LII Errata as of 11/21/23

LII, Vol 1

Page 75 Keywords

Remove:
collective investment schemes
(CIS)

Page 106 First Paragraph

Russa **should be** Russia

Page 591 Keywords

Remove: impact investing

LII, Vol 2

LII, Vol 3

Page 12 First paragraph

While the loss carryforward represents a potential cost for replacing a manager that has recently experienced some losses, there are three primary reasons that an investor may still wish to replace a manager with a carryforward loss (assuming that the strategy of the fund is equally as attractive as the strategies of other funds).

Should be:

While the loss carryforward represents a potential cost for replacing a manager that has recently experienced some losses, there are two primary reasons that an investor

may still wish to replace a manager with a carryforward loss (assuming that the strategy of the fund is equally as attractive as the strategies of other funds).

Page 31 Keywords

Remove: transition matrix

Page 70 Question #2

2. What are the three fundamental screening questions regarding an investment process?

Should be:

2. What are the three fundamental screening questions regarding an investment program?

Page 71 Question & Answer #2

2. What are the three fundamental screening questions regarding an investment process?

Should be:

2. What are the three fundamental screening questions regarding an investment program?

Page 86 Keywords

Remove: investment process risk

Page 108

Please disregard entire page

Page 208 Second Paragraph

For example, consider a nondividend-paying stock with a value of $50 that has a call option and a put option trading with 0.25 years to expiration with the same strike price and tenor. Assuming that $N'(d)$ is 0.20 for both options, the "textbook" vega of both options (based on equation 1) would be $50 × 0.20 × √0.25 or $5.00. The much more common measure of vega would be $0.05, which is the vega per basis point found by dividing the "textbook" vega by 100. each option would rise towards a value increase of $0.05 (i.e., $5.00 × 0.01) as the option's implied volatility rose towards an increase of 0.01 from, say, 0.25 to 0.26 (i.e., by 1% from 25% towards
26%).

Should be:

For example, consider a nondividend-paying stock with a value of $50 that has a call option and a put option trading with 0.25 years to expiration with the same strike price and tenor. Assuming that $N'(d)$ is 0.20 for both options, the "textbook" vega of both options (based on equation 1) would be $50 × 0.20 × √0.25 or $5.00. The much more common measure of vega would be $0.05, which is the vega per basis point found by dividing the "textbook" vega by 100. each option would rise towards a value increase of $0.05 (i.e., $5.00 × 0.01) as the option's implied volatility rose towards an increase of 0.0001 from, say, 0.25 to 0.2501 (i.e., by 0.01% from 25% towards
25.01%).

ALSO, the paragraph beneath Equation 2

Viewing v in Equation 2 as "vega per basis point", for a vega of $0.30, a change in volatility of 0.02 (e.g., two basis points from 0.20 to 0.22) would cause a call or put to rise in value by approximately $0.60 ($0.30 × 2).

Should be:

Viewing v in Equation 2 as "vega per basis point", for a vega of $0.30, a change in volatility of 0.02 (e.g., two basis points from 0.20% to 0.22%) would cause a call or put to rise in value by approximately $0.60 ($0.30 × 2).

Also, Application A

Consider a nondividend-paying stock that has a call option and a put option trading with 0.25 years to expiration and with the same strike price and tenor. The vega per basis point of the call option is $0.40. Use a first-order approximation to estimate the change in a call option value and a put option value for a decline in volatility from 0.30 to 0.28.

Should be:

Consider a nondividend-paying stock that has a call option and a put option trading with 0.25 years to expiration and with the same strike price and tenor. The vega per basis point of the call option is $0.40. Use a first-order approximation to estimate the change in a call option value and a put option value for a decline in volatility from 0.30% to 0.28%.

Page 294 Keywords

Add: fixed charge coverage ratio