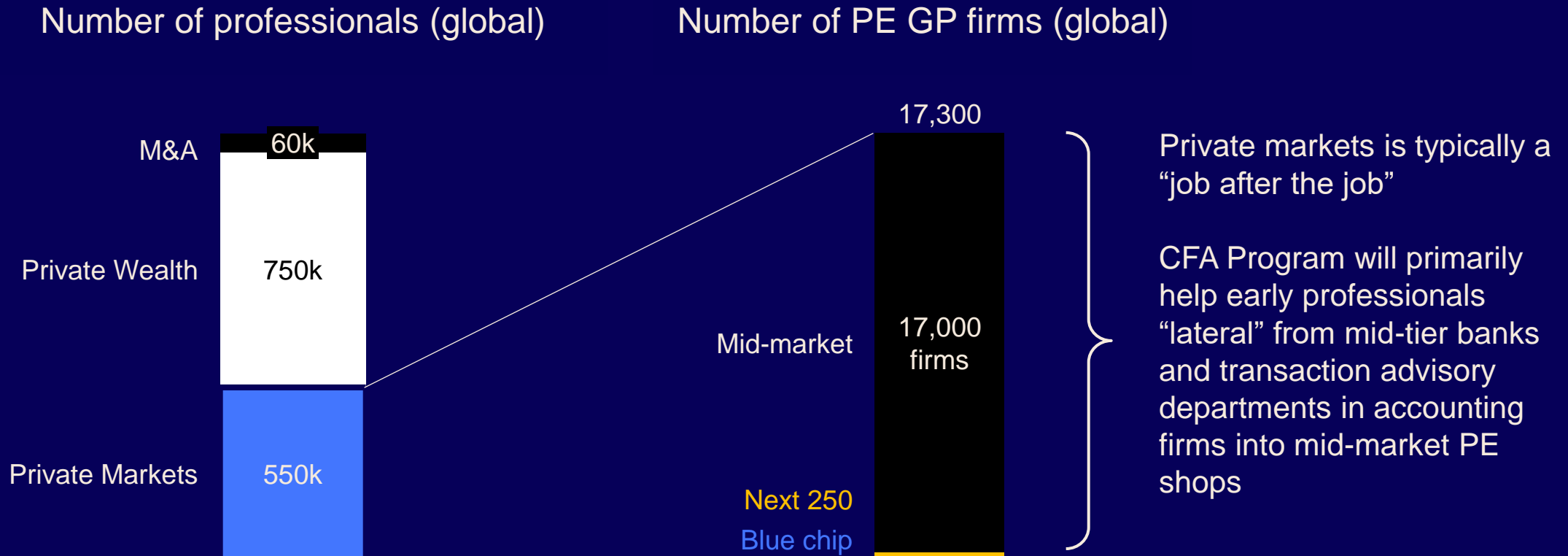
Why?: Pendulum swinging from public to private markets

- The number of public companies in the USA has halved since 1996 owing primarily to regulation
- Since the Great Financial Crisis **private markets** have boomed, with Preqin forecasting alternatives market growth from \$14T in 2023 to \$23T by 2026, close to half of US equity market capitalization.
- Some call this a “golden age” for private markets such as special situations, private real estate and unlisted infrastructure as rates have risen and the focus of PE firms has shifted beyond LBOs.
- With it, a second coveted (and highly compensated) “pinnacle” job today for junior investment professionals is the “Investment Associate” role at a General Partner firm.
- With its roots in M&A and the world of deal-making, private markets is more of a transaction-based workflow role than a traditional investing workflow role.



Why?

