Level III 2024 Practice Exam
2 ⅕ Hours (132 Minutes)

Session 2 of the 2024 Practice Exam has 11 question sets. The format consists of either a free form constructed response question set (essay), or a question set consisting of a vignette or a short case followed by four multiple choice questions based on the vignette. Each question set is allocated 12 minutes for a total of 132 minutes.

Question Set	Topic	Minutes
1	Equity Investments	12
2	Ethical and Professional Standards	12
3	Portfolio Management – Asset Allocation	12
4	Fixed Income	12
5	Ethical and Professional Standards	12
6	Portfolio Management – Performance Evaluation	12
7	Portfolio Management – Private Wealth	12
8	Alternative Investments	12
9	Portfolio Management – Manager Selection	12
10	Portfolio Management – Asset Allocation	12
11	GIPS	12
	Total	**132**

QUESTION SET 1
TOPIC: EQUITY INVESTMENTS
TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Thomas Yarsley is an equity analyst at a large US-based investment bank which engages in fundamental bottom-up analyses. His investment universe is US stocks of all sizes, which he further segments by value-based approaches, particularly preferred market multiples, forward P/Es, risk/return efficiency, and dividend yields.

Yarsley has compiled select information on the stocks of four companies as shown in Exhibit 1. Each company represents a different industry sector.

Exhibit 1

Company	Price (USD)	1-Year Forward EPS	3-Year EPS Growth Forecast (%)	Dividend Yield (%)	Sector Average P/E
1	48	4	3	9	12
2	28	2	5	0	35
3	30	10	–2	2	15
4	16	4	10	2	10

A. **Identify** the company *most* appropriate for a relative value strategy. **Justify** your selection.

B. **Identify** the company *most* appropriate for an income strategy. **Justify** your selection.

C. **Identify** the company *most* appropriate for a deep value strategy. **Justify** your selection.

D. **Identify** the company *most* appropriate for a growth at a reasonable price (GARP) strategy. **Justify** your selection.

QUESTION SET 2
TOPIC: ETHICAL AND PROFESSIONAL STANDARDS
TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Lauren Lester, CFA, is a managing partner of Zebra Investment Advisory. Oliver Orton, CFA, is a junior portfolio manager, and Will Walton is a senior investment analyst at the firm. Orton is reviewing performance records from the firm's fixed income funds and notices that there may have been a slight overstatement of returns due to the methodology used to determine interest income. As Orton begins to research the issue, he notices that Lester, as the most senior employee in the firm, had reviewed and signed off on the performance calculations. Orton decides that he will not report his findings to his supervisor.

Orton proceeds to evaluate the returns of the firm's multi-asset strategies and is verifying that all accounts are in the appropriate composites. He identifies one non-discretionary, segregated, and non-fee-paying account within the largest composite for further scrutiny.

Walton has heard positive reports from colleagues in the industry about a new third-party provider specializing in the research related to trading commodity futures and starts working with the firm. Aware of Lester's propensity to move quickly on new opportunities, Walton immediately uses the research provider's insights to initiate a series of trades in commodity futures which quickly produce encouraging results.

Walton, who recently took the Level II portion of the CFA examination, is asked by Lester about his perception of the test. Walton replied, "Overall, I thought the exam was less challenging than I anticipated. However, the ethics section posed some complex questions, and I felt that I did extremely well on the interest-rate swap components of the fixed income section."

1. By not reporting his findings to his supervisor, does Orton violate the Standards?

   A. No
   B. Yes, because he should have reported his findings to his supervisor
   C. Yes, because the slight overstatement misrepresents actual performance

2. To be compliant with the Standards, should the account identified by Orton be utilized in the composite?

   A. Yes
   B. No, because it is non-fee-paying
   C. No, because it is non-discretionary

3. By initiating trades immediately after receiving the third-party research on commodity futures, did Walton violate the Standards?

   A. No
   B. Yes, because sufficient diligence was not conducted
   C. Yes, because third-party research is not permitted in commodity futures

4. Which statement of Walton's was a violation of the Standards?

   A. "…the ethics section posed some complex questions"
   B. "Overall, I thought the exam was less challenging than I anticipated"
   C. "I felt that I did extremely well on the interest-rate swap components of the fixed income section"

QUESTION SET 3
TOPIC: PORTFOLIO MANAGEMENT – ASSET ALLOCATION
TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Suzanne Nichols is a portfolio manager at Starlight Investment Advisers, a firm that focuses on wealth management for institutional and high-net-worth clients. Mark Lopez has recently joined Nichols' team as a junior analyst.

