



ACE THE ESSAY EXAM

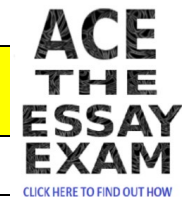
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This document attempts to identify questions from past Level III essay exams which are still relevant in 2019. There is no guarantee that the information presented here is 100% accurate. If you have any suggested updates please visit our support help desk at <http://ift.freshdesk.com>

Year	Question	Relevant	Topic	Comment
2007	1	Yes	Individual PM	It covers individual IPS, investor personality type.
2007	2	Partial	Individual PM and Asset Allocation	Parts A and B are not relevant. Part C is relevant. It covers strategic asset allocation, given an investment policy statement and capital market expectations.
2007	3	Yes	Individual PM	It covers behavioral biases.
2007	4	Yes	Asset Allocation	Part A and B cover criteria for asset class specification. Part C covers Black Litterman approach.
2007	5	Yes	Institutional PM Alternative Investments Portfolio Management	Part A, B, C, and D cover institutional (endowment) IPS and constraints. Part E covers return enhancement and/or risk diversification effects of adding an alternative investment.
2007	6	Yes	Institutional PM	It covers institutional (life insurance company) IPS, constraints, and factors affecting investment policy.
2007	7	No	Trading, Monitoring and Rebalancing	
2007	8	No	Equity Portfolio Management	
2007	9	No	Global Performance Evaluation	
2007	10	Partial	Economic Analysis	Part A is not relevant. Part B and C cover Grinold-Kroner model.
2008	1	Yes	Individual PM	It covers individual IPS and constraints.
2008	2	Yes	Individual PM	It covers behavioral biases.
2008	3	Yes	Institutional PM	It covers institutional (pension fund) IPS, constraints, factors affecting risk tolerance.
2008	4	Yes	Asset Allocation	Part A and B cover asset allocation using mean–variance optimization. Part C covers resampled efficient frontier approach. Part D covers liability-relative asset allocation v/s AO approach.
2008	5	No	Fixed Income Portfolio Management	
2008	6	No	Commodity Forwards and Futures	
2008	7	Yes	Risk Management	Part A covers types of risk. Part B covers stress testing methods. Part C covers credit risk exposure.
2008	8	Yes	Trading, Monitoring and Rebalancing	Part A covers order types. Part B covers VWAP strategy. Part C covers implementation shortfall strategy.
2008	9	No	Trading, Monitoring and Rebalancing	
2008	10	Yes	Performance Evaluation	Part A covers fixed-income performance attribution analysis. Part B covers effects of the external interest rate environment and active management on fixed-income portfolio returns.

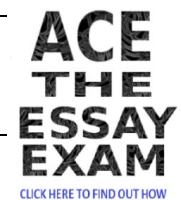
Relevance of Questions from past Level III Essay Exams

2008	11	Partial	Risk Management	Part A covers use of foreign exchange futures to hedge the currency exposure. Part B is not relevant.
2009	1	Yes	Individual PM	It covers individual IPS, constraints, and risk tolerance.
2009	2	Yes	Individual PM	It covers individual IPS, constraints, and risk tolerance.
2009	3	Yes	Institutional PM	It covers institutional (pension fund) IPS, constraints, risk factors, and spending rule.
2009	4	No	Allocating Shareholder Capital to Pension Plans	
2009	5	Yes	Economic Analysis	Part A covers Grinold-Kroner model. Part B covers Taylor Rule. Part C covers components of economic growth trends and application of economic growth trend analysis to the formulation of capital market expectations.
2009	6	Yes	Asset Allocation	It covers strategic asset allocation, given an investment policy statement and capital market expectations.
2009	7	No	Equity	
2009	8	Partial	Alternative Investments	Part A is not relevant. Part B covers risk management applications of swap strategies.
2009	9	Yes	Risk Management	It covers credit risk exposures and managing credit risk.
2009	10	No	Trading, Monitoring and Rebalancing	
2009	11	Yes	Performance Evaluation	Part A covers properties of a valid benchmark. Part B covers risk-adjusted performance measures.
2010	1	Yes	Individual PM	Part A covers individual IPS. Part B covers TDA and taxable accounts.
2010	2	Yes	Institutional PM	Part A and B cover institutional (insurance company) IPS and constraints. Part C and D cover behavioral biases.
2010	3	Partial	Institutional PM	Part A covers institutional (pension funds) IPS and risk tolerance. Part B is not relevant.
2010	4	Yes	Economic Analysis	Part A and B cover economic indicators. Part C covers constant growth dividend discount model.
2010	5	Partial	Asset Allocation	Part A, B, and C cover strategic asset allocation using mean-variance optimization. Part D and E are not relevant.
2010	6	No	Fixed-Income Portfolio Management	
2010	7	Yes	Risk Management	Part A and B cover option strategies (butterfly, straddle etc.) Part C and D cover use of futures to achieve target beta.
2010	8	Partial	Trading, Monitoring and Rebalancing	Part A and B are not relevant Part C covers trade execution tactics. Part D covers missed trade opportunity cost.
2010	9	Yes	Performance Evaluation	Part A covers properties of a valid benchmark. Part B and C cover micro attribution analysis and active value addition.
2011	1	Yes	Individual PM	Part A covers revocable and irrevocable trust. Part B covers behavioral biases.
2011	2	Yes	Individual PM	Part A, B, and C cover individual IPS, risk tolerance, and constraints. Part D covers Monte Carlo simulation model.
2011	3	Yes	Institutional PM	It covers institutional (endowment) IPS, risk tolerance, and constraints.
2011	4	Yes	Economic Analysis	Part A and B cover Cobb Douglas model. Part C covers H Model. Part D covers Fed Model and Yardeni Model.



