

CFA PROGRAM

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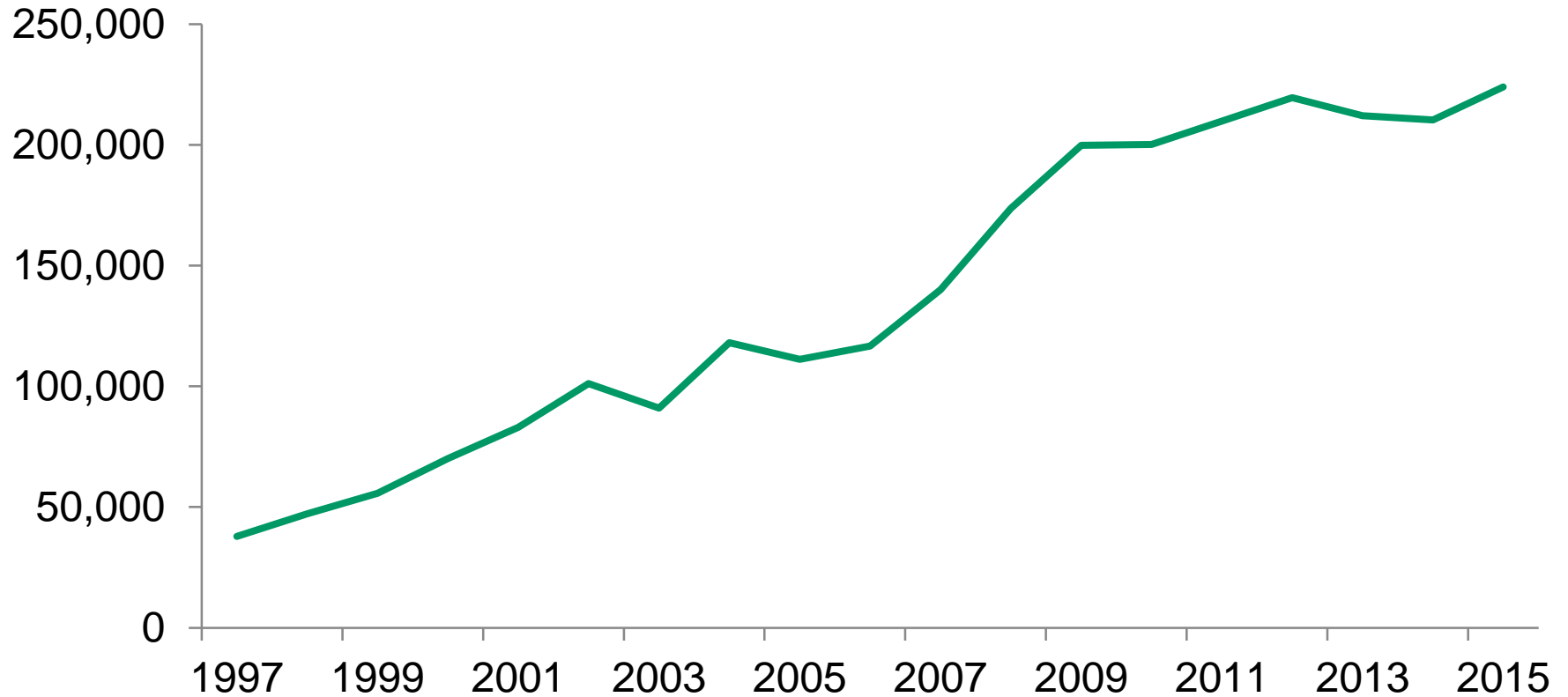
CFA Institute

THE CFA CHARTER

- Graduate-level investment credential
- Held by more than 125,000 investment professionals working in more than 151 countries
- Recognized by regulatory bodies in many countries as a proxy for meeting certain licensing requirements
- More than 350 universities around the world incorporate the CFA curriculum into their degree programs