Lopez has been using the mean–variance optimization (MVO) framework to analyze strategic asset allocation decisions in his client portfolios. Nichols is concerned that forward-looking inputs that are used in the framework are inherently subject to estimation errors. Nichols would like to enhance the MVO framework with the addition of Monte Carlo simulation and suggests a modified allocation technique.

Lopez has recently been reading about risk budgeting and asks Nichols to explain some of the confusing points. As a part of her explanation, Nichols makes the following statements:

Statement 1: The goal of risk budgeting is to minimize absolute risk.

Statement 2: The absolute contribution to total risk (ACTR) for an asset class measures how much it contributes to portfolio return volatility.

Statement 3: The marginal contribution to total risk (MCTR) identifies the rate at which risk would change with a small change in the asset allocation weights.

Lopez next inquires about the characteristics of different liability-relative asset allocation approaches. He is specifically interested in a multi-period model suitable for investors whose primary goal is safeguarding their surplus rather than increasing their assets. Consequently, he seeks Nichols' expert recommendation.

Lopez also wants to understand Nichols' view on the role of rebalancing policy within strategic asset allocation. Specifically, he asks Nichols to identify which among the following factors:

Factor 1: Transaction costs

Factor 2: Correlation with the rest of the portfolio

Factor 3: Volatility with the rest of the portfolio

1. Which modified allocation technique would best meet Nichols' requirements?

   A. Reverse optimization
   B. The Black-Litterman model
   C. Resampled mean–variance optimization

2. Which one of Nichols' statements regarding risk budgeting is *least likely* correct?

   A. Statement 1
   B. Statement 2
   C. Statement 3

3. The liability-relative asset allocation approach that would be *most* appropriate for Nichols to recommend is:

   A. surplus optimization.
   B. hedging/return-seeking portfolios.
   C. integrated asset–liability portfolios.

4. Which factor is inversely related to optimal corridor width?

   A. Factor 1
   B. Factor 2
   C. Factor 3

QUESTION SET 4

TOPIC: FIXED INCOME
TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Owen Rios is employed by Green Square Partners and oversees a corporate bond portfolio. The portfolio has an existing market value of $252 million and a modified duration of 7. The firm's investment committee recently evaluated its strategy for fixed income portfolios and directed Rios to hedge the bond portfolio he manages using bond futures. Exhibit 1 is a summary of the information regarding the bond futures contracts he has chosen.

Exhibit 1

Futures price:	$114.70
Contract size:	$100,000
Bond price (cheapest-to-deliver):	$95.50
Cheapest-to-deliver bond's modified duration:	5.50
Conversion factor:	0.97

Rios examines an alternate fixed income portfolio from Green Square Partners, composed solely of government-issued bonds. The firm utilizes this portfolio to immunize its debt liabilities. The portfolio has a market value of $77.7 million and a modified duration of 4.2. In contrast, Green Square's liability has a market value of $82.4 million with a modified duration of 5.1. The futures contract, designed to bridge this gap, has an estimated basis point value (BPV) of $88.12.

A. **Calculate** the number of bond futures contracts needed to be sold to fully hedge the $252 million bond portfolio.

B. **Calculate** the money duration metrics for Green Square's assets and liabilities.

C. **Determine** whether Rios needs to buy or sell the futures contract to address the duration gap. **Calculate** the number of futures contracts that Rios needs to buy or sell.

QUESTION SET 5
TOPIC: ETHICAL AND PROFESSIONAL STANDARDS
TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Alan Abington, CFA, is the director of investments at Winters Asset Management (WAM). His colleague, Tim Trent, CFA, holds the role of senior investment analyst, while Hannah Harris acts as the senior vice president of business development.

Harris is in the process of preparing for a series of meetings with prospective clients and is gathering historical performance data related to the opportunistic credit fund managed by Abington. The available track record of the fund spans a period of 12 years, with the initial four years tracing back to Abington's tenure at his previous firm, and the subsequent eight years marking his term at WAM.

Harris makes notes of the robust risk management and compliance framework in place at Abington. This includes the following components:

Component 1: Independent third-party reviews

Component 2: Records that are maintained solely in digital form

Component 3: A chief compliance officer that reports directly to the CIO

Trent supervises not only his personal account but also those of a few close friends who are clients. In adherence to the firm's policies, which dictate that all accounts should receive equal treatment, Trent ensures that all other clients are given priority in the allocation of shares deemed appropriate for the other clients and his friends. Only after this does he allocate to his own account and those of his friends, if remaining shares are still available. This approach is employed to circumvent any semblance of favoritism.