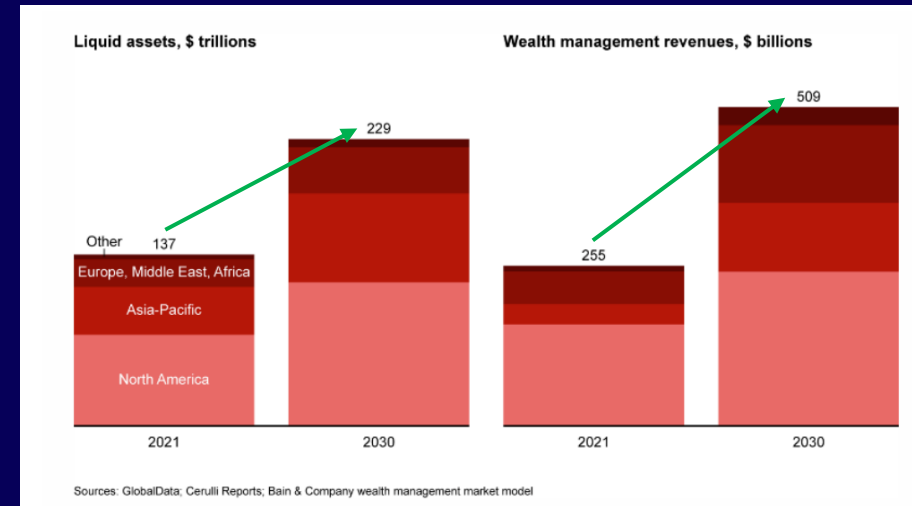
Private markets now employs >0.5M at >17,000 firms WW



Why? (part II)

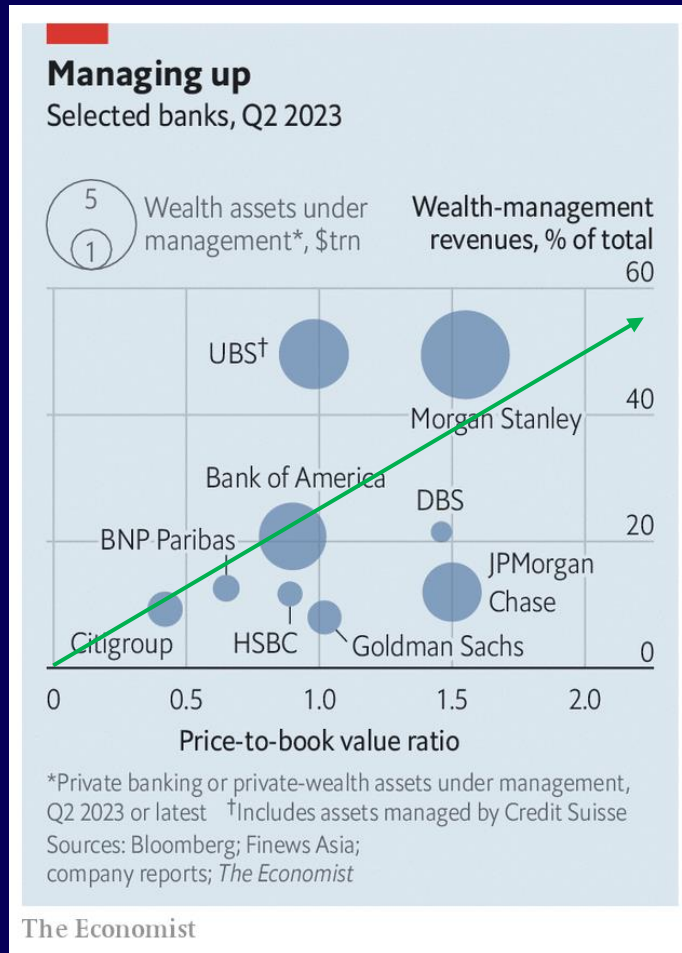
The rise of private wealth

- Meanwhile the **private wealth** industry has also grown in prominence and stature as global wealth has grown faster than global output.
- Between 2000 and 2020, total investible assets rose globally from \$160T (4x GDP) to \$510T (6x GDP). Liquid assets make up \$130T of this total and were projected by Bain & Co in 2023 to grow to \$230T by 2030 thereby doubling Wealth Management industry revenues. With it, the number of wealth management professionals being hired into the industry is booming.
- Number of USD millionaires in India has grown 23x since 2000. China has roughly the same number of USD billionaires as the USA. And on the lower end, wealth managers now serve the rich as well as the uber-wealthy extending their services from UHNWI to HNWI and the “mass affluent”.
- The impending Great Wealth Transfer is anticipated to influence private wealth management. **USD84 trillion in assets is projected to be transferred within the next two decades, primarily to Generation X, millennials, and Gen Z from baby boomers.** This transfer, likely the largest in history includes an estimated USD72 trillion inheritance.



