

Relevance of Questions from past Level III Essay Exams

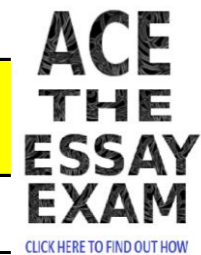


This document attempts to identify questions from past Level III essay exams which are still relevant in 2019. There is no guarantee that the information presented here is 100% accurate. If you have any suggested updates please visit our support help desk at <http://ift.freshdesk.com>

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	

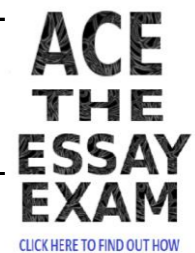
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2008	10	Yes	Performance Evaluation	Part A covers fixed-income performance attribution analysis. Part B covers effects of the external interest rate environment and active management on fixed-income portfolio returns.
2008	11	Partial	Risk Management	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	Risk Management	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/Behavioral	Part A covers revocable and irrevocable trust. Part B covers behavioral biases.



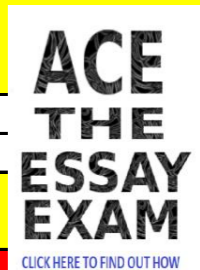
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2011	2	Yes	Individual PM	Part A, B, and C cover individual IPS, risk tolerance, and constraints. Part D covers Monte Carlo simulation model.
2011	3	Yes	Institutional PM	It covers institutional (endowment) IPS, risk tolerance, and constraints.
2011	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.
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/Behavioral	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	No	Fixed Income	
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/Behavioral	Part A covers utility function. Part B covers behavioral biases. Part C covers behavioral portfolio theory vs mean-variance framework.
2013	4	No	Equity	



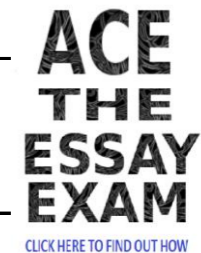
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2013	5	Yes	Economic Analysis	Part A and B cover Cobb-Douglas function. Part C covers Fed and Yardeni model.
2013	6	Yes	Institutional PM	It covers institutional (foundation) IPS, risk tolerance, and constraints.
2013	7	Partial	Institutional PM	Part 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	
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/Behavioral	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	



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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.
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/Behavioral	It covers behavioral biases.
2016	1	Yes	Institutional PM	It covers institutional (endowment) IPS and comparison between an endowment and a foundation.
2016	2	No	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	No	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	Yes	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.



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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.
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

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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