Presently, Trent is embarking on a new project: the compilation of data necessary for the creation of a GIPS Composite Report. He has made substantial progress, successfully gathering the following data requirements:

Requirement 1: The total amount of assets in the composite

Requirement 2: The total number of accounts in the composite

Requirement 3: Composite and benchmark quarterly returns for all years

1. Which method of presentation of historical performance data by Abington would be a violation the Standards?

A. Including all twelve years without making the appropriate disclosures
B. Including the first four years and making the appropriate disclosures
C. Including the last eight years without making the appropriate disclosures

2. Which component of the risk management and compliance framework would be a violation of the Asset Manager Code of Professional Conduct?

   A. Component 1
   B. Component 2
   C. Component 3

3. Is Trent's approach to allocating shares a violation of the Standards?

   A. Yes
   B. No, because he is avoiding any appearance of favoritism
   C. No, because he is allocating to client accounts before his personal and friends' accounts

4. Which part of Trent's data collection is *least likely* a core component of a GIPS Composite Report?

   A. Requirement 1
   B. Requirement 2
   C. Requirement 3

QUESTION SET 6
TOPIC: PORTFOLIO MANAGEMENT – PERFORMANCE EVALUATION
TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Juliette Dayanara is an investment fund analyst. Dayanara's 6-month investment performance summary is shown in Exhibit 1.

Exhibit 1

	Performance		Upside Return		Downside Return	
t	**Fund**	**Benchmark**	**Fund**	**Benchmark**	**Fund**	**Benchmark**
1	1.6%	2.0%	1.6%	2.0%	–	–
2	–1.3%	–1.5%	–	–	–1.3%	–1.5%
3	2.0%	2.5%	2.0%	2.5%	–	–
4	1.1%	1.2%	1.1%	1.2%	–	–
5	–2.0%	–3.0%	–	–	–2.0%	–3.0%
6	1.5%	1.6%	1.5%	1.6%	–	–

Dayanara makes the following statements on benchmarking the performance of alternative investments:

Statement 1: Hedge funds represent a separate asset class, hedge fund and rely upon broad market indexes.

Statement 2: Private equity investors typically calculate IRR based on cash flows from the date of the initial investment.

Dayanara's firm is considering a partial reallocation of the hedge fund and private equity portfolios to fixed income assets. Dayanara will be responsible for preparing the performance evaluation analysis for these asset classes.

The decision to reallocate assets to fixed income is based on an analysis of the asset class. The firm uses a top-down approach to first determine allocations to different economic sectors and then decides on security selection within those sectors. Based on economic projections, the firm then chooses the fixed income portfolio weights relative to the benchmark.

Dayanara prepared the fixed income exposure decomposition analysis shown in Exhibit 2.

Exhibit 2

	Portfolio Weights				Portfolio Contribution to Duration			
	Short	**Mid**	**Long**	**Total**	**Short**	**Mid**	**Long**	**Total**
Municipal	15%	15%	25%	55%	0.59	1.05	2.68	4.31
High Yield	5%	15%	25%	45%	0.20	1.04	2.64	3.87
Total	20%	30%	50%	100%	0.78	2.08	5.31	8.17

	Benchmark Weights				Benchmark Contribution to Duration			
	Short	**Mid**	**Long**	**Total**	**Short**	**Mid**	**Long**	**Total**
Municipal	25%	25%	20%	70%	0.98	1.74	2.14	4.86
High Yield	10%	10%	10%	30%	0.39	0.69	1.06	2.14
Total	35%	35%	30%	100%	1.37	2.43	3.19	6.99

While organizing the analysis, Dayanara was instructed to define short duration bonds as less than or equal to 5 years, mid-duration bonds as greater than 5 years but less than or equal to 10 years, and long duration bonds as greater than 10 years.

1. Based solely on the information presented in Exhibit 1, the upside and downside capture ratios and return profile are represented by:

	Capture Ratio		
	Upside	Downside	Return Profile
A.	85%	73%	Convex
B.	85%	73%	Concave
C.	118%	136%	Convex

2. Regarding the statements made by Dayanara:

   A. Only Statement 1 is correct.
   B. Only Statement 2 is correct only.
   C. Both Statement 1 and Statement 2 are correct.