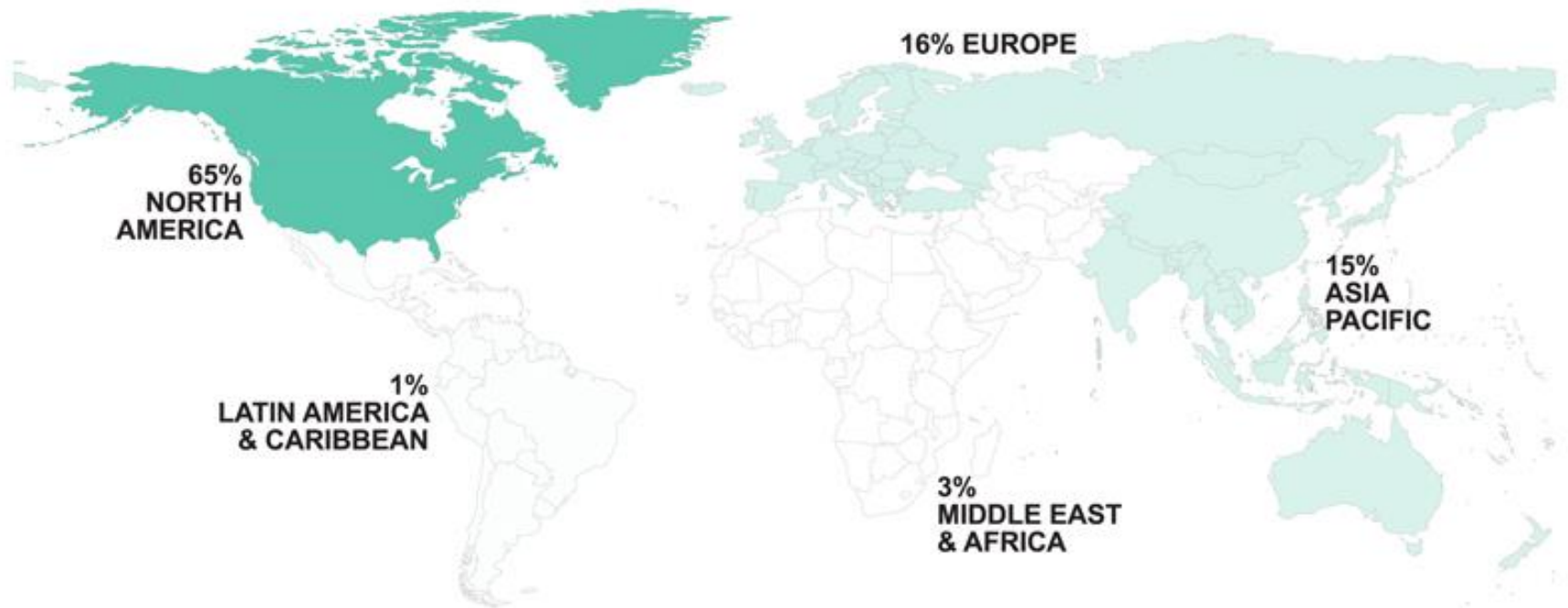
GROWING DEMAND FOR THE CFA CHARTER

Candidate exam registration



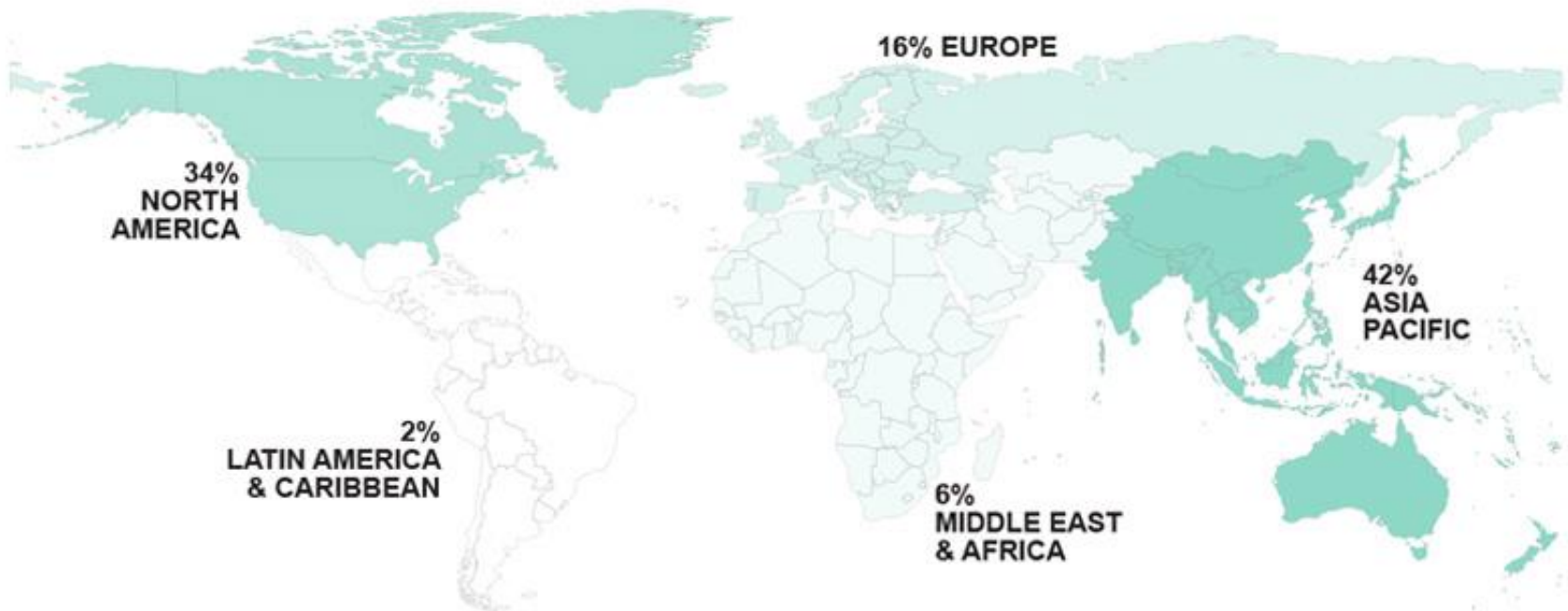
CFA INSTITUTE MEMBERS BY REGION