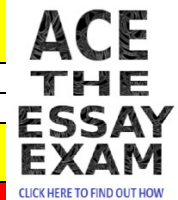
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2011	5	Yes	Asset Allocation	Part A covers Black Litterman, Resampled frontier, Monte Carlo approaches. Part B covers asset-only v/s liability-relative approach. Part C covers impact of human capital on asset allocation.
2011	6	No	Fixed-Income Portfolio Management	
2011	7	No	Corporate Governance Emerging Markets Finance	
2011	8	Yes	Risk Management	Part A, and B cover VaR. Part C covers hedging currency risk using futures.
2011	9	Yes	Performance Evaluation	It covers performance attribution.
2012	1	Yes	Individual PM	It covers individual IPS, constraints, and risk tolerance.
2012	2	Partial	Individual PM	Part A covers tax considerations. Part B is not relevant.
2012	3	Partial	Trading, Monitoring and Rebalancing	Part A covers criteria of market quality. Part B covers algorithmic participation strategy. Part C is not relevant
2012	4	Yes	Individual PM	It covers behavioral biases.
2012	5	Yes	Economic Analysis	Part A covers data measurement errors and biases. Part B covers approaches to economic forecasting. Part C covers H-model. Part D covers Tobin's q model.
2012	6	Partial	Institutional PM	Part A, B, and C cover institutional IPS (DB plan vs participant-directed DC plan). Part D is not relevant.
2012	7	Partial	Fixed Income	Part A covers concept related to use of leverage, alternative methods for leveraging, and risks that leverage creates in fixed-income portfolios. Part C covers use of derivatives in altering portfolio duration. Part B, D, and E are not relevant.
2012	8	Yes	Risk Management	It covers altering asset allocation, equity beta and modified duration using futures.
2012	9	Yes	Risk Management	It covers delta hedging.
2013	1	Yes	Individual PM	It covers individual IPS, risk tolerance, and constraints.
2013	2	Yes	Individual PM	Part A covers estate planning. Part B covers benefits of trust. Part C covers gift vs bequest. Part D covers generation skipping.
2013	3	Yes	Individual PM	Part A covers utility function. Part B covers behavioral biases. Part C covers behavioral portfolio theory vs mean-variance framework.
2013	4	No	Equity	
2013	5	Yes	Economic Analysis	Part A and B cover Cobb-Douglas function. Part C covers Fed and Yardeni model.
2013	6	Yes	Institutional PM	It covers institutional (foundation) IPS, risk tolerance, and constraints.
2013	7	Partial	Institutional PM	Part A and B covers shortfall risk. Part C and D are not relevant.
2013	8	No	Fixed-Income Portfolio Management	
2013	9	No	Fixed Income	



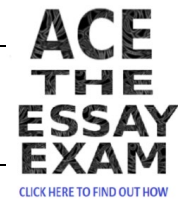
Relevance of Questions from past Level III Essay Exams