3. Which risk attribution analysis is *most* appropriate for the firm's reallocation of assets to fixed income?

   A. Marginal contribution to total risk
   B. Marginal contribution to tracking risk
   C. Factors' marginal contributions to total risk and specific risk

4. Based on Exhibit 2, the firm's fixed income portfolio would benefit *most* from:

   A. a rise in interest rates.
   B. an increase in default rates.
   C. a narrowing of credit spreads.

QUESTION SET 7
TOPIC: PORTFOLIO MANAGEMENT – PRIVATE WEALTH
TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Neil Warner is meeting with a new client, Clive Hackett. Hackett is 45 years old and married with three children, aged three, six, and eight years. Hackett has been employed at the same law firm for ten years. He began working as a junior partner and is up for promotion to senior partner, which would come with a significant salary increase. Hackett and his family have been living in a rental apartment near his firm, but they have plans to purchase a larger home if he is promoted.

At the meeting, Hackett completes an up-to-date risk tolerance questionnaire. Hackett mentions that he completed a risk questionnaire many years ago with a robo-advisor firm when he first opened a self-directed account. He now admits that he completed the earlier questionnaire without giving it much thought or seeking any guidance. As a consequence, the robo-advisor software selected investments from one of its model portfolios.

Warner explains that a current risk tolerance assessment will be beneficial to the creation of an investment policy statement. After meeting with Hackett, Warner recommends the portfolio shown in Exhibit 1. The actual returns realized over the 10 subsequent years are also shown.

Exhibit 1

Asset Class	Allocation	Expected Return	Actual Return Next 10 Years
Large Cap Equity	37.5%	8%	10%
Small/Mid Cap Equity	7.5%	10%	11%
Int'l. Developed Equity	20.0%	13%	14%
Corporate Bonds	20.0%	5%	3%
Government Bonds	15.0%	3%	1%

After ten years have passed, Hackett again meets with Warner for a portfolio review. Hackett mentions some upcoming liquidity needs for his children's college expenses and the desire to purchase a vacation house. In addition, Hackett has some low basis stock from a job before law school and wants to begin estate planning as he gets closer to retirement in seven years.

Over the past ten years, Hackett has been able to make significant contributions to his accounts, and his wealth has grown from $75,000 to $3.5 million. Warner mentions the IPS should be updated and asks Hackett if he would be open to an introduction to his colleague from his firm's high-net-worth department.

A. **Discuss** the limitations of the risk tolerance questionnaire used to when Hackett initially opened his self-directed account at the robo-advisor firm.

B. **Identify** any new elements of the liquidity section of Hackett's IPS after the ten years have passed.

C. **Discuss** the performance of Hackett's portfolio in total and by asset class over the last ten years using the information in Exhibit 1.

D. **Justify** Warner's recommendation to bring in another colleague to meet with Hackett.

QUESTION SET 8
TOPIC: ALTERNATIVE INVESTMENTS
TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Gavin McGowen is a consultant engaged by several charities. One of his clients, Spring Bay Trust, provides support to organizations responsible for the conservation and cleaning of beaches throughout the United States. Spring Bay's board has seven trustees who are responsible for its programming, selection of organizations for sponsorship, and management of the endowment fund. After performing due diligence on third-party managers across a range of hedge fund strategies, McGowen is meeting with the trustees to present his findings and make recommendations.

McGowen begins the meeting by presenting the concept of traditional asset allocation using mean–variance optimization (MVO). During his presentation, McGowen states that his firm uses MVO to determine an initial asset allocation using broad, liquid asset classes and then performs a secondary iteration of this asset allocation exercise to incorporate alternative investments.

Recently, environmental concerns have caused the organizations that are sponsored by Spring Bay to increase the amount of funding they are requesting. To meet this potential liquidity constraint, the trustees have asked McGowen to provide an example of the timing of capital distributions from private investments. McGowen refers to an investment in a venture capital fund that was made by Spring Bay three years ago. All committed capital has been called, and the NAV of Spring Bay's share in the fund was $40 million at the end of last year. McGowen notes a 30% distribution will be paid at the end of this year. The expected growth rate of the fund is 13%.

Spring Bay has consistently emphasized the importance of the effectiveness of ongoing due-diligence programs that monitor third-party managers, including key person risk and alignment of interests with the Trust. McGowen assures the trustees that his firm employs highly-trained professionals dedicated to the detailed screening and supervision of any advisor allocated funds by Spring Bay.