**Geographic distribution
of CFA Institute Members**



CFA PROGRAM CANDIDATES BY REGION

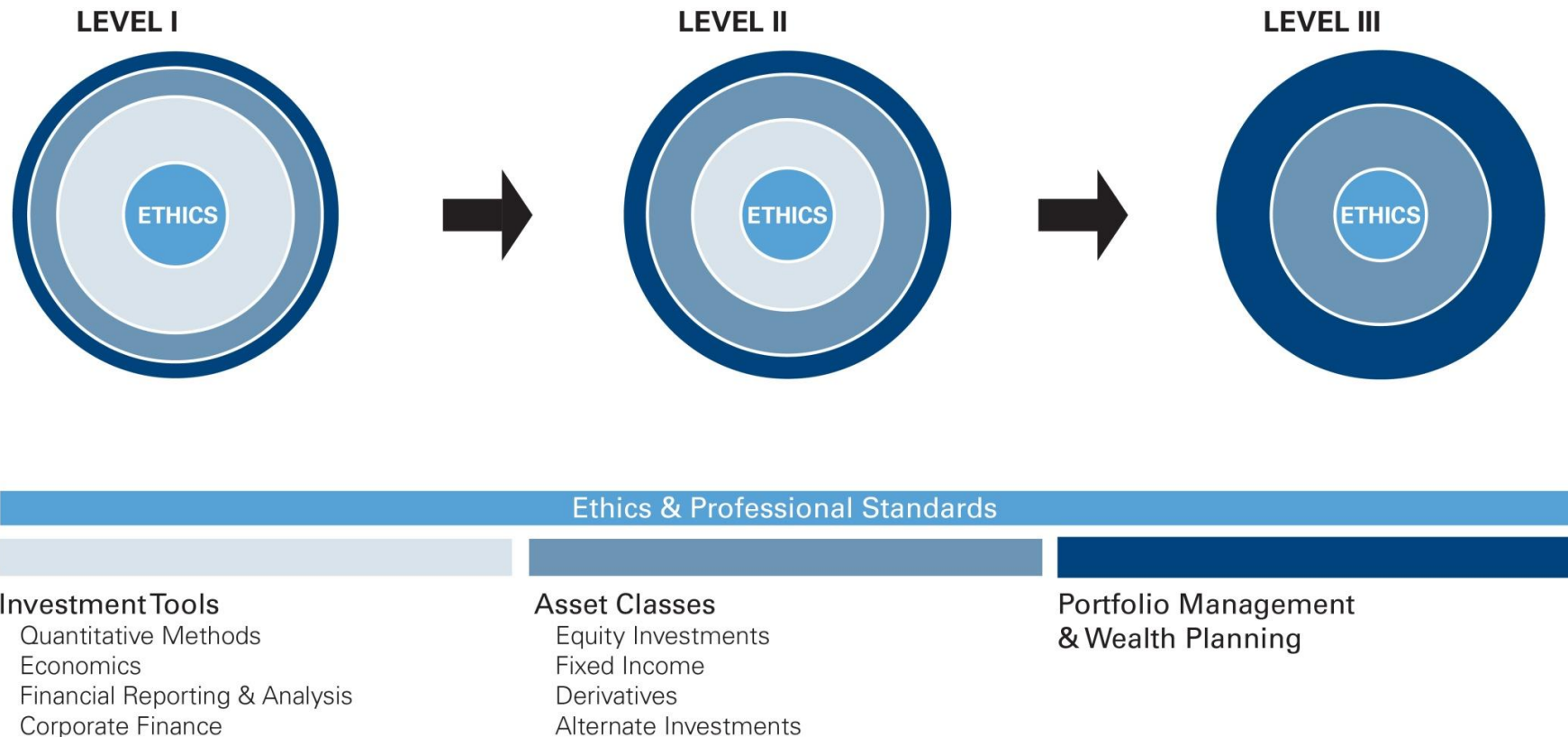
**Geographic distribution
of CFA Program Candidates**



