
Guide for the CFA® exam



By TimePrep

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the CFA® Candidates **FAIL**
the Exam due to the **lack** of
study **discipline** and poor
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PREFACE

Welcome to the world of the CFA program! Since you're reading this, it is likely that you are a CFA candidate, or you are considering becoming one. Either way, we hope that you will find this book helpful.

The general idea behind this book is to offer CFA candidates useful advice, written by other CFA candidates and charter holders. There are several segments of the book and we recommend going through them all since it is not a heavy read, and it may prove useful for your preparation. The book starts with general information about the CFA program – the basics of the program, benefits of attending it, the complexity of the program in whole etc. In the second chapter we will provide you with some general advice in preparation – how to organize your time, what strategy elements to use, how to find time for studying and also an overview of the various prep tools that can help you.

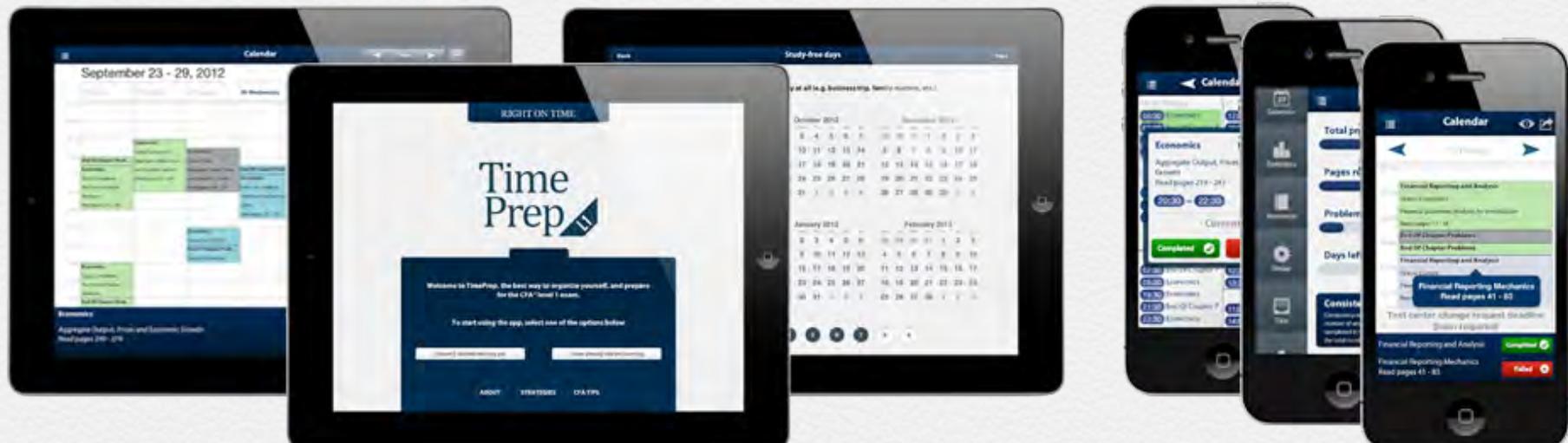
The following three chapters of the book are each related to one of the levels of the CFA Exam – here you can read various useful information regarding study materials, types of questions that appear on the exam, articles regarding the review phase etc. The sixth chapter gives you advice regarding your learning process in general, as well as handling one of the tougher periods of your life with your close ones. The book ends with our tips that will enhance your learning process and prepare you for the exam.

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1

ABOUT THE PROGRAM



SECTION 1

Basic info regarding the CFA program



The CFA Program is a globally recognized, graduate level program that provides a strong foundation of real-world investment analysis and portfolio management skills along with the practical knowledge you need in today's investment industry. It consists of three challenging levels, culminating in three different exams that you need to pass in order to acquire the CFA charter.

It is a self study program with the focus on practical knowledge that will be useful to you on the job. It is primarily intended for people with career in investment and global finance. One of its main advantages is that it is a global designation – wherever you want to continue your career, the CFA charter will be recognized.

The curriculum is organized into 10 general topic areas that provide a framework for making investment decisions:

- I. Ethical and Professional Standards
 - II. Quantitative Methods

3. Economics
4. Financial Reporting and Analysis
5. Corporate Finance
6. Equity Investments
7. Fixed Income Investments
8. Derivatives
9. Alternative Investments
10. Portfolio Management and Wealth Planning

In order to become a CFA program candidate you have to have a bachelor's degree, or have four years of qualified, professional work experience, you have to meet the professional conduct admission criteria, be prepared to take exams in English and have a valid international travel passport. CFA exams take place at the beginning of June, with the exception of level I exam which takes place both in June and in December.

You can find out more about the CFA program in the following chapters, and also on the [CFA Institute's website](#).

SECTION 2

Complexity and benefits of attending the CFA program - is it worth it?



Actual and potential CFA candidates may wonder what the benefits of the CFA program are. However, if you look at the statistics and low pass rates it is obvious that many candidates are not entirely aware of the complexity of the CFA exam. In this chapter, we will try to summarize all the benefits and complexity of the CFA program, and we will start with the benefits:

- CFA program is a highly rewarding and recognized program and CFA charter holders are respected in the world of finance and business. There are a number of programs in the business world, but many of them do not offer such wide, but at the same time detailed knowledge like CFA program offers to its candidates. CFA is recognized as demanding program and professionals who master the program are highly respected.
- CFA program is especially respected in the following areas: portfolio management, investment banking, M&A, treasury and finance depart-

ments. However, the CFA charter holders are also welcome in all the other finance related business segments.

- CFA program gives you an unparalleled modern financial knowledge that is focused on practical everyday problems.
- Even if you have sound financial background, the program systematizes your knowledge and gives you an opportunity to refresh it. The program also updates you with the most recent changes in the most relevant standards (e.g. US GAAP and IFRS) and once you become a charter holder you will be informed about the same in the CFA Institute magazines.
- If you are coming from non-English speaking area, the program will enhance your finance business English vocabulary, which will help you work in international surrounding.

However, there are some drawbacks or risks that make the CFA program complex:

- The program is demanding and time consuming. No matter how good your financial background is, you will have to spend significant amount of time reading and solving practice problems. The official curriculum is quite extensive, but even the prep provider's curriculum is not much shorter. If you decide to enroll the program, be ready to dedicate time and energy into it.
- The most important challenge in the process is not the complexity of the program per se, on the contrary the majority of candidates claim that the curriculum is rather easy (especially Level I), but the time management in the process. Many candidates do not manage to organize their learning process because they are too busy during a working day. The CFA program is demanding in terms of time you have to dedicate and you have to organize your learning process.
- In the program you will read about certain topics that are not of your primary interest. Namely, due to the fact that the program is in a way

multidisciplinary, covers the wide financial area, and even parts of psychology, economics and ethics, you may find yourself reading and studying in depth topics you don't like and getting knowledge you will never be in position to utilize.

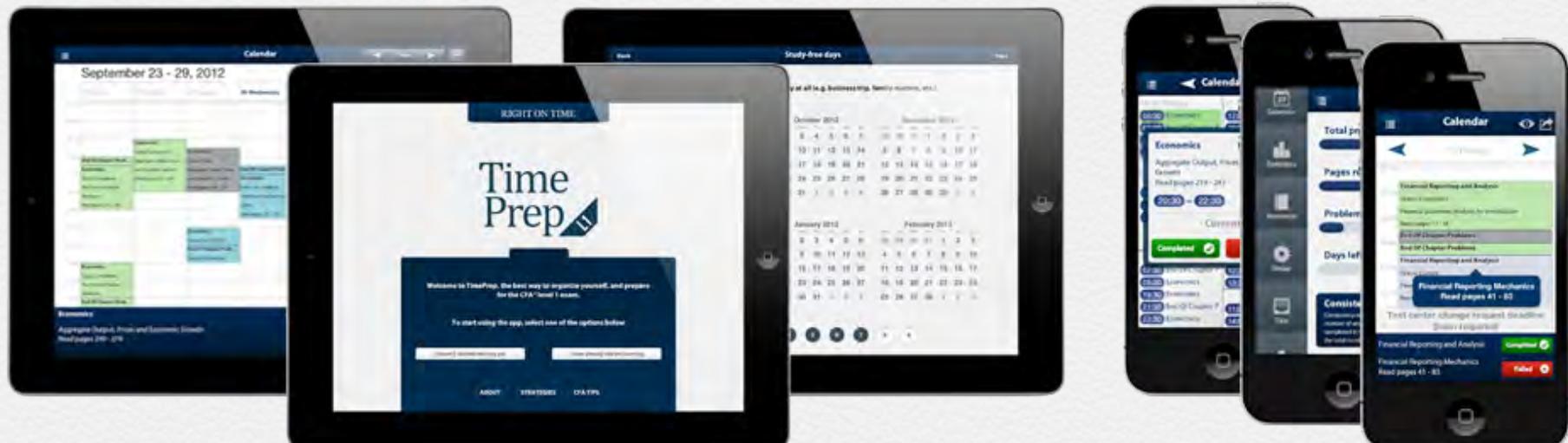
- The program is exhaustive. After few months of studying you will feel exhausted. In addition, certain aspects of your life may suffer as well (e.g. friends and family) because you simply won't have sufficient time for them.

Finally, remember that at the end of the day the hard work and discipline always pay off.



2

GENERAL ADVICE ON PREPARATION PROCESS



SECTION 1

CFA Exam and time management - organize your learning process



The crucial step in preparing your learning process is proper time management, i.e. learning process planning. Even if you have an extraordinary background, you need to review the most important concepts in order to be efficient on the exam and quickly apply all the necessary formulas and concepts. On the other hand, if you don't have the background, you will have to spend substantial amount of time studying for the exam.

Our advice is to calculate certain key performance indicators, such as: a number of pages you can read in an hour, time you spend on an average end of chapter problem, etc. Of course, you can read some readings quick and you will spend significantly more time on others, but on average, at the end of the day, you will be able to read certain number of pages per hour.

Once you calculate an average number of pages you can read per hour, you simply have to count the number of pages you have to read (recommended by sections) so you can easily calculate the time in hours you

need for the preparation. Make sure that you take into account that you will spend certain time solving a number of practice problems and revising cheat sheets (with formulas and key concepts).

Once you determine the time needed for preparation, you should examine your average week's routine and determine the time you can dedicate studying for the CFA exam. In addition, determine how much time you can spend learning during the weekend and finally, when/if you will take days off for learning.

Once you determine all the necessary key performance indicators, you can easily approximate how many ordinary weeks you need to complete the learning process.

Thereafter, you just have to stick to the agenda, which is definitely the most demanding task. But there is also a way out. Naturally, you will have to skip some of the learning sessions in your usual agenda. It is important to keep the record of how much working hours you have missed, so that you can easily catch up during weekends and days off.

Discipline is a key to success! Keep that in mind during the process and you will be motivated to complete the process and pass the exam.

SECTION 2

Learning strategy elements



The idea of this chapter is to make you aware of a possible CFA learning strategy and even more important – CFA learning strategy elements and their combination and sequence.

Basically, candidates often choose between two broad strategies:

- learning from official CFA Institute's learning materials (books, mock exams & sample exams)
- learning from materials provided by prep providers (such as Schweser)

No matter the strategy a candidate takes, it is very important how he/she combines the strategy elements together. Strategy elements are actually materials you can use in your preparation, such as: readings, end of chapter problems, sample exams, mock exams, practice problems databases, cheat sheets with formulas, etc. At the beginning of the learning process you should determine strategy elements which you plan to use in the process. This is a very important step because you should

have a learning plan that will take into account the time needed for each of the elements.

Once you determine the set of strategy elements you will take, you should decide on the sequential order of elements as well as the time you will dedicate to a certain element (e.g. how many practice questions you aim to solve). Regarding sequential order, you can mix elements in a number of ways, e.g. solve end of chapter problems after each reading, but focus on practice problems after every two books you read; you can leave the practice questions for the end of the process; you can review the theory after each book or at the end of the process but before the practice problems, etc. It is also important to start with readings that interest you the most, that will motivate you to work hard and easily complete the readings.

Defining strategy, strategy elements, sequential order as well as the weights/timing of each element is crucial for the learning process. If you define all of it at the very beginning of your preparation, you will have an organized and structured learning process.

SECTION 3

How to create time for CFA exam preparation - tips & tricks



Time management is crucial. Besides organizing the learning process, you will have to create the time for your CFA exam preparation. An average candidate is a financial professional who works in financial industry, which is very well known for long working hours. You have to spend your scarce free time learning. Following tips may help you create more time for preparation.

Weekly Agenda/List of Priorities

Make a list of activities you do in a usual week. Put them on a list of paper in form of calendar and distribute the tasks across days in a usual week. Cut off everything that you deem unnecessary and keep only stuff that is important. Make a list of priorities. In future weeks, when you have to do something, just check if the activity is on your list of priorities. In case the activity is not among priorities, just put a reminder to do the activity in days after the CFA exam. For example, you would like to update your CV or buy a new shirt put it in your calendar or TO DO list after the exam day. This habit will also help you distinguish

which activities are important and which are less important in your life and how to manage it in future.

