



Analyst Guide
POWERED BY SOLEADEA

Must-Know CFA Formulas









FLASHCARDS

SAMPLE

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Print the following 2 pages on both sides of the paper and cut out your flashcards. Find more flashcards at:

<https://analyst.guide/#formulas>

<p>interest rate = (real risk-free interest rate) + (inflation premium) + + (default risk premium) + (liquidity premium) + (maturity premium)</p>		 partially done done	$FV_N = PV \times (1 + r)^N$	<p>PV – present value of the investment, FV_N – future value of the investment N periods from today, r – rate of interest per period (periodic interest rate).</p>	 partially done done
<p>rewrite formula:</p>			<p>rewrite formula:</p>		
<p>your notes:</p>		<p>your notes:</p>			
$EAR = \left(1 + \frac{r_s}{m}\right)^m - 1$	<p>r_s – stated annual interest rate, m – number of compounding periods in one year, r_s/m – periodic interest rate</p>	 partially done done	$NPV = \sum_{t=0}^N \frac{CF_t}{(1 + r)^t}$	<p>N – life of the investment, CF_t – expected cash flow in time t, r – cost of capital (e.g. WACC).</p>	 partially done done
<p>rewrite formula:</p>			<p>rewrite formula:</p>		
<p>your notes:</p>		<p>your notes:</p>			
$HPR = \frac{(P_1 - P_0 + D_1)}{P_0}$ $= \frac{(P_1 + D_1)}{P_0} - 1$	<p>P₀ – initial investment, P₁ – value of the investment at the end of the holding period, D₁ – income of the investment at the end of the holding period.</p>	 partially done done	$NPV = 0 = \sum_{t=0}^N \frac{CF_t}{(1 + IRR)^t}$	<p>N – life of the investment, CF_t – expected cash flow in time t, NPV – net present value.</p>	 partially done done
<p>rewrite formula:</p>			<p>rewrite formula:</p>		
<p>your notes:</p>		<p>your notes:</p>			
$\sigma^2 = \sum_{i=1}^N \frac{(X_i - \mu)^2}{N}$	<p>σ² – population variance, μ – population mean, X_i – observation 'i', N – size of the population.</p>	 partially done done	$L_y = (n + 1) \times \frac{y}{100}$	<p>y – percentile, L_y – location of the percentile, n – number of observations.</p>	 partially done done
<p>rewrite formula:</p>			<p>rewrite formula:</p>		
<p>your notes:</p>		<p>your notes:</p>			

Formula no. MNF-18-L1-QM-R6-f2-v1

Future value of single cash flow



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Formula no. MNF-18-L1-QM-R7-f1-v1

Net present value (NPV)



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Formula no. MNF-18-L1-QM-R7-f3-v1

Internal rate of return (IRR)



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Formula no. MNF-18-L1-QM-R8-f2-v1

Location of a percentile



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Formula no. MNF-18-L1-QM-R6-f1-v1

Components of interest rates



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Formula no. MNF-18-L1-QM-R6-f3-v1

Effective annual rate (EAR)



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Formula no. MNF-18-L1-QM-R7-f2-v1

Holding period return (HPR)



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Formula no. MNF-18-L1-QM-R8-f1-v1

Population variance



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not done

not done

not done

not done

not done

not done

not done

not done