WHAT YOU LEARN AS A CFA CHARTERHOLDER

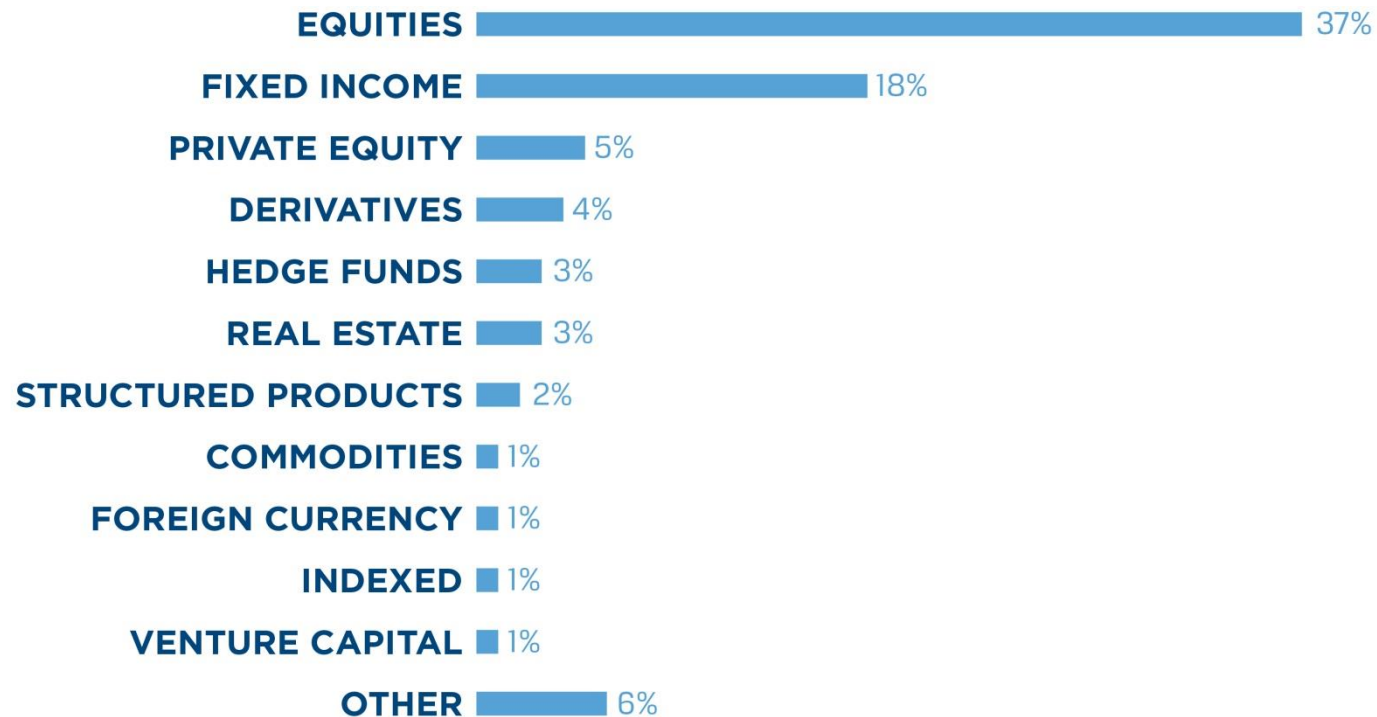
- Investment (equity and fixed income) analysis
- Portfolio management
- Wealth planning
- Economic theory
- Alternatives and derivatives
- Performance measurement & evaluation
- Risk management
- Financial reporting
- Quantitative methods