Delegate

If you usually do some stuff like washing your family car every second weekend or taking care of a garden, try to delegate these activities to other people for some time (family members, partner etc.). Get rid of as many of obligations as possible. You can always get back to your family/society duties after your CFA exam.

Be efficient

Try to be efficient on your workplace in order to finish everything on time instead of staying in the office overtime. Try to be efficient in learning as well. If possible, try to get a free hour from your bosses per day – an hour when you will be free of work, phone and other distractions. It is better to spend an hour on work learning, than an hour when you come home tired of everything and possibly distracted by family members.

Wake up earlier

Learn before you go to work. You will be more efficient and learn more if you learn before you go to work, before your employer squeezes all the energy out from you. Remember, when you are rested and fresh, your brain functions better and you can accept more information and solve practice problems faster. In addition, if you can save some time in transportation early in the morning and be in office before others arrive, do it! You will save some time and learn more.

Use your time in transportation

If possible try to use your time while commuting for reviewing either a formula cheat sheets or reading. If you can't learn due to various distractions, use the time efficiently for phone calls, e-mails and other stuff you can do while traveling so you don't have to waste your valuable time on it when you come home.

Take days off for preparing your CFA exam

Plan in advance with your superiors to get couple of days off for learning. If you announce this option in advance (say three months) your managers will most probably let you go. If possible, try to negotiate at least a week before the CFA exam is a week off.

SECTION 4

CFA Institute official curriculum vs. prep providers - what to use?



Sooner or later each candidate asks himself/herself is it better to buy CFA study notes or other materials from prep providers, or it is better to learn from the official CFA curriculum.

First of all, if you have sufficient time you should read the official CFA curriculum and solve as many practice questions, either from mock and sample exams provided by CFA Institute or from practice questions databases provided by prep providers (like Schweser QBank or similar). If you read the official curriculum, you will be sure that you have covered 100% of the prescribed curriculum.

On the other hand, if you don't have enough time or you feel time pressured, it may be convenient to buy study notes from prep providers. Study notes are shorter than official curriculum and are focused on most important topics. Official curriculum is very often repetitive and you might lose a lot of time reading the same concepts over and over again during the process. Furthermore, if you have financial or economic background, the shorter curriculum may be just enough for your

preparation. Prep providers make sure that they cover the most important topics in study notes.

Finally, prep providers offer a variety of products like audio or video lessons, formulas, cheat sheets and other that may better fit your learning preference or experience. For example, if you prefer to learn via listening to audio materials you will probably learn better if you listen to lessons rather than read them.

SECTION 5

What tools to use for the CFA exam preparation?



Once you enroll the CFA program, CFA Institute will send you 6 books. In addition to that, before the exam you will get the online access to mock exams. Besides CFA Institute materials, you will be approached by a number of prep providers who will offer you a range of services and products for CFA Exam preparation. A number of candidates claim that it is highly recommended to take those materials instead of CFA official materials and learn according to them because CFA materials are too extensive.

Without going into deep discussion about advantages and drawbacks of each approach, we would like to point out certain tips. First of all, prep providers offer seminars, audio & video materials, cheat-sheets, notes and other materials. Before choosing the package you would potentially buy, define your learning strategy for the CFA exam according to your preferences. There is no point in reviewing all the materials. If you are a video type of person, i.e. you learn the best from lecturers on classes, take seminars or video sessions. If you like to learn by reading stuff, take written materials, and finally, if you like to listen to lecturers,

buy yourself audio materials or attend seminars. If you finally decide to take some of the prep providers' products or services, be selective in order to choose materials that fit you the best and use the resources efficiently.

No matter what kind of materials you take on, keep in mind that the most important study element for your CFA exam are practice problems. You have to solve as many practice problems as possible. Focus on that before the exam. We would highly recommend reviewing mock exams and solving as many questions as possible as well as practice exams and questions from question databases offered by various prep providers. This will prepare you for the exam the best.

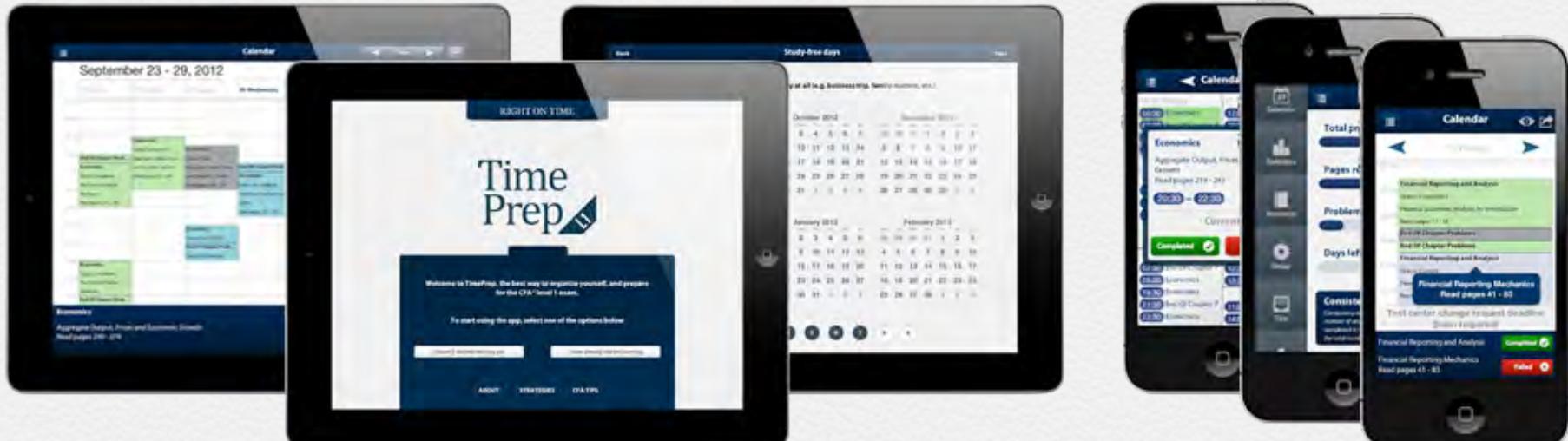
Finally, besides the learning materials, you can find a number of tools that will help you organize your time and inform you better about the exam and the process. Use those tools as well to improve your efficiency.

Aside for the tools offered by prep providers, there is one thing that is especially worth mentioning – the AnalystForum. It is an online community designed exclusively for CFA candidates and charterholders to discuss the Chartered Financial Analyst program. It is by far the biggest online community of CFA candidates, its vast forums for every CFA level are full of useful topics and candidates that are members of the forum are always ready to help. Of course, registration is free of charge.



3

CFA LEVEL I EXAM - THE BEGINNING OF A LONG ROAD



SECTION 1

Multiple choice question format - good to know from the start!



Most of the people that decided to enroll for the CFA exam have the same worry – how will those CFA questions look like. On the CFA level I exam you will get multiple choice questions with three possible answers. The questions on level I exam are short, but due to the fact that you have a total of 240 questions on both sessions your eyes will get tired after a while so it is highly recommended to underline key words in each question.

Also, you have to be careful because you don't need all the data provided to calculate certain ratios or to conclude which answer is the correct one. Furthermore, pay attention to exceptions that were emphasized in readings, they are questioned very often.

CFA institute has listed some rules they follow when preparing the test. You can find detailed description of the multiple choice questions format on the [CFA Institute website](#).

As mentioned on the CFA Institute web site, "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 exam.“

Furthermore, “The level I CFA exam does not use any of the following choices: all of the above, none of the above, A and B only, B and C only, cannot determine, cannot calculate, or not enough information to determine”.

Choices consisting of words or sentences are typically ordered from shortest to longest; choices that are quantitative are ordered from the smallest number to the largest number. The choices agree grammatically with the stem; language common to all choices is placed in the stem.”

SECTION 2

Solving practice problems - success does not come without it



As already outlined, it is crucial to solve as many CFA practice problems as possible. Namely, reading theory is very important in order to understand the concepts, and it is important to read as much as possible to be able to solve the problems, but it definitely will not prepare you for the exam. Practice problems will prepare you for the exam. It is like a surgeon who has read 100 books and was an extraordinary student, but without any experience. His exam is in an operating room and he might not perform well. Likewise, your knowledge will be examined in a specific form of questions and the more experience you can get before the exam, the better.

There are a couple of sources for CFA practice problems. CFA Institute offers CFA mock exams (for free). They are usually available 2 months before the exam. It is highly recommended to solve mock exams before the exam. Additionally, you can buy sample exams from CFA Institute.

Besides the CFA institute, many prep providers offer their practice problems databases (e.g. Schweser's QBank). These databases are very useful, because they offer a number of practice problems in a form of suitable software that tracks your performance and record.

Finally, many candidates say that the best practice problems are the ones provided at the end of chapters, so it is highly recommended to solve them at the end of each reading. You should also mark the most complicated problems and get back to them in the revision phase.

All in all, candidates report that you should solve at least 800 practice problems. It does seem a lot, but if you take 2 minutes on average for level 1 practice problem (remember you have 1.5 min for a multiple choice question on the exam) you need to spend 26 hours on practice problems which appears to be only 5-10% of total average preparation time. That is quite insignificant taking into account the fact that the practice problems prepare you the best for the exam.

SECTION 3

How to learn Ethics for your CFA exam



The best strategy to learn ethics and professional standards for your CFA exam is to leave it for the end of the learning process, so you keep the material fresh for the exam, but don't skip it! Ethics has a huge exam weight but it is not demanding material, so it is really important to go through it. It is important to learn the titles and numbers of all the standards. The easiest way is to learn them in order they are listed in the curriculum. Make sure you read all the examples, because the majority of ethics related questions that appear on your CFA exam are basically connecting the example with a standard and recognizing if an action is in compliance or not with a certain standard.

If you decide to follow the strategy described above, make sure that you leave enough free time in your agenda. Go through the curriculum and solve as many of practice questions as possible. During your CFA exam make sure that you read the questions carefully because many standards are similar and also certain ethical issues are related to couple of standards.

SECTION 4

Quantitative Methods for level I - how to deal with them?



Quantitative methods for CFA Level I consists of the following sections: basic quantitative concepts that serve only as a background for numerous calculations you will use in other parts of CFA curriculum like time value of money and its application in DCF calculations, sample variance and return measurements and its application in portfolio management. After basic quantitative concepts you have to go through slightly more complicated sections including probability concepts, sampling and estimation and hypothesis testing. Finally, there is a chapter on technical analysis.

If you are not a quant and/or don't like quantitative methods – math and statistics, some of above mentioned sections might be demanding for you. Don't spend too much time on basic quantitative concepts, but be ready to dedicate significant time and effort on more complicated sections. There are no shortcuts, you have to read everything and get known with all the rules and exceptions if you want to pass this section successfully. It may be good idea to take notes and draw graphs, es-

pecially in hypothesis testing part so you can review the material by a glance just before the exam. Focus on practice problems!

If you have left quantitative methods as the last chapter in your CFA Level I learning process and you run out of time, you can cut the technical analysis part off. It doesn't have a huge weight on the exam and if you dedicate the rest of the time on learning better and reviewing the rest of quantitative methods, it should be enough for passing your CFA Level I exam.

It is vital to identify sections that are, from your point of view, more interesting and easy and sections that are less interesting and probably more difficult. It is recommended to start the process by learning those sections that are easy for you and dedicate more (significant) time on sections that are less interesting or difficult.

SECTION 5

Tackling Economics in the curriculum



Many candidates are not eager to learn Economics for the CFA Exam because it is not quite often used tool in everyday business. Usually analysts, portfolio managers and other financial experts have their own macroeconomic analyst who provides them with macroeconomic reports. However, at the end of the day, it is important to know how to interpret those reports and how to explain your clients the effects of macroeconomic environment on investments and their decisions.

We would generally advise to learn the economic segment with understanding. Try to outline all the graphs and try to explain yourself various macroeconomic scenarios in certain topic. That will most probably be examined on the CFA exam. Be prepared to quickly sketch a graph and examine the effects of change in certain macroeconomic variables on other dependent variables in a macroeconomic model.

It is important to understand the theory and be prepared for logical explanations of various macroeconomic phenomena. Use logic instead of learning by heart some of the most important topics. In case you don't

have an economic background, we would advise taking lectures or videos from prep providers which will make the topic easier for you. Although CFA curriculum is quite extensive on many topics, another source may also prove useful in understanding the unknown material.

SECTION 6

Financial Reporting and Analysis - learn the differences between accounting standards



In CFA Level I Exam, while reading financial reporting and analysis area you will learn not only how to analyze financial statements that are prepared according to certain standards (e.g. US GAAP) but also how to analyze statements no matter which standards a company uses. You will learn certain rules that are applicable to statements prepared in accordance to IFRS, US GAAPs and IAS standards. Moreover, you will also learn how to recognize differences between statements prepared in different countries and according to different accounting standards.