2013	10	Yes	Risk Management	Part A covers Enterprise risk management. Part B covers VaR. Part C covers stress testing.
2013	11	Yes	Performance Evaluation	Part A covers style and active return. Part B covers risk-adjusted performance. Part C covers manager continuation decisions.
2014	1	Yes	Individual PM	It covers individual IPS, risk tolerance, and constraints.
2014	2	Yes	Individual PM	Part A, B, and C cover options strategies to reduce wealth concentration and defer C.G.T, reduce cost of hedging, cashless collar. Part D covers forward conversion with options strategy.
2014	3	No	Equity	
2014	4	Yes	Economic Analysis	Part A covers Singer-Terhaar approach. Part B covers Taylor rule. Part C covers risks faced by investors in emerging-market securities.
2014	5	Partial	Institutional PM	Part A and B cover institutional (DB plan) IPS, risk tolerance and constraints. Part C is not relevant.
2014	6	Yes	Institutional PM	It covers institutional (endowment) IPS, risk tolerance, and constraints.
2014	7	No	Fixed-Income Portfolio Management	
2014	8	Partial	Asset Allocation	Part A and B cover expected utility and Roy's safety-first criterion. Part C and D are not relevant.
2014	9	Yes	Risk Management	Part A covers use of futures to alter duration. Part B covers use of swaps to adjust duration. Part C covers futures overlay strategy and cash-market strategy.
2014	10	Partial	Trading, Monitoring and Rebalancing	Part A and Part B are not relevant Part C covers VWAP algorithm and implementation shortfall algorithm.
2014	11	Yes	Individual PM	It covers behavioral biases.
2015	1	Yes	Institutional PM	It covers institutional (pension plan) IPS, risk tolerance, and constraints.
2015	2	Partial	Institutional PM	Part A and B are not relevant. Part C covers institutional IPS (foundation v/s pension plan).
2015	3	No	Fixed-Income Portfolio Management	
2015	4	Yes	Alternative Investments	Part A covers real estate indexes. Part B covers direct real estate investment v/s publicly traded equity investment. Part C covers performance fee for hedge funds. Part D covers J-factor risk. Part E covers investment lock up period.
2015	5	Yes	Performance Evaluation	Part A covers pure indexing strategy. Part B covers style bias and active management. Part C covers time weighted and money weighted return. Part D covers pure sector allocation return, within-sector selection return.
2015	6	Yes	Risk Management	It covers credit risk exposures and managing credit risk.
2015	7	Yes	Individual PM	Part A and B cover calculation of bequest amount and gift amount. Part C and D cover individual IPS, risk tolerance, and constraints.



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2015	8	No	Lifetime Financial Advice	
2015	9	Partial	Asset Allocation	Part A is not relevant Part B covers hedged v/s unhedged return. Part C covers selecting appropriate options trade.
2015	10	Yes	Applications of Economic Analysis to Portfolio Management	Part A covers Grinold-Kroner model. Part B covers Taylor rule. Part C covers risk premium approach.
2015	11	Yes	Individual PM	It covers behavioral biases.
2016	1	Yes	Institutional PM	It covers institutional (endowment) IPS and comparison between an endowment and a foundation.
2016	2	Partial	Fixed-Income Portfolio Management	Part A, B, C, and D are not relevant. Part E covers use of derivatives to alter portfolio duration.
2016	3	No	Equity	
2016	4	Partial	Asset Allocation	It covers strategic asset allocation, given an investment policy statement and capital market expectations.
2016	5	Partial	Trading, Monitoring and Rebalancing	Part A covers trading tactics. Part B covers bid-ask spread as a measure of trading costs. Part C is not relevant
2016	6	Partial	Individual PM	Part A, B, C, and E cover individual IPS, risk tolerance, and constraints. Part D covers Monte Carlo simulation.
2016	7	Yes	Individual PM	Part A covers behavioral biases. Part B covers monetization strategy to manage concentrated single asset positions. Part C covers mortgage financing and sale and leaseback.
2016	8	Yes	Risk Management	Part A covers use of forwards and futures strategies to alter portfolio duration. Part B covers option delta-hedge strategies. Part C covers effective annual rate calculation.
2016	9	Yes	Economic Analysis	Part A covers components of economic growth trends. Part B covers output gap. Part C covers permanent income hypothesis. Part D covers economic growth trend analysis.
2016	10	Yes	Individual/Behavioral	Part A covers bounded rationality. Part B and C cover behavioral biases.
2017	1	Partial	Alternative Investments	Part A is not relevant. Part B is not relevant. Part C covers Sharpe ratio. Part D covers issues with alternative investment benchmarks.
2017	2	Partial	Institutional PM	Part A covers the effect of different factors on the risk tolerance of a pension fund. Part B covers effect of different factors on the time horizon of a pension fund. Part C is not relevant. Part D is not relevant.
2017	3	Yes	Performance Evaluation	Parts A and B cover time-weighted and money weighted rates of returns. Part C covers Treynor measure, Sharpe ratio and Information ratio
2017	4	Yes	Individual PM	Part A covers accrual equivalent tax rate. Part B covers capital gain taxes. Part C covers benefits of tax loss harvesting.
2017	5	Yes	Individual/Behavioral	Part A, B, C and D covers behavioral biases.