THE THREE LEVELS OF THE CFA EXAM



WHAT CAN I DO WITH THE CFA CHARTER?

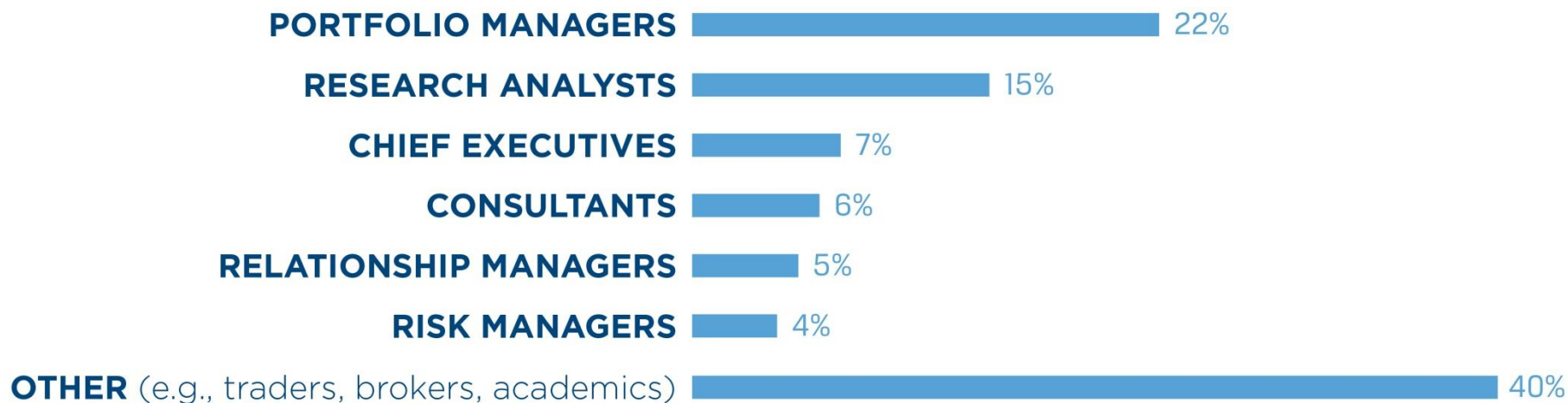
Charterholder employment by sector



*Represents 82% of respondents. As of September 2012.

WHAT CAN I DO WITH THE CFA CHARTER?

Charterholder Employment by Title



*As of September 2012

TOP GLOBAL EMPLOYERS OF CHARTERHOLDERS

- **Bank of America Merrill Lynch**
- **Citibank**
- **Credit Suisse**
- **Deutsche Bank**
- **HSBC**
- **JPMorgan Chase**
- **Morgan Stanley Smith Barney**
- **RBC**
- **UBS**
- **Wells Fargo**