After reading huge number of pages with different rules, exceptions etc., it is very hard and challenging to memorize all of them and try to recall them while solving practice problems or the questions on the CFA Level I exam. So we suggest the following:

- While reading the curriculum, in that part, take your own notes, draw tables with bullets about differences and put down clarifications and explanations in your own words that will help you to remember

how to solve problems from that area. Problems that are selected from this part of curriculum are not difficult in essence, but it is hard to quickly dig out a dozen of rules you have to remember. It might be helpful to write down steps you need to take in order to calculate certain things (e.g. how to calculate LIFO inventories if they were recorded using FIFO method).

- You will be examined about certain types of questions, and if you have taken notes for the majority of these question types and you review the notes a day before your CFA Level I exam you will most probably remember the majority of concepts and solve the majority of questions from that part of curriculum.
- Taking notes has a perfect sense for this area. You can use vendor cheat sheets with formulas that are useful for other areas (e.g. corporate finance) but we would highly recommend using your own notes for this area. Finally, we would also like to draw your attention to summary tables provided in the curriculum that can be helpful in the reviewing phase.

SECTION 7

Corporate Finance "how to" - both for CFA exam level 1 & 2



In the level 1 curriculum, corporate finance is put together with portfolio management in one volume. In Level 2 curriculum, corporate finance is put in separate volume.

In both Level 1 and Level 2 corporate finance as a topic is divided in couple of separate sections that are not interdependent and can be learned separately. The best approach would be to focus on separate sections and learn them thoroughly and solve as many practice problems as possible before turning to the next section. Before learning the next section, make sure that you make a list of types of questions that you have been solving in the previous section, with short description of the question type. That is especially important for Level 1, because you will face a number of types of questions that will not be easy to review.

If you don't have time, you can skip the corporate governance part (especially in Level 1), because it is time consuming and by focusing on more quantitative topics, you will most probably solve decent number

of problems from corporate finance part. Try not to skip this section in Level 2 curriculum, because it may happen that it is one question on the exam and you may jeopardize the pass in the easiest topic.

In Level 2, corporate finance is focused on only a few topics which are described in detail. Make sure you don't skip any of these topics, because questions on the exam may be from any of them. Moreover, if you have sufficient time, read also the segments that are marked as optional (e.g. in capital budgeting section). These segments are useful repetition of Level 1 material.

SECTION 8

Portfolio Management - how to prepare it?



Some candidates say that portfolio management is a demanding topic. On the other hand, the majority of CFA candidates are portfolio managers or portfolio managers' assistants, and portfolio management is an unavoidable topic in many business schools. If you are the one who doesn't like portfolio management read the following notes.

You will understand portfolio management better if you read quantitative methods before. The majority of math and statistics you need to understand for portfolio management is very well explained in quantitative methods. The other topics are not so demanding in terms of statistical and mathematical topics as portfolio management.

Try to understand the basic logic behind some concepts explained in portfolio management. You don't need to know how to derive the ending formulas, but you need to understand the logic on which the key portfolio management concepts rely on. Your understanding will be examined on the exam.

Don't bother yourself with complicated calculations. On Level I exam you will not be asked to calculate something that takes more than a couple of minutes. Just memorize key formulas and try to understand each part of it.

Finally, go through practice problems (e.g. QBank or similar) and mock exams before your CFA exam and you will get the idea about the usual question from that topic area.

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SECTION 9

Equity and Fixed Income - on what should you focus?



Equity and fixed income are put in one volume. Although extensive, you can read the entire volume quickly if you follow tips presented below. First of all, the material is known to the majority of candidates in advance. The majority of candidates have some type of financial background in terms of either education or experience. The knowledge about fixed income and equity securities is presented in systematic way in the curriculum, but you will not have hard time reviewing the material.

Go quickly through the theoretical part of the volume, underline the most important sentences or parts that are new for you and focus on formulas and sample problems. There are few areas you should pay special attention to:

- Security market indices – learn how to calculate the value or change in value of a security market index;
- Equity valuation: concepts and basic tools;

- Valuation of debt securities & yield measures, spot rates and forward rates – besides the theory of debt securities and markets, that is more or less known to an average candidate, you should pay a special attention to quantitative side of this segment;
- Introduction to the measurement of interest rate risk.

There are still some shortcuts possible, but it really depends on your background and experience. If you work every day with securities, some of these theoretical and practical issues may be easy for you. Nevertheless, you can skip industry classification systems in the industry and company analysis segment; there is no need to memorize different classifications systems and their features.

SECTION 10

Our experience with Derivatives



Derivatives for the CFA level I curriculum don't have a huge weight. Moreover, you don't have to read many pages on derivatives. However, you should not skip that part. Please note that unless you work every day with derivatives and/or you have been learning the material recently, this will not going to be an easy topic for you. There are some things you should bear in mind.

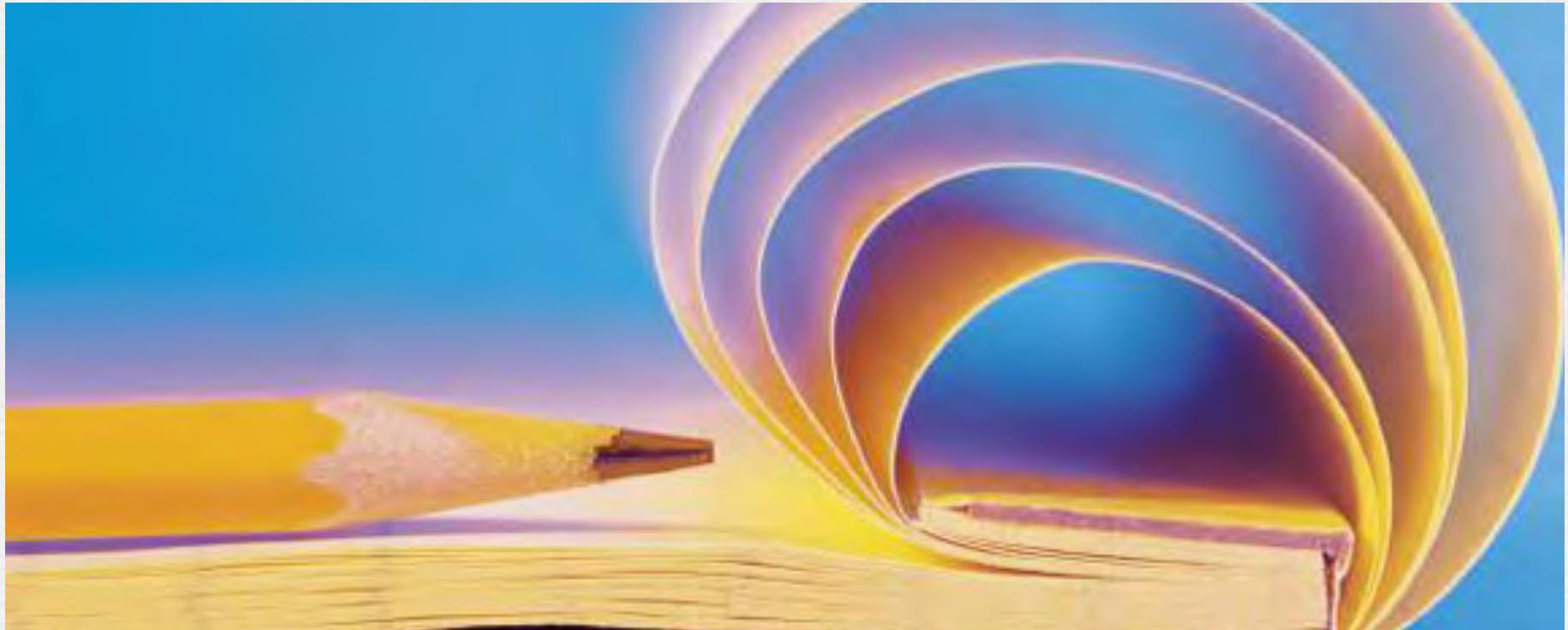
First of all there are a number of formulas that are not easy to memorize. Use mnemotechnics and other tools (e.g. flashcards) to memorize them. Draw all the graphs. It will help you understand and subsequently solve problems from that area. It is not enough to learn formulas, you have to understand the material and that will be examined on the CFA level I exam. This will be especially important when you pass your CFA level I Exam and start preparing the level 2 exam.

Take your own notes with formulas, explanations in bullets and graphs. Notes will be helpful in the reviewing phase. Try to connect different parts of this area. There is the same logic applicable to different deriva-

tives, and sometimes very similar formulas and graphs are used for different types of derivatives. If you put notes with explanations, formulas and graphs on couple of sheets of paper, you will quickly acquire the logic and solving derivatives problems will be easy for you.

SECTION 11

Exam prep - let revision for the CFA Exam begin!



Repetitio Est Mater Studiorum.

Make sure that you revise the material once again before your CFA exam, if possible. Since the entire curriculum is quite extensive it is highly recommended to underline and mark key concepts during the initial reading. Once you complete all the readings you will spend significantly less time revising the underlined sentences (only most important).

It is also very good practice to make notes while reading, especially with key formulas. If you don't want to lose valuable time writing the key formulas, buy vendor formulas cheat-sheet (there are couple of them available also on the App Store). Once you complete all the readings it will be much easier to skim the formulas from one sheet rather than browse for them in your books.

Make sure you revise at least once all the formulas and key concepts you have underlined, but don't forget that the most important preparation for the exam is solving a certain number of practice problems.

Solving practice problems will prepare you for the CFA exam multiple choice question format and level of details usually examined. It is best to start with the CFA exam revision at least 4 weeks prior to the exam.

SECTION 12

How many practice problems to solve, and what percentage of success is needed?



The majority of candidates are wondering how many practice problems they have to solve and what percentage they have to score during preparation, to be sure they have practiced enough to pass the CFA level I exam. Obviously you don't have to achieve 100% score in each topic to be ready and pass the exam. What is the optimal score and how much time to dedicate to practice problems?

Unfortunately there is no clear answer or guidance from the CFA Institute. The entire grading system is not public and, besides the topic area weights and survey reports, there is no other public data on grading system that can direct your learning effort.

However, a number of successful candidates have collected their experience over the years and there is some common guidance that candidates often stick to.

CFA Exam practice problems solving guidance:

- Try to solve as many practice problems as possible, but no less than 800 (total). Optimal number of practice problems is in the range from 800-1200. (e.g. some question databases have up to few thousand questions)
- When you start solving practice problems, you will most probably have lower score than necessary (say 20-30%). With experience, you will improve your performance and achieve 50%. Your goal should not be 100% but rather 70%-80%.
- Disperse your effort across various sections. There is no point in brushing up a section in order to achieve higher percentage if you are weak in other sections. Try to keep the knowledge and performance/score on the same level in various sections. Don't try to neglect some sections, because you may fail the exam even if your performance in other sections is superior.

Besides the immense effort you have to put in the learning process, you have to be tactical in the preparation and revision phase. Determine the strategy and goals you want to achieve. Determine the weak points and practice. Once you achieve a satisfactory performance in all areas – you are ready.

SECTION 13

A weeek before the exam - what to do?



It would be great if you could dedicate a week or two before the CFA exam only to learning, reviewing and solving practice problems. Namely, if possible try to get days off or vacation from your boss. Very often, especially if the company has paid you the program fees, you can find days off for learning clause in the program contract. Some employment agreements even allow you to take a couple of days off if you prepare for the exam not financed by the company. Those days off probably won't decrease the number of days you can take for holidays.