Why? (part II)

Wealth management is now the top priority of banking CEOs

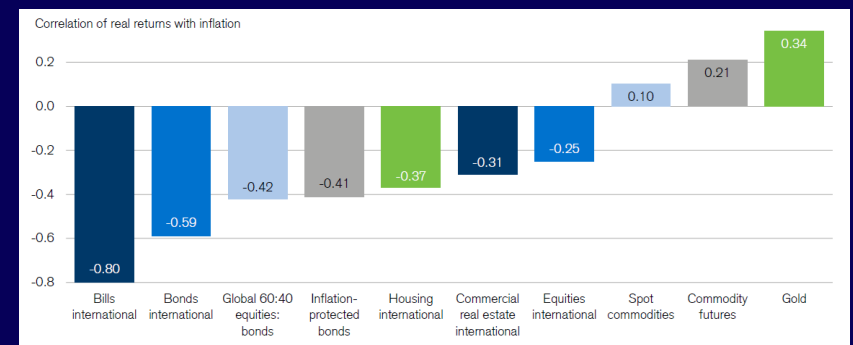
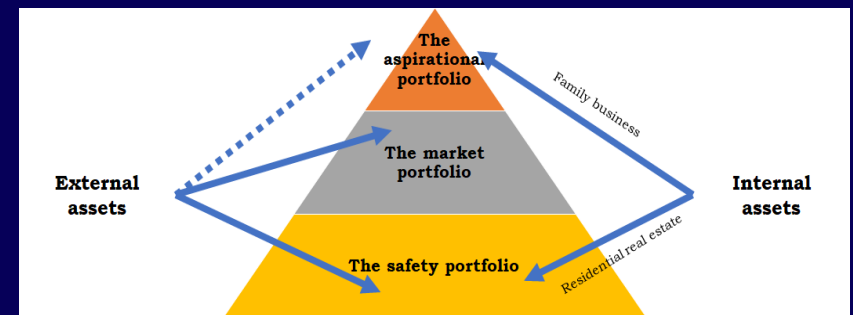


“Once the business was a sleepy, unsophisticated corner of finance. Now it’s the industry’s future”.

Economist, September 2023

But with new sources of wealth... ...come new client problems to solve

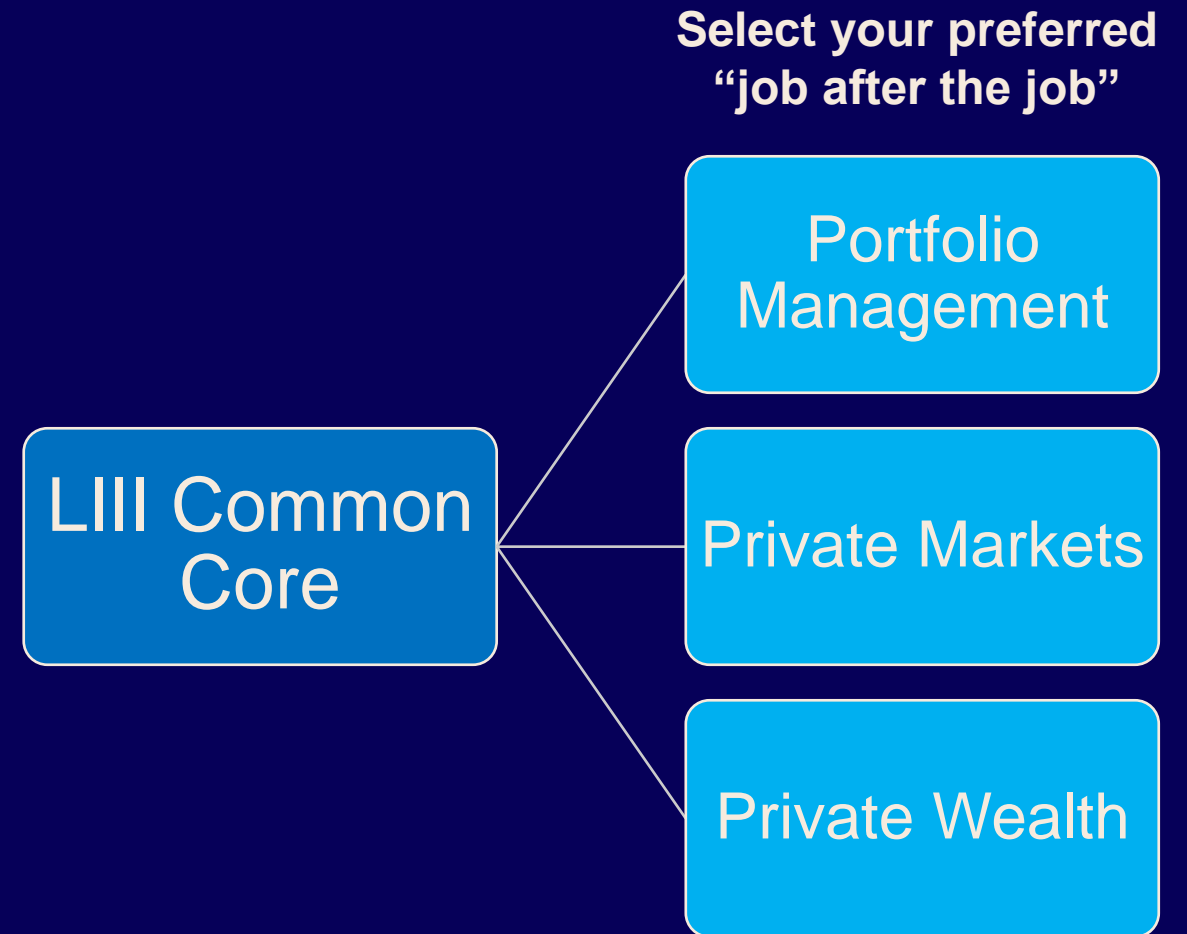
- The wealth management role has changed from simply helping people save for retirement, save for a child's education and arrange bequests, etc. to more acting as a care-taker, acting in the clients best interest when offering financial advice.
- The scope is becoming more multi-generational with horizons now ranging from 30 to beyond 100 years.
- Private Wealth Managers continue to make suggestions about asset allocation but they are also performing new roles such as ensuring that clients are using tax-advantaged funds ensuring that they are trading in a cost-effective way and helping them set up trusts and plan for generational transfer.
- All these decisions are inter-related which has made the job of the private wealth manager more complex than it used to be.