THE CFA EQUATION

Steps to earning the charter

Bachelor's degree
or in final year of
bachelor's

Level I, II, III Exams



4 years of
work experience

CFA CHARTER

EXAM SCHEDULES

	June		December	
Level I	○		○	
Level II	○			
Level III	○			

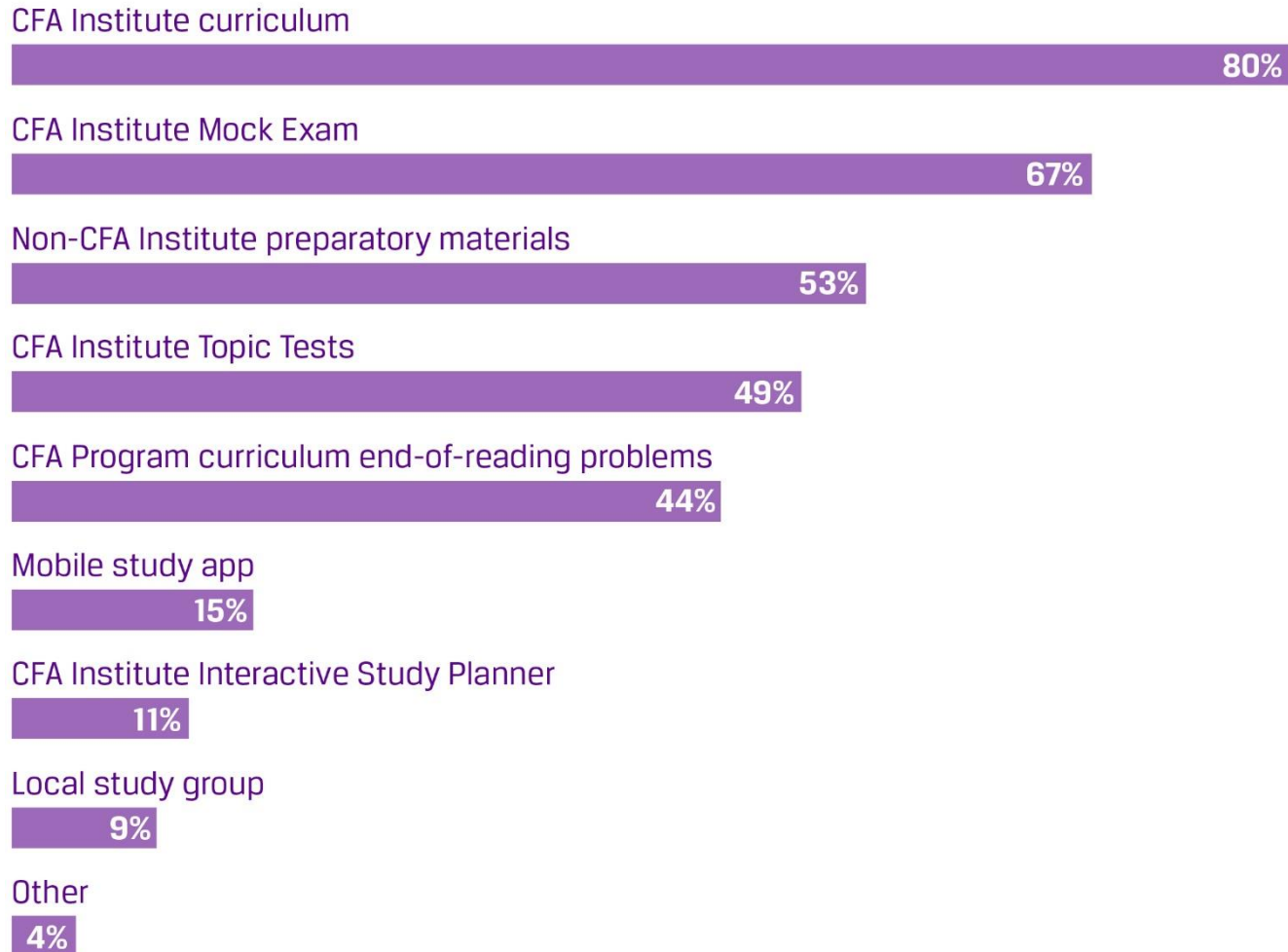
THE CFA PROGRAM IS A RIGOROUS UNDERTAKING

- For June 2016 exam, the pass rate for Level I was 43% and for Level II was about 46%. For Level III it was about 54%.
- For December 2015, the Level 1 pass rate was 43%.