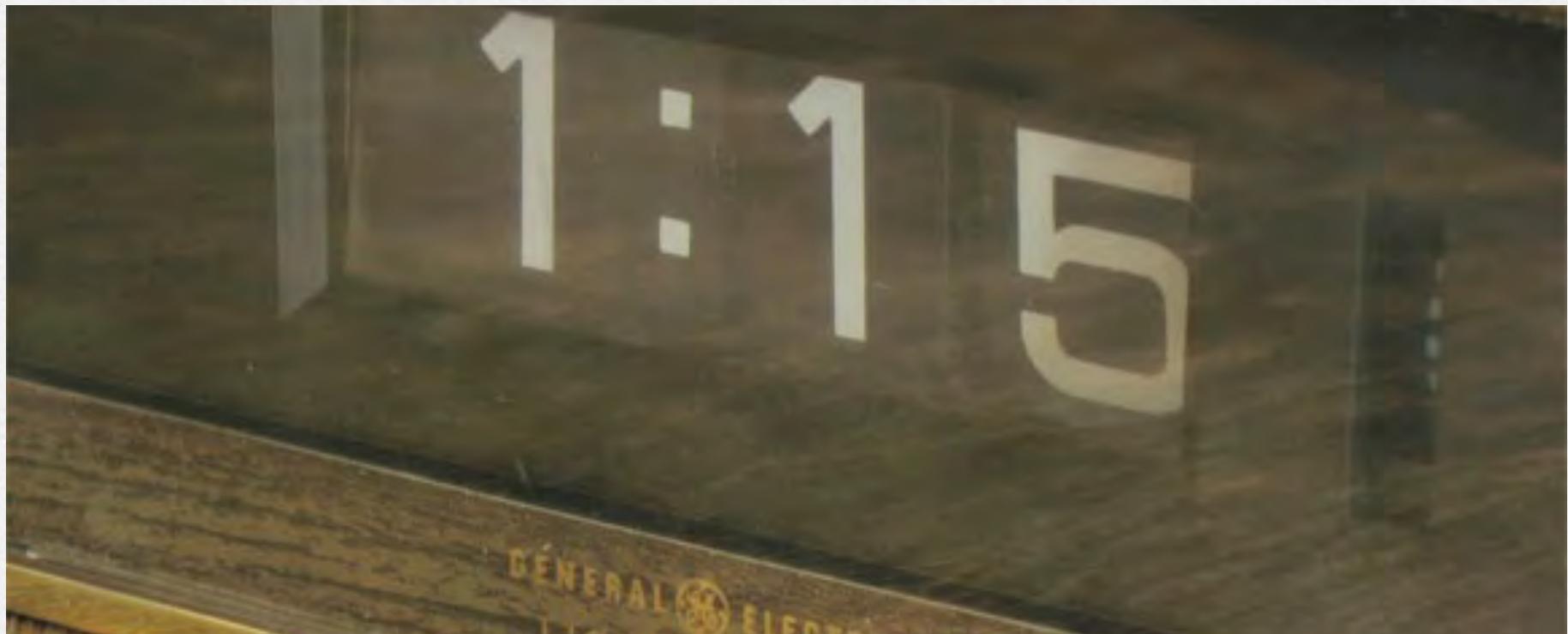
Let's move from the legal aspect to the CFA exam preparation. It is very important to go through everything you have already read once again, and through problems you have already solved. You have to revise as much as you can even for a brief moment, because you will not be able to remember all the details on the exam. If you just skim through the curriculum and revise some of the most important practice problems a week before the exam it will be much easier to remember the most important stuff on the exam day.

Put your special attention on the practice problems and formulas. If you have read the majority of readings you will probably remember the most important logic necessary for the practice problems, but formulas might be an issue. Use your cheat sheet or buy them from prep providers (recommended). You can find some cheat sheets even on tablets and smartphones, which may be convenient because you can revise formulas whenever you have free time.

Use your days off to go through the materials, notes and key practice problems, but also try to relax and sleep well. Relaxation and vacation are as much important as learning. Just remember, the success on the CFA exam isn't a result of the last week, it is a result of your weeks' long effort. You just have to push hard for one more week and give it your best shot while you are at it - the positive results will follow.

SECTION 14

What to do on the day before your CFA exam?



A day before the CFA exam is, after the exam day, the most stressful day for the majority of candidates. Of course, it should be different. We will try to explain the logic that will help you calm down and rest on the day before your CFA exam, as well as a few tips on how to relax and focus on the exam day.

If you are an average candidate you have spent past several months of your life preparing your CFA exam. Be sure, you will not learn anything crucial for the exam the day before. Your final effort (especially if overnight) can only ruin your performance on the exam day. Your success on the exam will be the result of months long learning, not the day before the exam reading. On the other hand, it is useful to shortly skim cheat sheets with key formulas and concepts. But don't spend more than 3-4 hours on the materials. Try to relax as much as possible, go for a walk, eat easy food and try to sleep well. If you have to travel to another city, make sure you've reserved your flight/train/bus and booked a hotel (if possible near the testing centre).

Wake up early on the exam day and have a good breakfast but don't eat just before the exam. If possible, walk to the testing centre. Try to arrive at the testing centre earlier. You will have time to locate a cafe and a restaurant for the lunch break, wardrobe and examination hall.

Relax, if you have learned enough you will be successful in remembering all the formulas and concept necessary for passing the exam. Anxiety and nervousness may only ruin your performance. If you haven't learned enough, just focus and try to use everything you can remember, you might still have some luck, but make sure that you take the maximum out of the opportunity.

Remember, you can repeat the exam many times, and the majority of candidates do so, thus don't worry about the exam results. CFA exam is not the most important event in your life, there must be a number of both private and business accomplishments that make you a very successful person, so don't bother yourself too much with the outcome of the process.

SECTION 15

The big day - your CFA exam is here!



The CFA exam is what you have waited for and what you have been preparing for couple of months. Don't ruin the unique opportunity to pass the exam. Carefully read the tips described below.

First of all it is important to arrive early at the exam centre. If you are late you will be nervous and ruin your performance. On the other hand, arriving earlier will give you some time to get known with the exam area, plan your break, leave the jacket and personal belongings in the wardrobe, etc.

Take a few deep breaths before your CFA exam and relax. It is vital to decrease the anxiety before the exam, so you can focus on the questions.

It is very important to strictly follow the instructions from the personnel. You don't want to miss the opportunity to pass the exam because you have opened the exam kit before everybody else. Listen to the instructions and follow them. Once you start with the exam, read the

questions carefully, don't try to save some time on reading the questions.

Finally, CFA Institute representatives will warn you about how much time you have till the end of the exam. Make sure to use the final five minutes to check if you entered all the questions, and to enter the answers on the answer sheet for questions you didn't solve on time.

These are just some of the tips for the exam day that we consider important. You can go through the whole list of exam day tips in the last section of this book.

SECTION 16

After the exam - a few useful tips



Be sure that you will be devastated after the exam. Remember that on the exam day you will have probably woken up early, say around 7 AM, arrive at the exam centre at 8 AM, start with the exam at 9 AM and finish it after 5 PM. This process that actually lasts for 9 hours is very exhausting. The minute the CFA Institute personnel announce the end of the writing session just make sure that you follow the instructions and hand over the materials to personnel.

Thereafter relax and do not think about the exam. Don't try to go through the curriculum trying to figure out if you have used correct formulas or not. Just relax, go to your place to rest and maybe take a walk. You will be mentally and physically devastated and you need to rest. Don't try to discuss with your colleagues outcome of the exam, just relax solely or with your friends.

Waiting for the exam result, no matter how well prepared you were, is a little bit stressful. Try to focus on a number of friends and family members that you have potentially neglected over the preparation pe-

riod. Furthermore, focus on projects, either private or business, that you have put aside during the preparation. Try not to think about the exam results. But don't worry if you feel impatience, it is natural. Talk to your colleagues that are CFA candidates and CFA members or experienced candidates because they will encourage you and help with advice.

Finally, if you have a good feeling about the exam, maybe you can borrow actual books or buy study notes for the next level and start preparing for the next level little by little. You can at least inform yourself about the structure of the next level and start saving money or secure financing for the enrollment fees.

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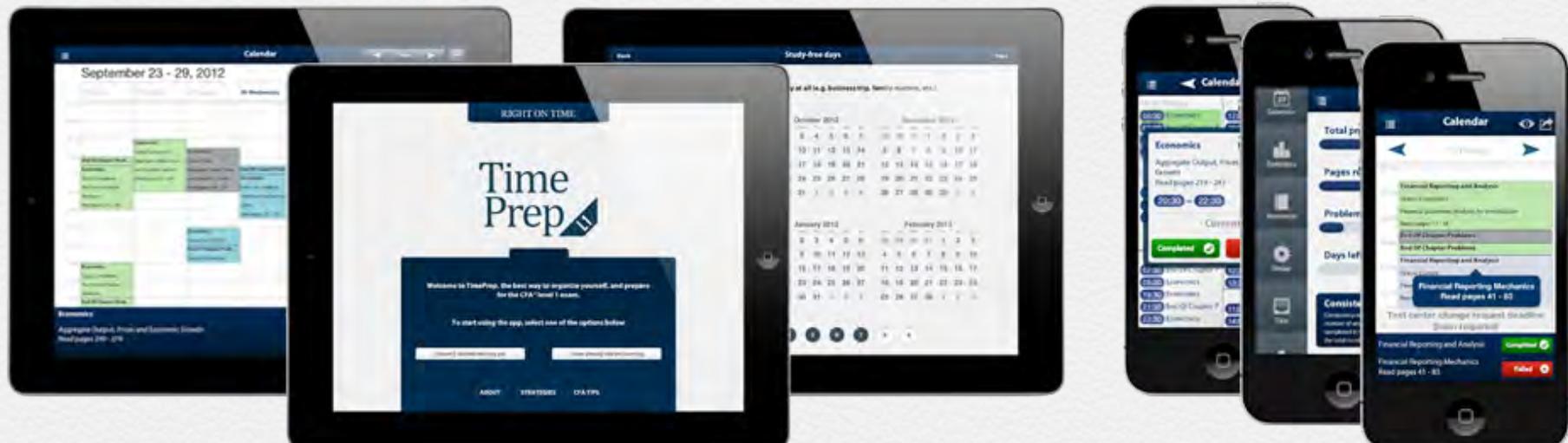
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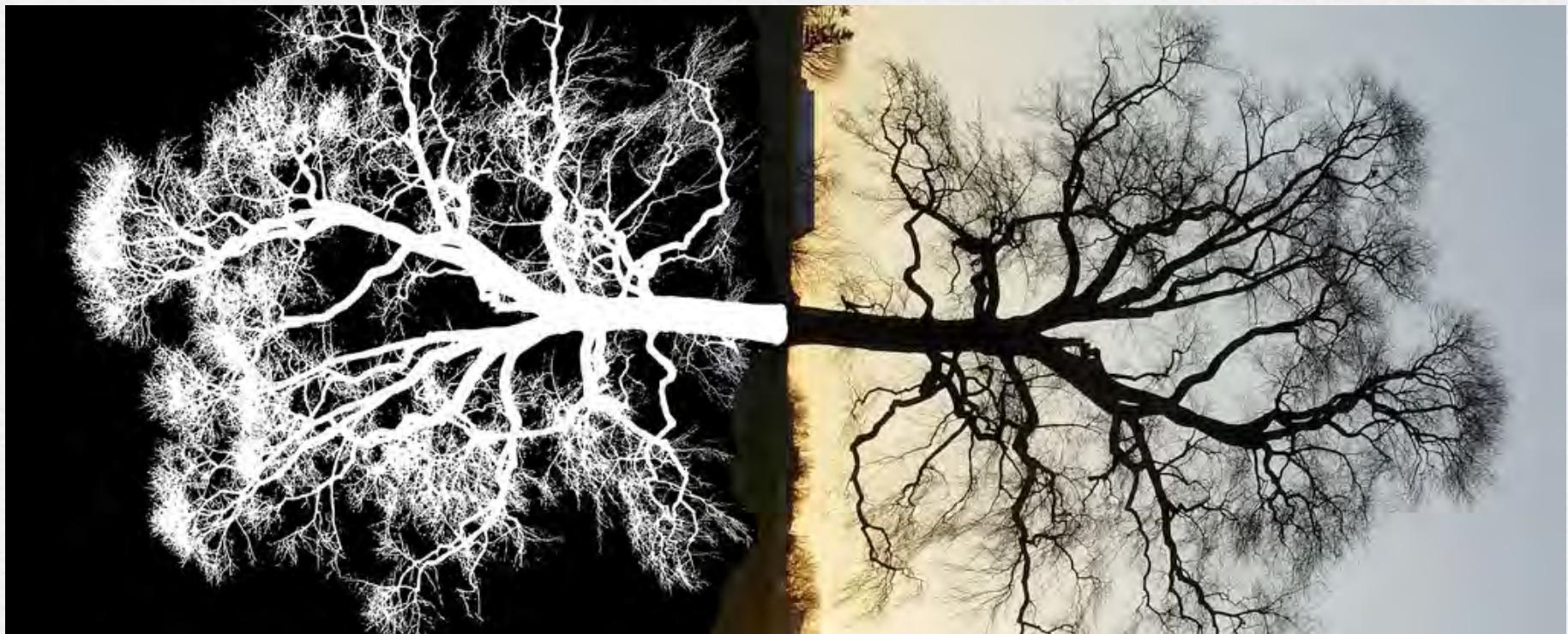
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CFA LEVEL 2 EXAM - HALF WAY THERE



SECTION 1

Differences between CFA level 1 and level 2 exam



You have passed CFA level 1 exam, congratulations! Candidates often wonder what the differences between level 1 and level 2 are. There are some differences you should be aware of to direct your preparation in the right way.

First of all, the key difference is the type of questions posed at the examination. On the CFA level 2 exam you will get your test in item set question format. Basically each assignment consists of a case written in a couple of paragraphs (ranging from 1 to 2 A4 pages) and you get 6 questions related to that case. You can learn more about the item set question format on the following pages.