SUCCESSION

The change to Level III

- We identified the things the three job roles had in common. Tasks that transcend the three job roles such as asset allocation and portfolio construction. This we made the “common core” for Level III, taken by all candidates.
- We then made three “specialized pathways” of Level III, similar to the specializations available towards the end of most Masters programs.



Common Core (65-75% exam weight)

Provides the knowledge, skills and abilities which **transcend** asset management across the three Pathway job roles

Asset allocation. Capital market expectations, macro forecasting, handling constraints.

Portfolio construction. Equity, fixed income and alternatives portfolio construction, institutional versus private wealth portfolio construction, trading costs.

Performance measurement. Performance attribution, manager selection, Global Investment Performance Standards.

Derivatives & risk management. Options strategies, swaps/forwards/futures strategies, currency hedging strategies.

Ethics. Code of ethics, standards of professional conduct, Asset Manager Code.

Portfolio Management (25-35% exam weight)

Contains the more advanced, public markets focused portfolio management content of the *existing* CFA Program.

Index-based equity strategies

Active equity investing: strategies

Active equity investing: portfolio construction

Liability driven and index based fixed income strategies

Fixed-income active management: yield curve strategies

Fixed-income active management: credit strategies

Case study in portfolio management: institutional

Trade strategy and execution

Private Markets

(25-35% exam weight)

Addresses private markets investing primarily from the perspective of the General Partner (GP). It builds on key valuation and other competencies in the CFA Program for all four asset class domains.

It is peppered with engaging recent examples from the private markets and private credit space such as Musk's acquisition of Twitter, Facebook's acquisition of WhatsApp, Blackstone REIT, events at Silicon Valley Bank, Gabon's debt-for-nature swap and several high profile LBOs such as Thyssen elevators in 2020.

Private investments and structures

GP and LP perspective and the investment process

Private equity

Private debt

Private special situations

Private real estate

Infrastructure

Private Wealth

(25-35% exam weight)

Offers a global perspective on and universal principles for serving High Net Worth client (US\$5M+).

It is structured as an arc from young adult being onboarded and generating wealth to a private wealth manager to wealth transfer from a client.

It builds on former versions of the CFA Program extending beyond simple investment management and financial planning to cover brand new areas such as family management, philanthropy and serving star athletes.

The private wealth management industry

Working with the wealthy

Wealth planning

Investment planning

Preserving the wealth

Advising the wealth

Transferring the wealth



CFA Institute

CFA Program 60th Anniversary Offer

Yale SOM 16 April 2024

CFA Program scholarship for one person in attendance