McGowen states that the time-weighted return is the preferred measurement to use in evaluating performance of private investments.

A. **Describe** another approach beyond standard MVO that McGowen may use to determine an asset allocation to alternative investments.

B. **Calculate** the expected NAV of Spring Bay's share in the venture capital fund at the end of next year.

C. **Identify** and **describe** *two* additional issues that should be included in the ongoing due-diligence program for Spring Bay's investments in alternative assets.

D. **Evaluate** McGowen's statement on the use of the time-weighted return in assessing the performance of illiquid investments.

QUESTION SET 9
TOPIC: PORTFOLIO MANAGEMENT – MANAGER SELECTION
TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Derek Mahoney is a pension consultant at Paragon, an institutional investment firm located in Singapore. His client, a sovereign wealth fund, is valued at €1.2 trillion. The fund's IPS specifies that a portion of the fund's assets can be invested in less liquid assets. The objective of the fund is to grow the portfolio while allowing it to satisfy social insurance obligations.

The fund's CIO, Alain DuPère, is exploring ways to fulfill a small cap equity mandate but has expressed concerns about liquidity, fee structures, and their effect on performance. He is also concerned whether there is a proper alignment of incentives between the asset manager and the client.

Accordingly, DuPère wants to learn more about Paragon's manager evaluation and selection process. Mahoney comments that Paragon's approach exhibits:

Comment 1: Consistently strong investment performance should allay any ad hoc operational concerns

Comment 2: An investment process that is repeatable and consistently implemented is a critical trait of an investment manager

Comment 3: An investment team with professional backgrounds and character that figures importantly in the manager hiring and retention decision

Pursuant to the requirements of the fund's IPS, Paragon initiates a small cap value search. Mahoney proposes three investment vehicles for consideration that cover different opportunities (Exhibit 1).

Exhibit 1

Investment Vehicle	Advantages	Disadvantages
Emerging Ventures PIPE (Private Investment in Public Equity), a private investment in publicly traded discounted small cap value shares	Discounted share acquisition costs	Potential share dilution for shareholders of firms issuing new common shares to include in the PIPE vehicle
Small Cap Value SMA (Separately Managed Account)	Ability to customize holdings to satisfy unique portfolio constraints; tax efficiency; transparency	Higher expenses due to manager's inability to aggregate trade volumes as individual accounts need to be established; tracking risk relative to benchmark; risk of investor micromanagement
Small Cap Value Fund of Funds (FoF), a hedge fund that invests in small cap growth and value managers	Asset manager diversification	Limited liquidity and expenses that include an asset management and incentive fee for each fund as well as for the FoF

Having reviewed the proposed selections, DuPère inquires about fees and liquidity. In response, Paragon prepares the information in Exhibit 2.

Exhibit 2

Investment Vehicle	How Offered	Liquidity	Fee Structure
Emerging Ventures PIPE	Private Placement Memorandum	Low to moderate	Potentially lower due to vehicle's acquisition of public equities at a discounted price. Fee is base percentage and incentive, exposing the manager to upside and downside performance
Small Cap Value SMA	Manager fee structure contained in investment advisor's proposal to client	High	Ongoing transaction costs, fee schedule negotiable between investment advisor and investor
Small Cap Value FoF	Limited Partnership Agreement	Semi-annual redemptions permitted; opportunity to negotiate side letter	Performance-based fee on underlying funds that shares in positive performance only and fixed percentage fee on total assets under management (AUM); soft lockup

DuPère is concerned that the fee structure of the investment selected to fill the mandate aligns the client's interests with those of the asset manager.

1. Which of Mahoney's comments regarding Paragon's manager search and evaluation process is incorrect?

   A. Comment 1
   B. Comment 2
   C. Comment 3

2. Based on Exhibits 1 and 2, and the requirements of the sovereign fund, which fund would be *most* appropriate?

   A. Small Cap Value SMA
   B. Emerging Ventures PIPE
   C. Small Cap Value Fund of Funds

3. Regarding DuPère's liquidity concerns, which of the following would be most liquid?

   A. Small Cap Value SMA
   B. Emerging Ventures PIPE
   C. Small Cap Value Fund of Funds

4. Which of the following performance fee structures *best* addresses DuPère's concerns?

   A. A fee that is not performance driven
   B. A fee equal to the higher of the base fee and sharing of positive performance
   C. A symmetrical fee structure fully exposing the manager to upside and downside

QUESTION SET 10
TOPIC: PORTFOLIO MANAGEMENT – ASSET ALLOCATION
TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Henry Botsford is an investment advisor whose clientele includes a wide spectrum of retail investors. Botsford meets with a prospective new client, Katerina Oksana, to deliberate over her portfolio's allocations. Oksana is a 31-year-old graphic designer with no dependents. She has only recently started investing and has a relatively small portfolio.