The second difference is found in the level of details the curriculum is composed of. Level 2 curriculum is much more detailed and is focused on less topics in an area (e.g. financial reporting and analysis), but the topics are presented thoroughly. You will not have to be ready to answer a huge number of broad questions, but rather learn and under-

stand certain problems in details. To answer some of the questions you will have to do extensive calculations.

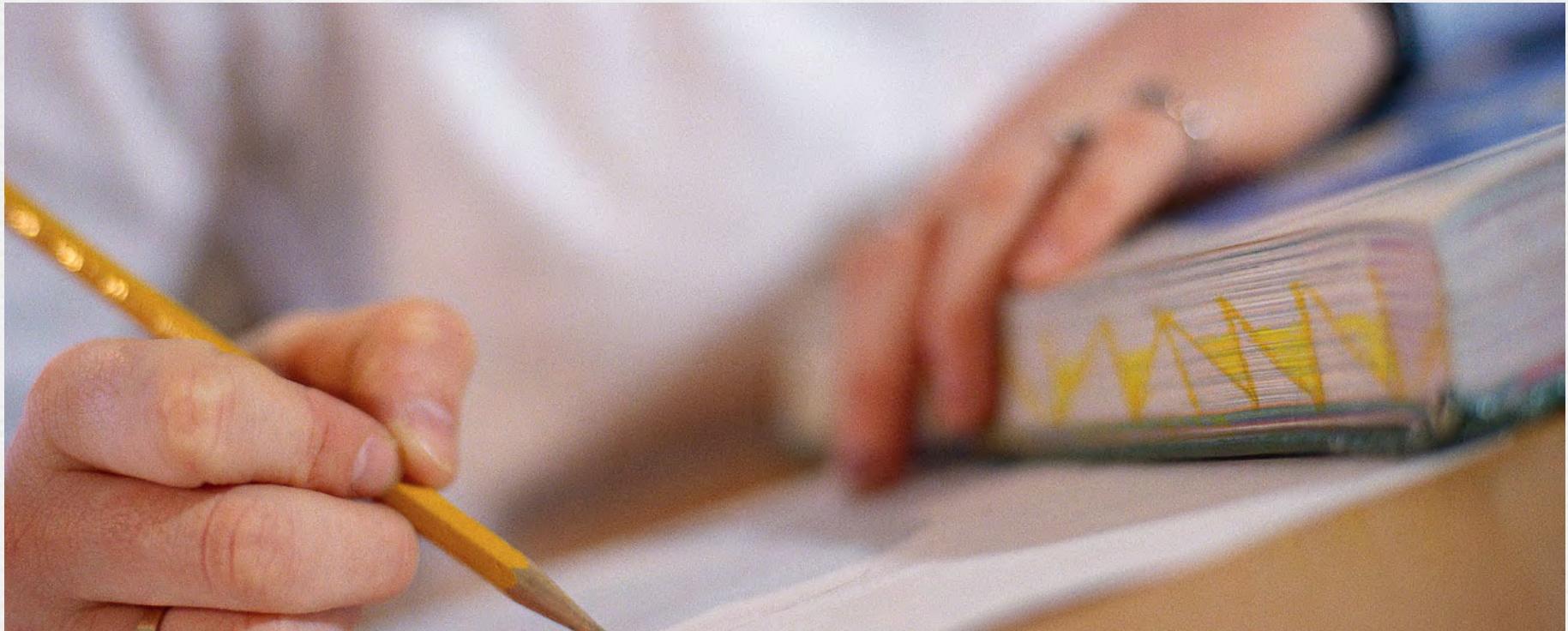
Check the CFA exam topic area weights (found in the second to last section of the book); they are slightly different compared to CFA level 1 exam. You will have to focus on some areas more than in level 1. For example, derivatives have higher weight and are more difficult and detailed compared to level 1.

You don't have to review the CFA level 1 materials if you have decided to enroll level 2 immediately after passing level 1. In case you decide to take a break for a year or more, you should review the basic concepts occasionally. All in all, basic concepts are repeated in short in level 2 curriculum so you don't have to be under pressure that you will miss some content. Some of these parts are marked as an "optional segment", so pay attention if you want to repeat them.

Finally, in terms of preparation be aware that some vendor question databases do not reflect the type of questions examined good enough, so try to base your preparation on end of chapter problems, mock Exams, practice exams and focus on item set type of questions provided by prep providers question databases.

SECTION 2

Item set question format - what is different?



There are certain differences compared to level 1 examination question format. First of all, questions are still multiple choice questions but formulated in a different way – in item set form. For each set of 6 questions you get a case (written in a couple of paragraphs and a few tables and/or graphs if applicable) on one or two pages (A4 format), and you have to read the case in order to answer the questions.

Usually, each set of questions is focused on one area (e.g. financial reporting and analysis) and you have 10 sets in the morning session and 10 of them in the afternoon session. Morning session lasts for three hours as well as the afternoon session. So you have total of 120 questions compared to 240 questions on the first level. It seems that you have more time for solving the questions, but since you have to spend a substantial amount of time on reading, it is not entirely true. Moreover, since there are fewer questions, each question has a higher weight in the total sum. For example if there are 10 questions in CFA level 1 from ethics and you answer one question wrong, you lose 10% of ethics, but since there are only 6 questions from that part in CFA level 2

(or twelve if you have one item set in the morning session and one in the afternoon session), each question has higher weight in the grading process (probably 16,67%).

However there are a few tips that will make the examination easier for you:

First of all solve as much (item set) practice problems in advance as possible, so that you get used to the specific item set question format. A number of candidates have shown up on the examination and were surprised by the question format. You should be 100% familiar with the form and used to solving such types of problems.

Also, read the first question (or first two) in the set so you can get the idea what you are looking for. Once you start reading the case, as soon as you reach the answer (or can calculate one) do it, don't leave it for later. Once you solve the problem read the next question and continue reading the case. By reading and simultaneously solving problems you will get the better understanding of the case, solve the problems efficiently and solve the entire set of questions in the most effective way. There are some candidates who say that they have read the entire case and put all the necessary details in short term memory and then solved the entire set of questions. In our opinion that is a risky and demanding strategy that will probably exhaust you very quickly and result in a number of mistakes, with a necessity for repetitive reading.

Finally, make sure you mark all the answers in the answers sheet immediately upon solving the item set; this is the most effective way to fill the answer sheet correctly.

SECTION 3

How to prepare Quantitative Methods and Derivatives for the level 2 exam?



If you had read the previous section, you probably saw that the “how-to” part of the section is not only related to the CFA level 1 exam, but with the topics in general. Since level 2 is a natural extension of the level 1 exam, you should not have any problems in preparation other than time management and organizing your study. Nonetheless, we think it is worth mentioning two of the topics regarding level 2 exam prep.

Quantitative methods

Many CFA candidates don't like quantitative methods, especially statistics. In level 1 exam, you could squeeze through with just basic knowledge of quantitative methods; however on the level 2 exam you might get one item set question from this topic. That means you have to get a good understanding of various types of regression analysis, correlation analysis and time series analysis.

We would highly recommend not skipping above mentioned topics, because at least one question from these topics will most probably ap-

pear on the exam. If you don't like statistics, make sure that you leave enough time for reading, practice problems and revision of the mentioned topics.

Focus on key topics and read the theoretical part. Draft all the rules (cheat sheet) and draw the instructions (graphs), review the tables in appendix and learn how to use them. Review the rules from the cheat sheet and associate them with certain types of practice problems. If you focus on several problems types and learn in systematic way described above, you might really archive high score in quantitative methods section.

On the exam, make sure you understand which type of question is asked, if necessary draw the workflow of the assignment, rules and graphs necessary for the correct calculations.

Derivatives

The CFA Exam topic area weight for derivatives for level 2 is slightly higher, and derivatives in the CFA level 2 curriculum are incomparably more complicated and candidates should plan to dedicate significantly more time to that area. While reviewing, in the case you don't have enough time, try to focus on the most important and more elaborated topics (within the area) and learn the formulas and steps you have to do well in order to solve a problem.

As we mentioned before, there are a number of formulas that are not easy to memorize. Use mnemotechnics and other tools (e.g. flashcards) to memorize them. Draw all the graphs. It will help you understand and subsequently solve problems from that area. It is not enough to learn formulas; you also have to understand the material. If you followed the same study path and techniques while preparing your level 1 exam, it will be much easier for you now.

SECTION 4

Top tips for CFA L2 exam candidates



There are a lot of differences between CFA Level 1 and Level 2 Exam. The most notable one is definitely the item set question format - multiple choice questions but formulated in different way. For each set of 6 questions you get a case on one or two A4 format pages and you have to read the case in order to answer the questions.

But, to get even more specific for the CFA Level 2 Exam, TimePrep is bringing you a total of Six Top Tips for the Candidates – we suggest reading them and following our guidance for successful completion of the Level 2 exam.

- Get known with item set question format. It is different than multiple choice question format as in Level 1. You should create your strategy for solving them. We would suggest reading section of the question by section and responding on the respective question immediately.
- Be prepared for detailed and quite demanding Derivatives section. If you don't work every day with complex derivatives in highly devel-

oped market, you will be surprised with extensiveness and the level of detail you have to learn in that section for Level 2.

- Make sure you read Ethics at the end of the process. The curriculum is much more extensive in that part of Level 2 compared to Level 1, and there are even more rules and standards. You may really forget and mix them up if you learn them so early before the exam. Try to keep them in your short term memory just like certain formulas.
- In Financial reporting and analysis focus on types of problems. There are only few concepts presented in detail. Make a list of rules, notes on these types of problems and review it before the exam. Make sure you can solve problems from all the respective topic, because either of them can appear in the exam with quite specific questions.
- Make sure you memorize the mechanics of valuation of various embedded options and debt securities that include option trees – it is easy but you can lose a lot of time trying to remember how to calculate something using this mechanics.
- Equity section is quite extensive and besides the fact that presents all used equity valuation techniques, it also goes in much detail about all presented techniques. Make sure you know how and when to use each valuation method. On the exam you will have to recognize which valuation method to use and apply all the rules applicable for the specific method. Taking notes and reviewing them before the exam may help a lot.

SECTION 5

Preparing your CFA level 2 exam



Candidates that prepare the level 2 exam feel much more relaxed than L1 candidates simply because they have the experience of taking the CFA exam. It is worth mentioning that, other than item set question format, there are no big differences in the exam approach.

If you are a level 2 candidate and you skipped the entire level 1 section, we recommend that you return a few pages and read the advice regarding exam prep – the advice works for every candidate, regardless of the CFA exam level they are taking.

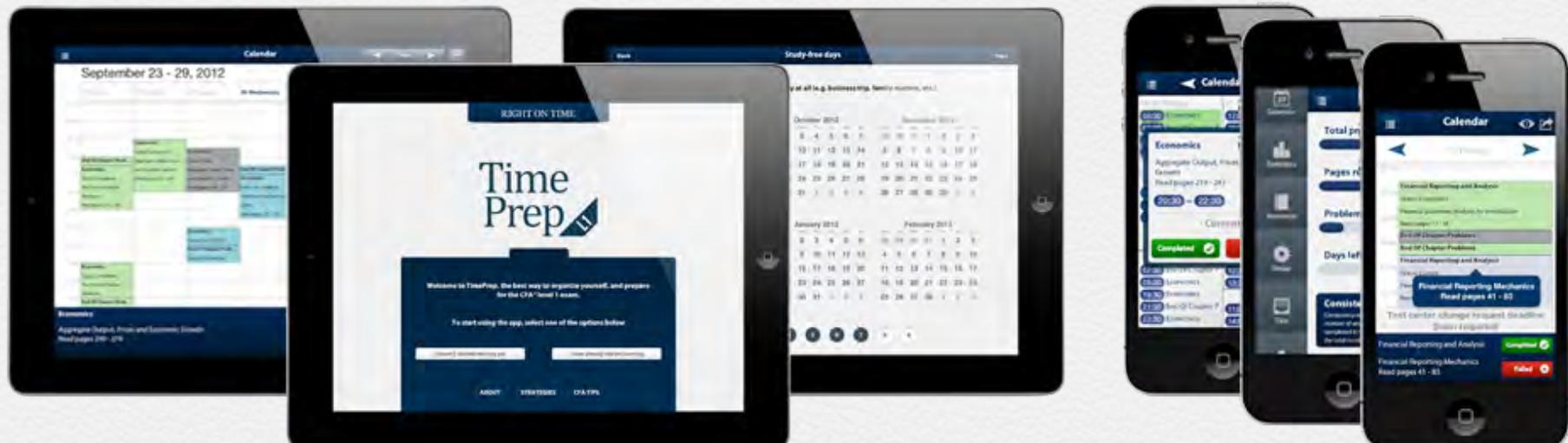
The key to success on level 2 exam lies in the whole preparation process, not just the final days/weeks of your preparation, so stay calm and focused on your daily study assignments. Also, do not forget to relax and rest – it is vital to be relaxed in the final stages of your preparation, especially the day before the exam and on the day of the exam. Regardless of the results of your CFA level 2 exam, bear in mind that you have a full year in front of you for the next step (be that level 3 or again level

2). That gives you plenty of time, so use the summer months for relaxation and for spending time with your close ones.