CFA EXAM PREPARATION

- **Average Hours Spent Studying for the exam – 322**
 - **Level 1: 304 hours**
 - **Level 2: 329 hours**
 - **Level 3: 334 hours**
- **Based on Assigned Readings**
- **Oriented to Learning Outcome Statements**

CFA[®] CANDIDATE PREPARATION – WHAT DEFINES SUCCESS?



HARDEST TOPICS

	LEVEL I	LEVEL II	LEVEL III
Fixed Income	■	■	■
Derivatives	■	■	■
Ethical and Professional Standards	■	■	■
Financial Reporting and Analysis	■	■	
Alternative Investments	■	■	■
Economics	■	■	■
Portfolio Management	■	■	■
Corporate Finance	■	■	
Equity Investments	■	■	■
Quantitative Methods	■	■	

CFA LEVEL 1 EXAM

- Focus: Tools and concepts that apply to investment valuation and portfolio management; basic concepts regarding asset classes, securities, and markets; Ethics
- Exam:
 - 120 Multiple Choice Questions Morning
 - 120 Multiple Choice Questions Afternoon
 - 3 hours per session
 - 90 seconds per question

EXAM TIPS FOR LEVEL 1

Examination Weights

15% Ethics (SS 1)

12% Quantitative Methods (SS 2 – 3)

10% Economics (SS 4 – 5)

20% Financial Reporting and Analysis (SS 6 – 9)

7% Corporate Finance (SS 10 – 11)

7% Portfolio Management (SS 12)

10% Equity (SS 13 – 14)

10% Fixed Income (SS 15 – 16)

5% Derivatives (SS 17)

4% Alternative Investments (SS 18)

LEVEL 1 QUESTION FORMAT

- **According to the CFA Institute, each item on the Level 1 Examination consists of a stem (question, statement, and/or table) and three distracters, A, B, and C. There are three basic formats used:**
 - **Stems using sentence completion with three unique distracters;**
 - **Stems phrased as questions with three unique distracters.**

OTHER LEVEL 1 FACTS

- **The Level I CFA exam does not use except, true, or false in item stems and avoids the use of not in item stems whenever possible.**
- **When appropriate, stems will include one of the following qualifiers: most likely, least likely, best described, most appropriate, most accurate, least appropriate, or least accurate.**
- **Each stem supports only one item on the examination.**

LEVEL 1 EXAM

- **The Level 1 CFA® Examination does not use any of the following distracters: (1) all of the above, (2) none of the above, (3) Type K questions, (4) not enough information/can't do.**
- **Distracters consisting of words or sentences are typically ordered from shortest to longest; distracters that are quantitative are ordered from the smallest number to largest number.**
- **The distracters agree grammatically with the stem; language common to all distracters is placed in the stem.**

Source: CFA Institute

QUESTIONS

- **Language, terminology, and symbols used in the items are consistent with the LOS and the candidate readings.**
- **In the ethics section of the Level 1 CFA[®] Examination, candidates are not required to know the number associated with a particular Standard.**
- **Empirical findings are not tested.**

Source: CFA Institute

EXAM TIPS

- **Be comfortable with your calculator.** Make sure you know how to use the calculator features needed to address the learning outcome statements (LOS).
- **Exam questions referring to Financial Reporting and Analysis (FRA) are based on International Financial Reporting Standards (IFRS)** unless otherwise specified. When a question is based on U.S. GAAP, it will be stated in the question.
- **Answer all questions:** There is no penalty for incorrect answers.

LEVEL 2 EXAM

- Focus: Application of tools and concepts of investment valuation; Industry and company analysis; Analysis of investment vehicles and instruments; Ethics
- Exam:
 - Morning: 60 Multiple Choice Questions in Item Sets of 6 questions per set
 - Afternoon: 60 Multiple Choice Questions in Item Sets of 6 questions per set
 - 3 hours per session
 - 180 seconds per item set question

EXAM TIPS FOR LEVEL 2

Examination Weights

10-15%	Ethics and Professional Standards (SS 1 – 2)
5-10%	Quantitative Methods (SS 3)
5-10%	Economics (SS 4)
15-20%	Financial Reporting and Analysis (SS 5 – 6)
5-15%	Corporate Finance (SS 7 – 8)
15-25%	Equity (SS 9 – 11)
10-20%	Fixed Income (SS 12 – 13)
5-15%	Derivatives (SS 14)
5-10%	Alternative Investments (SS 15)
5-10%	Portfolio Management (SS 16 – 17)