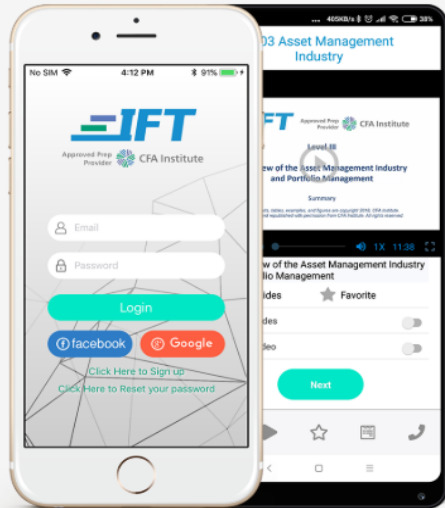


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2017	6	Yes	Individual PM	Part A covers return objectives for individual investor portfolios. Part B covers factors affecting ability to take risk. Part C covers constraints for individual investor portfolios. Part D covers strategic asset allocation for individual investor portfolios.
2017	7	Yes	Economics	Part A covers Cobb-Douglas production function. Parts B and C cover CAPE.
2017	8	No	Asset Allocation	
2017	9	No	Fixed Income	
2017	10	Yes	Risk Management	Parts A and B cover calculation of VAR. Part C covers limitations of using historical method for risk measurement. Part D covers Sharpe ratio, Information ratio and Sortino ratio.
2018	1	Yes	Equity	Part A covers passive investment approach Part B covers methods for constructing equity portfolios - Full replication, Stratified sampling, Optimization Part C covers approaches to equity portfolio construction - Top down vs bottom up, and Systematic vs discretionary Part D covers active risk and active share
2018	2	Yes	Economics - Capital Market Expectations	Part A covers Singer-Terhaar approach Part B covers Grinold-Kroner model Part C covers relationship of inflation to the business cycle
2018	3	Yes	Institutional IPS - Managing Institutional Investor Portfolios	Part A covers maximum spending rate calculation for Foundations Part B covers factors used to determine a foundation's ability to take risk Part C covers liquidity needs - cash requirement for foundations
2018	4	Yes	Behavioral Finance - Behavioral Biases of Individuals	Part A covers overconfidence bias Part B covers representativeness bias and conservatism bias Part C covers how behavioral biases affect asset allocation decisions - asset weights
2018	5	Yes	Individual Private Wealth - Estate Planning in a Global Context	Part A covers community property and forced heirship payoff calculations before estate taxes Part B covers forced heirship payoff calculations after estate taxes Part C covers estate planning benefit of making lifetime gifts Part D covers how life insurance can be a tax-efficient means of wealth transfer Part E covers benefits of trusts
2018	6	Yes	Individual IPS - Managing Individual Investor Portfolios	Part A covers calculating maximum donation amount given a set of funding goals Part B covers factors impacting ability to take risk Part C covers calculating risk/return objectives and liquidity constraint
2018	7	Yes	Fixed Income	Part A covers immunization of a single liability Part B covers calculating the number of futures contracts required to close the duration gap Part C covers yield curve strategies - Barbell, bullet and ladder portfolios Part D covers calculating expected return for fixed income instruments
2018	8	Yes	Risk Management	Part A covers calculating number of futures contracts required to adjust the allocation of a portfolio across equity sectors Part B and C cover hedging the exchange rate risk of a foreign market portfolio Part D covers calculating the payoffs when a floating rate loan is combined with an interest rate cap
2018	9	Yes	Asset Allocation - Principles of Asset Allocation	Part A covers calculating expected utility Part B covers hedging/return-seeking portfolio approach Part C covers goals based approach given a set of sub-portfolio modules

2018	10	Partial	Trading, Monitoring, Rebalancing	Part A is not relevant. It covers factors affecting corridor widths in asset allocations Part B covers implementation shortfall Part C covers algorithmic trading strategies
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