5

CFA LEVEL 3 EXAM - THE LAST MILE



SECTION 1

Basics of CFA level 3 exam and differences to L1 and L2



If you are a CFA level 3 exam candidate, you are already experienced and knowledgeable about basics of the CFA process. However, there are some specifics of the level 3 that should be pointed out and that you should be aware of.

First of all, the composition of curriculum is totally different. You will receive 6 volumes, but the volumes do not have “traditional” level 1 and level 2 titles. Curriculum for CFA level 3 exam introduces some new topics like behavioral finance, private wealth management and risk management. Exam topic area weights are focused on Asset classes (Alternative investments, Derivatives, Equity investments and Fixed income) with 35% – 45% weight and Portfolio Management and Wealth Planning with 45% – 55% weight, while Investment tools are not reviewed in the curriculum.

Second, composition of the exam is different. The exam is organized in two sections. The morning session is composed of case studies you’re solving by writing notes and calculations on a list of paper and after-

noon session is composed of item-set question format as in Level 2. It is advisable to review the mock exams in order to be ready for the specific examination format.

Although pass rates for CFA Level 3 candidates are higher than Level 1 and Level 2 candidates it is certainly not because the exam or curriculum are easier. On the contrary, many candidates state that Level 3 is the most detailed and complicated level, however the best candidates manage to get to the third level and results are better. Your peers are good and that makes the exam easier to pass.

SECTION 2

CFA level 3 exam and your experience



If you are a level 3 candidate that means that you already have a substantial amount of experience related to the CFA program and the CFA exam preparation process in general. You have already established a way of studying the materials the way that fits you most, you probably read a lot of articles and other material regarding the CFA exams, and you feel that you are in complete control of the situation.

You are right. There is not much advice that we can offer, since personal experience is the best advice you can get. And in the last years you had plenty of that. It is only important to continue with the good practice that brought you to the level 3, and you will definitely have a high chance of success on the exam. As you can see in our previous article, there are differences between level 3 exam and other levels, but nothing that you could not manage or that would need a way bigger effort than before.

The one thing that could stop you from passing your level 3 exam from the first try is time – a lot of candidates that have reached level 3 al-

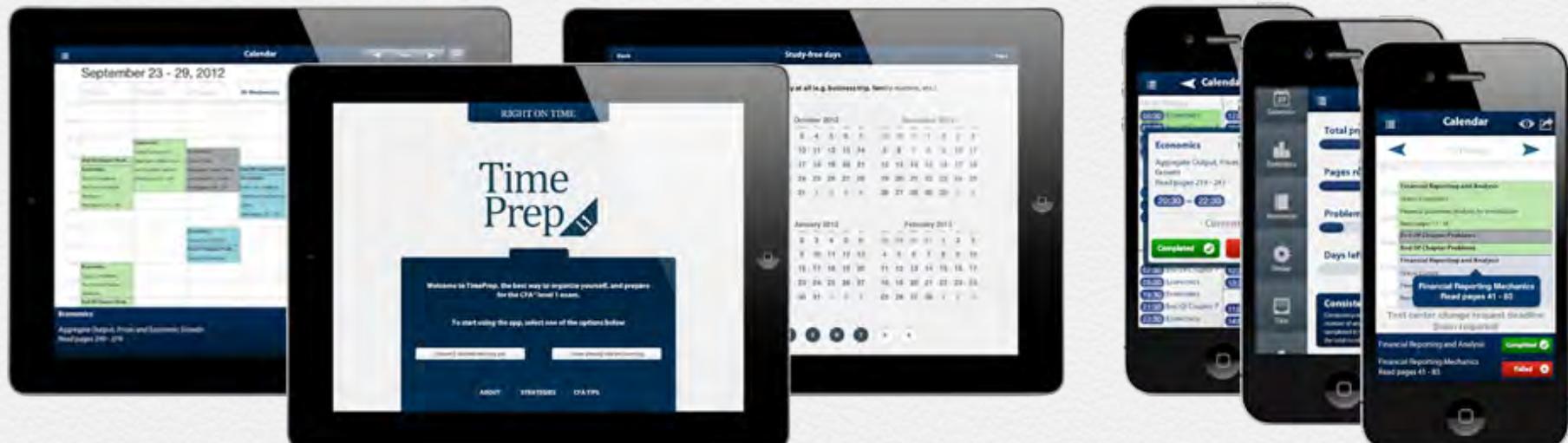
ready progressed on their workplaces, and they are on positions with much more duties and responsibilities. That makes it even harder for them to organize their study. If you are among candidates that have less time than before, it is vital that you assess the situation and create a study routine that you will stick to. You're on the last mile of your trip to the CFA charter and you should give it your best shot to finish what you have started years ago.

Good luck!



6

OTHER USEFUL INFO



SECTION 1

Exam topic area weights



Here are the weights of the topic areas for all three levels of the exam:

Topic Area	Level I	Level II	Level III
Ethical and Professional Standards	15	10	10
Investment Tools	50	30-60	0
Corporate Finance	8	5-15	0
Economics	10	5-10	0
Financial Reporting and Analysis	20	15-25	0
Quantitative Methods	12	5-10	0
Asset Classes	30	35-75	35-45
Alternative Investments	3	5-15	5-15
Derivatives	5	5-15	5-15
Equity Investments	10	20-30	5-15
Fixed Income	12	5-15	10-20
Portfolio Management and Wealth Planning	5	5-15	45-55
Total	100	100	100

SECTION 2

How much does the CFA exam cost?



CFA Institute offers to candidates and future candidates various fees for their enrollment, depending on when do they enroll the program. If you enroll sooner you can save up to USD 465. Besides, you also get extra time for preparation.

CFA Exam in June 2013 (L1, L2 and L3)

The first deadline for the enrollment is 19th of September and the total fee amounts to USD 1,080. The majority of candidates probably enrolled after this deadline, however if you have decided to go for CFA program earlier, and you did not wait – congratulations, you paid less and have more time for preparation. The second deadline is February 13th and total fee amounts to USD 1,180. We would suggest all the candidates to start preparing for their CFA exam even before, but not later than February 13th. The final deadline for enrollment is 13th of March, but in our opinion this is not only the most expensive option (costs USD 1,545) but also not advisable deadline for the start of your preparation.

CFA Exam Level I in December 2013

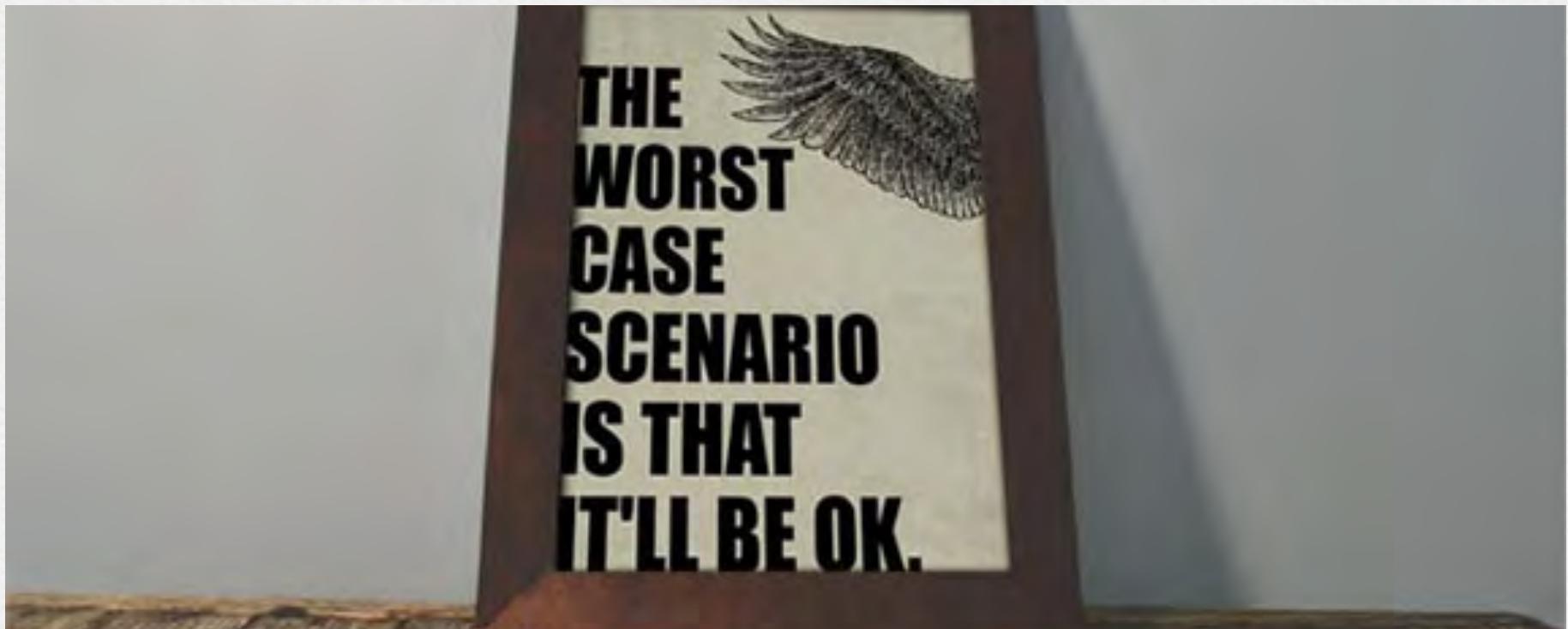
The first deadline for enrollment is March 13th (the last deadline for the June exam). Total cost amounts to USD 1,080. If you enroll by this deadline, you can save up to USD 465. If you enroll in March, you will have 8 months of preparation, which is more than necessary for the preparation. You may also leave the books aside for a while, but don't forget to organize yourself and start the CFA exam preparation on time.

The second deadline is 21st of August. If you enroll by that deadline, you will have to pay USD 1,180. As in the previous case, we strongly believe that this is the last minute to start preparation. The third deadline, the most expensive one is on September 18th and costs USD 1,545.

You can find more about CFA Exam fee schedule on the CFA Institute's website.

SECTION 3

In shortness of time - use Worst case scenario learning strategy



It may happen that due to business or private obligations and deadlines you haven't had enough time for preparation of the CFA exam. There is a certain time period before the exam, say month or three weeks, and you want to use the time as efficient as possible and try to somehow pass the exam.

It is clear that, if you continue with your work and other daily obligations, you don't have sufficient time for thorough preparation. You have to pick some of the most important topics and solve decent number of practice problems and hope for the best.

First of all, organize yourself! Calculate the time in hours you can dedicate to learning in the period until the CFA exam day. Leave the day before the exam for reviewing formulas and relaxation and dedicate 50% of total remaining time for readings and 50% of total time for practice problems. Put it in a calendar or on a piece of paper. Once you calculate the time go through the table of contents and identify the most important (basic) topics you should read. Skip advanced topics, skip top-

ics you are familiar with, just try to memorize key formulas and exceptions, skim the examples. In the reading process you will probably skip a lot, but don't skip entire books because you have to cover everything, but in a reduced form of course.

Once your calendar or note reminds you that you should turn to practice problems, do it! Solving practice problems is the most important preparation tool that will help you prepare for your CFA exam and also let you learn some new stuff. It is highly recommended to use some electronic practice question databases (like Kaplan Schweser's QBank) because they will shorten the learning process and give you very thorough feedback.

Finally, on the day before your CFA exam relax! No matter how many pages you have read or problems solved, you need some rest and relaxation. Make sure that you review the formulas, cheat sheet or notes, but don't spend more than 2-3 hours on that.

SECTION 4

Dealing with failure



It can be devastating to find out that you have failed the CFA exam, especially if you have put a significant effort in the learning process. But it really happens, even if you have done everything in your power. Remember, it is possible that you are just below the line, or among 10% of candidates that have almost passed the exam. Don't panic, it usually takes four years to complete the entire program. There are few things you should bear in mind if you have failed the exam.

First of all, if you are 100% sure that your exam result may be better than graded by CFA Institute keep in mind that you may request that your CFA exam score be manually retabulated. The retabulation will cost you USD 100. Bear in mind that CFA Institute takes a number of quality controls and makes sure that all the exams are graded correctly.

Since you can sit for the CFA level 1 exam twice per year, consider the opportunity to sit for the next available exam term (June or December). If you have read all the materials and solved a number of practice problems, with additional effort you can brush up certain topics and

hopefully pass the exam in the next term. If you wait one year it may happen that you forget the majority of concepts you don't use on a daily basis and that you will be forced to read again in details all the materials and solve most of the practice problems you have already solved before.