Upon examining a financial plan created by Oksana's former advisor, Botsford notes the following specifications regarding asset classes.

US Equities:	US large & small capitalization stocks
Fixed Income:	US Treasury bonds & distressed credits
World Equities ex-US:	World-wide large & small capitalization stocks, ex-US

Botsford is concerned with these asset class specifications and plans to discuss them with Oksana.

Recently, Oksana came across the term "factor-based asset allocation" and is keen to deepen her understanding of it. As part of his explanation, Botsford provides the following insights:

Statement 1: A factor-based approach always leads to superior risk-adjusted returns.

Statement 2: Factors are directly investable asset classes.

Statement 3: Risk factors are associated with expected return premiums.

Oksana is generally risk-averse in many facets of her life, including her decision-making with investment choices. But over the past few years, she has become very successful in her career and is showing an interest in increasing her appetite for strategic investment risk.

Botsford is considering increasing the risk exposure in Oksana's portfolio by investing a small amount in emerging market equity ETFs, real estate investment trusts (REITs), and private equity hedge funds but is concerned about constraints posed by the small size of the investment.

1. Botsford is *most likely* concerned by the previous adviser's asset class specifications for:

   A. US equities.
   B. fixed income.
   C. world equities ex-US.

2. Which one of Botsford's statements regarding factor-based asset allocation is correct?

   A. Statement 1
   B. Statement 2
   C. Statement 3

3. Oksana's change in strategic risk appetite can *most likely* be classified as a result of a change in:

   A. goals.
   B. beliefs.
   C. constraints.

4. Which of the following is least appropriate for Oksana's portfolio?

   A. Private equity hedge funds
   B. Real estate investment trusts
   C. Emerging market equity ETFs

QUESTION SET 11
TOPIC: GIPS
TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Delta Asset Management has prepared and presented the report of the Delta Investments Balanced Fund for the period 01 July 2017 through 31 December 2023 in Exhibit 1.

Exhibit 1

Year Ended 31 December	Total Return %	Benchmark Return %	Number of Portfolios	Composite Dispersion %	Total Composite Assets (millions)	% of Firm Assets
2023	18.0	19.6	6	0.2	84.3	<0.1
2022	–35.3	–33.0	8	0.7	126.6	0.1
2021	–16.0	–14.5	8	1.5	233.0	0.2
2020	–13.5	–11.8	7	1.3	202.1	0.2
2019	60.2	46.1	<5	–	143.7	0.2
2018	21.3	17.5	<5	–	62.8	<0.1
2017	22.5	26.3	<5	–	16.1	<0.1

Definition of the Firm
Delta Asset Management is an independent investment management firm established in 2016. Delta Asset Management manages a variety of equity, fixed income, and balanced assets for primarily Swiss and European clients. Additional information regarding the firm's policies and procedures for calculating and reporting performance returns is available upon request.

Return Calculation
The return calculations are presented using money-weighted returns.

Benchmark
Sources of foreign exchange rates may be different between the composite and the benchmark.

Fees
Performance figures are presented gross of management fees, custodial fees, and withholding taxes, but net of all trading expenses.

List of Composites
A complete list and description of all composites is available upon request.

Verification
Delta Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Delta Asset Management has been independently verified for the

period 01 July 2017 through 31 December 2023. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

Fee Schedule
The standard fixed management fee for accounts with assets under management of up to 50 million Swiss Francs (CHF) is 0.35% per annum.

Minimum Account Size
The minimum portfolio size for inclusion in Equities World MSCI composite is CHF1 million.

Reporting Currency: CHF
Creation Date: 01 July 2017

A. **List** *three* objectives of the GIPS standards.

B. **Identify** *three* GIPS-compliant statements or disclosures in Exhibit 1. **Support** *each* of your selections with *one* reason.

C. **List** *two* instances in which firms may use money-weighted returns instead of time-weighted returns.

END OF SESSION 2