ITEM SETS

- **The length of a vignette ranges from about 1 page to 2.5 pages.**
- **The longer vignettes are those that include several tables of information, such as for a financial statement analysis, statistics, or fixed-income item set.**
- **The average length of the vignettes on the exam is about 1.5 pages.**

ITEM SET DETAILS

- **About 35% of items involve a calculation, and none may be calculation intensive.**
- **Some item sets have no calculations, and some have as many as 3-4 items that require calculations.**
- **However, the breadth of application is large, and analytical (non-numerical) questions still require considerable quantitative skill and judgment.**
- **You may mark up your exam book.** Circle or underline important information in the vignette and write down your equations or logic. However, **only your final answers recorded on the answer sheets are graded.**
- **Exam questions referring to Financial Reporting and Analysis (FRA) are based on International Financial Reporting Standards (IFRS) unless otherwise specified.** When a question is based on U.S. GAAP, it will be stated in the question.

Source: CFA Institute

CFA LEVEL 3 EXAM

- Individual portfolios; Management of specific asset class portfolios; Ethics
- Exam:
 - Morning: Written Problems and Essays
 - Afternoon: 60 Multiple Choice Questions in Item Sets of 6 Questions per set
 - 3 hours per session
 - 180 seconds per item set question

EXAM TIPS FOR LEVEL 3

Examination Weights

10-15%	Ethics
5-15%	Economics
5-15%	Equity
10-20%	Fixed Income
5-15%	Derivatives
5-15%	Alternative Investments
40-55%	Portfolio Management and Wealth

PROBLEMS AT LEVEL 3

- **Not responsive to command word list (list, define, etc.)**
- **Answered a question they wish they had been asked instead of the question that was asked.**
- **No work shown on a calculation question and the answer is incorrect.**
- **Hedged on questions that asked for a recommendation and justification (e.g., recommended A, but justified B).**

PROBLEMS AT LEVEL 3

- Neglected to answer part of the question (especially if a several part question). Note that you can still answer part E, even if you do not know the answer to part D.**
- Content area experts spent too much time on their area of expertise, leaving too little time for weak areas.**
- Providing more items or responses than requested. If a question asks for three factors, only the first three that you list will be graded.**

FINAL THOUGHTS

- **Expect the unexpected on exam day**
- **Study whenever and wherever you can.**
- **Try to study a bit each day, even if it is only for an hour.**
- **Remember why you're doing this (to expand your knowledge and advance your career)**
- **Stay Focused—develop a study program and stick to it...**

FINAL THOUGHTS

- **Identify those topics you're weakest in and study them hard. Objective: to get as many points as you can in these areas.**
- **Work on your weakest area first—that way you can't procrastinate on this area.**
- **Identify those topics you're strongest in and study them hard, too. Objective: to generate excess returns that can be used to offset some of the points you may lose in other parts of the exam.**

FINAL THOUGHTS

- **Don't forget to study your strong areas. You don't want to lose those points.**
- **Don't Get Frustrated when you come across something in your study program that you just don't understand.**
- **Focus on the big picture; don't get bogged down in minutia. If you understand the larger issues, the smaller ones usually take care.**

FINAL THOUGHTS

- **Know thyself. Know how you learn and choose an approach that fits your learning style.**
- **Assume that you will not be able to study the two weeks prior to the exam.**

EXAM DESIGN BASED ON PRACTICE

- **Job analysis survey every 5 years asks, “What knowledge and skills are needed by an investment professional?”**
- **Survey results are used to define the Candidate Body of Knowledge, the CFA[®] Curriculum, the Learning Outcome Statements (LOS) and to write the CFA[®] Exams.**

Source: CFA Institute

CONGRATULATIONS!

You're embarking on an incredible journey!

The pursuit of the CFA[®] designation is a challenging goal.

You will discover that the process is...

- A triathlon, not a walk in the park**
- Difficult by design**
- A life-changing experience**

BECOME A CFA CHARTERHOLDER

WWW.CFAINSTITUTE.ORG