The main reason for failing the exam is not found in intellectual capabilities of the candidates, but in time management and organizing the learning process. Most of the candidates work in the financial industry that is known for its long working hours and a significant effort is necessary if the candidates want to stay on track and be right on time with their preparation. If you have an iOS device, you can check our solution for those problems – TimePrep for CFA Exam.

Finally, be patient and persistent. Talk to fellow candidates and peers who will encourage you and help with advice. The learning process is demanding and you need support from your colleagues, friends and family. All the effort will be paid off in the end.

SECTION 5

Passed L1 in Dec and wondering is it smart to enrol L2 for june?



You have passed the CFA level 1, congrats!

Now, as a number of other candidates, you are also probably wondering are you going to have enough time to prepare for examination in June or not. This is a common question and unfortunately, no one can guarantee you that you will have sufficient time. There are some things you should bear in mind and some tips that might help you in the decision.

First of all, if you are confident about your positive exam outcome, you should try to borrow CFA books or buy prep providers' materials and start reading even before the exam results are available. You will save valuable time and have competitive advantage compared to other candidates. We would recommend picking the most interesting area and starting reading it. Try to finish it before the results are available. If you have passed the exam, you will already have one area (book or so) in pocket. This is a huge advantage.

If you haven't read it or you are still not sure whether to enroll or not, take the following facts into consideration:

- You have spent last couple of months learning for CFA level I exam, which means that you are either exhausted on one side or used to learning on the other side. If you are too tired and fed up with learning, it is better to take a one year break. If you feel good, ready to continue the process and used to learning (still in the learning mode) than choose to go for it.
- If you decide to go for it you will benefit from the fact that significant part of material is already known to you from CFA level I exam, and you will just expand your knowledge a little bit on some areas. If you wait for a year, you will have to repeat more. Of course, you will learn a lot of new topics, but it will be easier to acquire new concepts because L1 material is still fresh.
- You are familiar with all the resources and people that are in the same process, something you might lose if you wait for a year.

Beside all the upsides of continuing the process, there are some downsides. If you decide to continue the process, this may be mentally difficult for you. Remember, you have already spent months learning and most probably working at the same time. If you continue to do so in the next couple of months, you may lose valuable things like friends, family or your health. Be cautious and analyze all the upsides and downsides. Share your concerns with your friends, family, partner and colleagues and get their support and/or opinion. Remember, even if you choose to continue with the process and fail the exam, you will have valuable experience and will be familiar with the material, so it will be easier for you to pass the exam later.

If you decide to take a break at the end, make sure that you review L1 materials from time to time, so you keep in touch with the material and don't forget all the concepts.

SECTION 6

CFA program and dealing with friends & family



Taking such a big step in your life as enrolling CFA program may have a negative impact on your personal life and relationships with your friends, boyfriend/girlfriend and family. If you want to successfully complete the program in the most efficient way, you have to dedicate a significant amount of time and effort to the learning process and you will certainly not have much time for personal life.

Although many people will say to you that if you organize yourself well, you will manage to achieve both personal and professional goals, it rarely happens that you are a successful business man, the best friend always ready to jump in and an incredible boyfriend/girlfriend or a family man at the same time.

On the other hand it is crucial to find the best possible work-life balance and organize the learning process so you can still visit your friends occasionally and spend a decent amount of time with your girlfriend/boyfriend and family. The most important step is to negotiate certain terms with the most important people in your life, before

you enroll the CFA program. You have to explain in details what does your new obligation mean for them, warn them in advance that you will not be available all the time and get their support. Try to negotiate certain number of hours or certain periods (e.g. Friday from 7pm-11pm) in the week when you will dedicate your time to people you care the most about, and don't cheat. When it comes to family or girlfriend/boyfriend time, relax and dedicate a quality time.

You are a human being and you need support from people you care the most. Their support will motivate you and give energy to push forward through the curriculum. There is no worse thing than to sit and learn while aware of the fact that someone is mad at you since you have not put him/her into your agenda.

SECTION 7

Changes in your social life



As we have already mentioned, enrolling CFA program may have a huge impact on your social life. CFA program (especially level 1) is not very demanding in terms of knowledge, but it takes a lot of time to go through the entire curriculum. If you have at least some experience in economics or business education and/or work experience it will be even easier for you. Nevertheless, you will have to spend a significant amount of your free time on the CFA program.

If you want to pass the exam, you will really have to focus on the preparation for several months (depending on how much time you spend learning every day) and you will have to make clear cuts in your social life. Focus on important people! Spend your free (quality) time with the most important people in your life. For others, try to negotiate the time for preparation. True friends will understand.

Since you have to dedicate certain fixed and, more or less, consistent blocks of time on a weekly basis you will have to cut some other activities off in order to successfully complete the program. An average CFA

candidate works in the financial industry which is famous for long working hours. Unless you can spend some time learning in your office, and you are lucky to be paid for that time, you will have to learn after or before work. That means you will have to reduce time you spend on other activities such as sports, going out, hobbies, traveling, etc. If you skipped, read our tips & tricks on how to create time for CFA exam preparation in the second section of the book.

Make a list of priorities, and don't entirely cut off activities that are very important to you. For example, if you practice sports e.g. an hour every second day, try to reduce it to half an hour. In addition, get rid of less important but time consuming activities, hobbies and habits – just make a clear cut.

SECTION 8

Guest post - how TimePrep helped me stay on track



Marshall Nicholson, TimePrep user

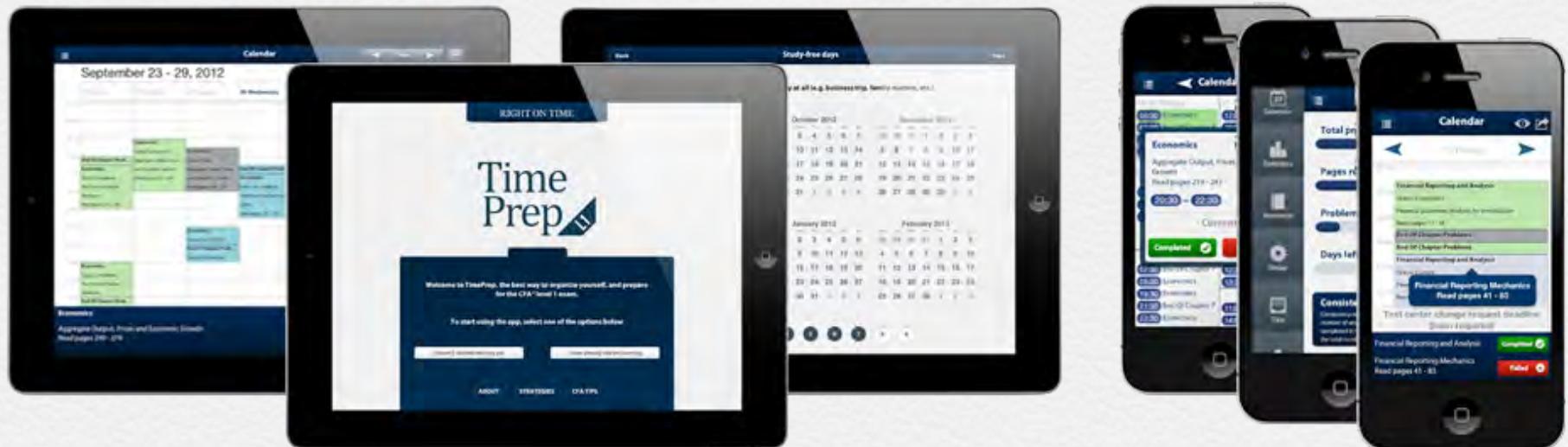
I first heard about TimePrep for CFA level I exam on Analyst forum, in a topic about passing the L1 exam in 72 days. Since I just started working as an intern in an investment bank, I pretty much don't have time for anything – I see my girlfriend every 2-3 days, best friends on Saturday night and that's it. This is why I value time above all else and why I considered buying the app in the first place.

Essentially, what TimePrep does can seem pretty straightforward – you tell the app your weekly study routine, the progress that you already made, input some parameters regarding your learning strategy and that's it – the app then gives you your study plan. Simple, right? If only you knew.

I believe that every CFA candidate (including myself) has the same issue – you spend a significant amount of time in planning your preparation, you read blogs and forums, searching for the magic formula, and then when you're all done and you start learning, everything seems

fine. Until the first night when you cannot focus comes. Then you have to readjust your whole study plan, change the days and content of your studies in those days etc. Well, not with TimePrep – it does everything automatically.

Before I purchased TimePrep, I had a pretty loose record – in contrast with my initial study plan, I was already late 16 days, I cut the number of practice problems I planned on solving in half, and frankly I started doubting myself. I read the first two Schweser volumes, and a part of the third volume. After I bought the app, I entered that learning progress, decided which strategy elements to use (practice problems, end of chapter problems and cheat sheet in the end), I set 1000 practice problems to solve, and based on my previous measurement, and on the help from the app that says an average candidate reads 9 pages per hour, I continued on with my weekly routine. After a really easy routine setup (I just loved it), I even saw that I can enter the days when I don't plan to learn (3-year anniversary with my girlfriend – check), and the days when I plan to maximize my efforts (vacation the last 4 days). The last step of the setup is where I saw what TimePrep really is about.



It basically told me the following – based on what you entered so far (the learning strategy elements, how many volumes and readings I already read, what my weekly routine and exceptions look like), it should take you 240 hours to complete your preparation. And you only entered 216, which means you have to add another 1,5h to your weekly

routine if you want to learn everything on time. Of course, I added the time and TimePrep generated my study plan in a matter of seconds.

What you get is one large calendar that tells you exactly what to do, and when to do it – read pages 237-268, solve 17 EOC problems and start the other reading until you reach page 281. Then your daily study is done, you press the big green button „Session completed“ and you can fall asleep without thinking will you finish on time. Of course, you feel good about it. But that was what I expected of TimePrep when I bought it, and although it is phenomenal it didn't stun me as something other did – rescheduling.

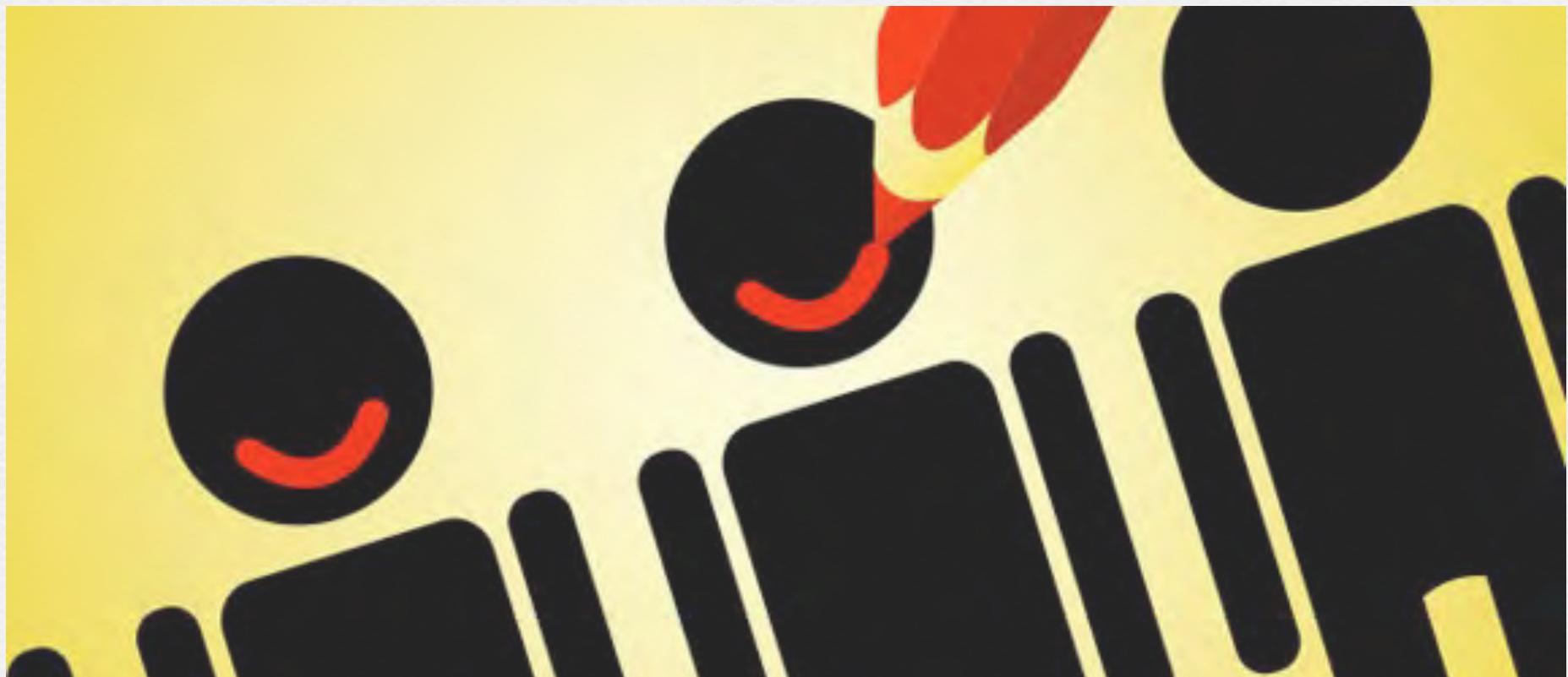
TimePrep has a rescheduling system that is excellent – for starters, there is a big red button „Session failed“ right below the green one, and to press that button means that you failed, and I hate failure more than anything. That is why I tried to complete everything successfully, but eventually I had to deal with failure and press the big red button. I expected something complex, because I know how much effort I put into changing my study plan, but what TimePrep did was simple and elegant – it told me that I have 2,5h missing (the session I failed), and that I have to compensate the time. I decided to add that time on Sunday, and I just tapped to create a new study session that Sunday, expanded it to 2,5h and tapped „Save“. What TimePrep did was actually re-calculation of my whole study plan in a few seconds, which now adapted to the new schedule. It almost felt as if I didn't fail my study session at all.



That is my experience with TimePrep that I wanted to share with the readers of this book. Although there are other features of this app like statistics module that tracks your progress and your success/failure rate (they called it „Consistency ratio“ and I'm proud to say that mine is 96% for now), and an option to change your learning strategy in the middle of preparation, I think that its core functionality, the study

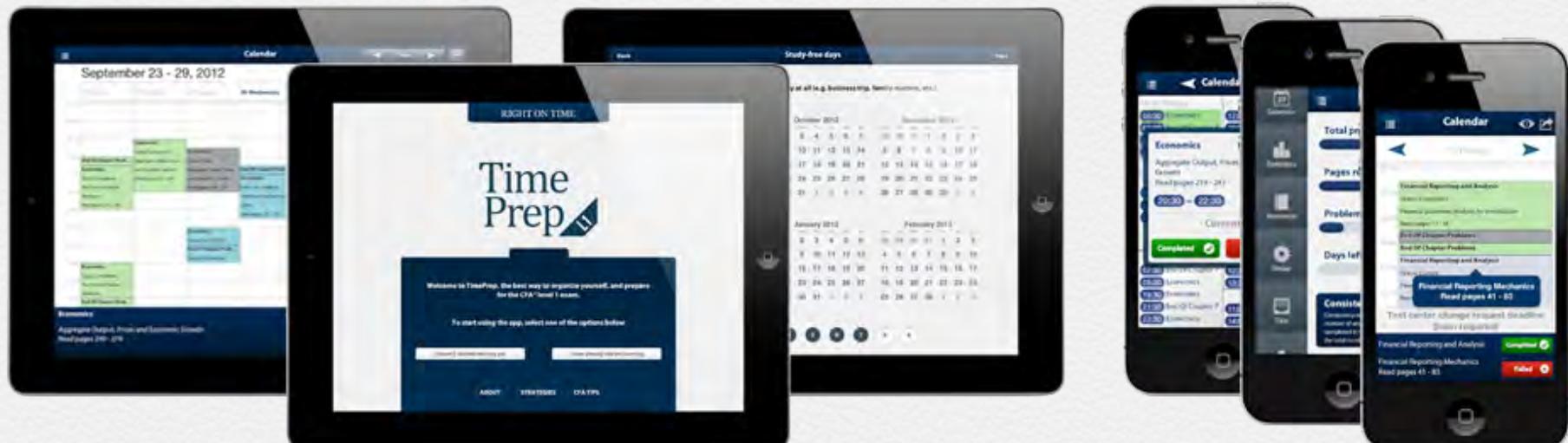
plan and rescheduling system are the main reasons to buy this app. Essentially, CFA level 1 exam is all about self-control and discipline, and TimePrep is the only tool that helped me with that so far.

If you want to find out more about TimePrep apps, you can visit the [web section](#) or check directly on the [App Store](#).



7

TIPS FOR CANDIDATES



SECTION 1

Overview



Passing the CFA exam is not easy - there are many things you have to be careful about, not just during the exam but also in the preparation process. That is why we think you should read through all the CFA tips in this book. We made sure that all the important CFA tips are here, and they are divided in five categories:

- Study tips - these are meant to guide you through the preparation process and are very important. Through 20 most relevant tips you will find out how to organize your time, what to focus on etc. Definitely worth reading through.
- Day before - tips that help you organize yourself day before taking the exam.
- Exam day - tips that will guide you through the exam taking process.
- After the exam - these tips inform you what about the best practices for relaxing after you have taken the exam.

SECTION 2

Study tips

Here you can find CFA tips that can help you during your studying:

- Spend at least 250 hours per each level. If you don't have any background in finance you might need significantly more time.
- Time management is critical. Try to organize your study in advance. Take time out from your daily schedule and weekend free time. Calculate approximate number of pages you can read in an hour and dedicate a certain number of hours per day during week and certain number of hours during weekends. Make sure that the total number of dedicated hours amounts to total estimated time necessary to go through the materials and solve a predetermined number of problems. Don't forget to leave some time for relaxation, sport and other activities.
- Establish a weekly study routine and stick to it as much as possible.
- Start reading the materials as soon as possible.
- Start with topics that are in your opinion most interesting. This will further moti-

vate you, enhance your studying effort and help you finish the readings in timely manner.

- Try to read all the readings and skip only in the worst case scenario focusing on the basic concepts of each section.
- Create your own notes with formulas, key concepts and important explanations (recommended) or use notes from various providers. Review notes all the time and especially a day or two before the exam. Use flash cards for memorizing formulas.
- Dedicate a significant time reviewing the materials.
- Stick to the plan! In case you are behind the schedule, try to catch up the agenda in the same week.
- Purchase a calculator as soon as possible. You can use only certain type of calculators that are prescribed by the CFA Institute. Review the list, and buy the calculator ASAP. You will need some time to get used to the calculator. Valuable time will be wasted if you have to refer to the instructions during the exam.

- Try to start answering sample questions (mock exams or sample questions from prep providers) as soon as possible (e.g. after you have read the first and each subsequent book) in order to get known with the usual format and usual level of details necessary to answer a question. Get back to the sample questions after reading all the books. Solving total of 800 – 1200 sample questions will give you a good level of confidence.
- Solve as many problems as you can, and answer as many sample questions as you can. Question databases (like Schweser QBank) allow the user to restrict the questions (e.g. basic/intermediate). Do not restrict the questions you answer. You must try to answer all the questions. In case you don't know how to solve a problem or answer a question, make sure that you review the specific section in your materials and solve the problem.
- Although summaries are very useful in reviews, it is highly recommended not to consider summaries as substitutes for the materials.
- Spend the final three to four weeks before the exam reviewing notes, summaries and underlined parts of the readings, and answering sample questions.
- Even if you feel that you are not 100% prepared for the exam, consider taking the exam anyway. Exam experience is very valuable for your future preparation. On the other hand you may still pass the exam even if you are not 100% prepared.
- Enhance your preparation using test banks from preparation providers (e.g. Schweser or similar).
- Make sure you take a break from studying. Use your short breaks for a walk, sport or similar activities that will relax your brain. You will be much more efficient after such a break.
- At the minimum, you should get the key concepts in every section.
- In case you don't have sufficient time for preparation focus on the sections that count for the most of the exam (have the highest weight) i.e. financial reporting and analysis, ethics, fixed income, and quantitative methods that count for almost 60% of the L1 exam. Remember, you still have to cover the basic concepts of other topic areas.
- Take off the week before the exam if you can and focus on the final review.

SECTION 3

Day before

It is important how to prepare yourself for the day before the CFA exam. Precious time and your inner peace should not be wasted on technicalities day before the CFA exam, whether you are CFA level I candidate or higher levels candidate. Be sure to check out these tips and act accordingly:

- Visit the test centre a day before the examination (or even a Saturday before) to get an idea of traffic issues (public transportation, parking, etc.) and how long it takes to get to the centre from your place. Visit the official CFA Institute web page for the complete list of CFA test centers.
- If you travel to another city, book a hotel near the testing centre, so you don't lose valuable time on the examination day on traveling from the hotel to the examination centre.
- Due to the adverse climate conditions, flights may be cancelled. Make sure that you have backup alternative way of traveling to the city where the exam is held. Make sure that your flight and hotel room are booked on time.
- Relax; do not spend the entire day learning. Lightly review the material. Success on the exam is the result of your weeks' long effort — not the day before the exam learning. It is critical to get a good night's sleep the night before the exam.
- Take it easy the night before the exam. Remember to pack your pencils (HB), erasers, calculator (prescribed one), exam ticket, passport or other photo ID and other allowed accessories (ear plugs, medications, etc.).

SECTION 4

Exam day

To make sure you are well prepared for your CFA exam day, read through these tips. With insight into the exam and the whole testing process, these CFA exam day tips can help you pass your CFA exam with ease.

- Make sure you wake up on time and eat breakfast. If necessary go over your notes to have a final glace on the most important formulas. Don't spend a lot of time reviewing the notes.
- Review the Personal belongings policy. You will not be allowed to bring items that are not on the list of allowed items into testing area (not even water).
- Try to arrive at the test centre early. Don't stress yourself being late and possibly miss the opportunity to sit on the morning session. If you come earlier you will have an opportunity to get to know with all the amenities of the centre (plan the break time, locate the toilets, wardrobe, etc.) and get used to the testing area.
- Try to keep calm and confident. Try to relax as much as possible. This is only one of the exams in your life, not the most impor-

tant one. You have done everything in your physical and mental power to prepare for the exam. The maximum you can do on the exam day is to calm and focus on the questions. With the experience from your rehearsal and reading you will manage to answer the majority of the questions and hopefully pass the exam. Any stress or anxiety can only ruin your performance.

- There are couple of exam taking strategies. Two most popular include a) taking the exam's questions in order, starting with the first question and going through to the end or b) start the exam with the sections where you feel most confident. The second approach can help you build confidence, while the first method guarantees that you will not skip a section/question by accident.
- Carefully read each question, from the beginning to the end. Underline crucial information needed for solving the problem.
- You should record your answers on the answer sheet as you take the exam rather than wait until the end of the session.

- Don't be upset if there are few questions you cannot immediately answer, just move forward, and your brain will continue to work on the problem. Once you finish with all the problems, make sure that you come back to the unsolved problems. In the second try the probability that you will solve the problem is significantly higher.
- There is no penalty for wrong answers on the exam. Make sure that you fulfill the entire answering sheet and try to guess some of the answers for the questions you don't know the answer.
- If you skip questions with the intention to go back at the end of the session make sure you do so and fulfill the entire sheet. Mark the difficult questions in the process and go back to them and review your work at the end if you finish earlier.
- When you answer all the questions, go back to the answer sheet and make sure that you have fulfilled the entire answer sheet.
- Don't discuss the questions from the morning session with your colleagues and friends on the lunch break. This may lower your confidence. Use the lunch break to relax - drink coffee and have a snack.
- Listen to your favourite music on the way to the exam centre. Do the same in the lunch break.
- Eat light, easily digestible food on the lunch break. You don't want to lose patience and feel sleepy in the afternoon session.
- Bring spare pencils and batteries for your calculator.

SECTION 5

After the exam

After you have taken the CFA exam, make sure to find ways to relax. The CFA tips for the period after taking the exam can help you stay calm and relaxed.

- The exam is very exhausting and you will need time to recover after the exam. Try not to think about the exam for a while, relax. Reward yourself with a nice dinner after the exam. Spend time with your friends, they will support you and encourage you for the next steps.
- Waiting for the results may be difficult and stressful. Try to network with candidates that wait for the results as well, the process will be easier for you. While waiting, focus on other activities, finishing projects, friends and family you have neglected over the preparatory phase.
- While waiting, use your time to get familiar with the specifics of the next CFA level. Secure financing either for the next level of paying the fees for the next term in case you fail. If possible, start reading materials for the next level (from other providers or old books since the original cur-

riculum can be ordered only after the exam results are available).

If you want 2019 Kaplan CFA notes, practice exams, qbank, video, audio, Secret sauce, mock exam, flashcard, Wiley study guide, video, testbank, FinQuiz stuff please contact johnway168@yahoo.com

Afterword

We hope that this book has given you some insight into the CFA program and some of the practices how to tackle it. We hope that with the experience you gained by reading this book you will find it easier to prepare your exam, or decide to enroll the CFA program in the first place.

If you are happy with this book, please visit our website (www.timeprep.me) to see what more we can offer – mobile apps for iPad and iPhone, our blog (that is in the heart of this book), weekly newsletters and more! Also, visit us on all the major social networks and ask for advice whenever you need one.

Special thank you goes to our incredible team who wrote this. Also, we would like to thank all the candidates that support us in any way (by using TimePrep mobile app solutions, reading our blog or subscribing to our newsletter), they are the reason we exist. Last but not the least, we would like to thank our families for support and patience.