
WELCOME TO THE 2002 SCHWESER STUDY NOTES

Thank you for purchasing the Schweser Notes. We hope that you find our product effective and user friendly. The following comments are designed to get you started on your studies and draw your attention to some of the important features of the Notes.

Suggested Study Program:

1. Starting Early:

If you are reading this in January or February, you should have time to study each reading in full detail, review our commentary, and work all the end of reading problems in the Study Notes. As you get closer to the exam date, your focus should shift away from the Notes (Books 1–4) and toward the old exam review (Book 5). Then finally in the week(s) immediately preceding the exam you should devote most of your time to the sample exams (Book 6). While you are working through the sample exams you should also clear up any last-minute problems you may have with the material by continuing to review Books 1–4. Some additional thoughts:

- Study the **ethics** material *more than once*. Ethics is one of the keys to passing the exam. It would be optimal if you could study ethics in February and once again in April or May. Also, **buy** and **read** the original **Standards of Practice Handbook**. Although we are very proud of our summaries of the ethics material, there are *two* reasons why we recommend that you buy the original Standards of Practice Handbook. (1) You are a CFA candidate. As such, you have pledged to abide by the AIMR Standards. (2) The ethics questions on the actual exam can be an exercise in ‘trivial pursuit.’ Hence, you will be much better off if you read *both* our summaries of the Standards *and* the original Handbook.
- See below for a suggested study schedule for the exam. Also, sign up for our new online program to help you keep the necessary pace prior to the exam.

Level 1 Schedule		
Week of:	Topic	Study Session / Comments
December 31	Ethics	1 A thorough read of ethics is appropriate here.
January 7	Economics	4 Econ can be relatively straightforward (except foreign currency issues). Successful level 1 candidates know their econ.
January 14	Economics	5
January 21	Economics	6
January 28	Quantitative Methods	2 Although we've only assigned two weeks for quant, you will be using these concepts throughout the remainder of the spring. You'll need to continually review this material as you progress.
February 4	Quantitative Methods	3
February 11	Financial Statement Analysis	7 Argh! These can be five of the most brutal weeks in your study plan. There will be some topics

		that you will have a hard time grasping. Do as much as you can here – accounting and corp. fin. are 25% of your test. However, don't be disappointed if you don't get 100% in this area on the exam. The actual accounting questions can be killers!
February 18	Financial Statement Analysis	8
February 25	Financial Statement Analysis	9
March 4	Financial Statement Analysis	10
March 11	Corporate Finance	11
March 18	Markets & Instruments	12 Markets and equity securities represent pretty easy exam points. In many cases, you will need to memorize many factoids here.
March 25	Equity Securities	13
April 1	Equity/Debt Investments	13-14
April 8	Debt Investments	14-15 Debt securities is brutal. So many LOS, so little time. Note that in terms of exam exposure per LOS, this area carries the least weight. Keep your focus and worry primarily about the big issues. Trying to memorize every little fact within the debt sessions will drive you nuts.
April 15	Debt Investments	15
April 22	Derivative Investments	16 Derivatives may seem like a drag, but the material is pretty straightforward at level 1 (enjoy it while you can – levels 2 and 3 are awful when it comes to the derivatives material).
April 29	Alternative Investments / Portfolio Management	17-18
May 6	Portfolio Management	18 In terms of points per LOS, portfolio management is huge! Study this material hard – it's 10% of your test.
May 13	Ethics and Review	1 While you're beginning your review, run through the ethics one more time. During this week, also revisit the material that gave you the most trouble during your studies.
May 20	Review and Sample Exams	At this point, you should be

May 27	Review and Sample Exams	<p>reviewing your flashcards and focusing on the sample exams. Try your best to take the sample exams under actual exam conditions. Time yourself and <i>don't play peek-a-boo</i> with the answers in the back of Book 6. Be true to yourself. Push yourself hard, but don't overdo it. Try to take some time for you – go running, lift weights, or take your frustrations out on a punching bag – you'll feel so much better! Good luck!</p>
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* Book 5 usage: throughout the study season, when you finish a topic, go to Book 5 and review the old examination questions from that area.

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- Develop your own notes. I recommend jotting down your personal study notes in the margins of the Schweser Notes. If you do this, when you have completed the assigned readings, all your notes will be together in one place. You can now review the material quickly without the confusion of flipping between notebooks. I also recommend carrying one of the Books with you at all times. If you have five or ten minutes on a plane, train or bus, take out the Notes and review a few chapters.
 - When you read the material, remember that you are studying for a multiple-choice test. Every time you finish a concept or problem, ask yourself how that material could be presented in a multiple-choice framework. **Pay attention to details and definitions**. The exam is about understanding the concepts. Remember that you not only have to know the material, but you also have to be able to demonstrate your knowledge within the framework of the exam.
 - Use the Schweser Audio Tapes, Video Tapes, Flashcards and Seminars to maximize your study time and effort. Everyone studies differently – use the study tools that maximize your ability to keep the material in front of you as much as possible. We’re continually developing new products to meet this need – our new PDA Flashcards are a great example!

2. Starting Late:

If you started studying in April, your strategy will differ from the one outlined above. The following points should be recognized:

- Unless you have 40 hours a week to devote to your studies, you will not be able to give each reading the full attention that it deserves. Therefore, your task is to decide which topics you should devote the bulk of your time to. **Don’t forget about ethics.**
- Based on your existing skill set, you will have to decide which readings to study and which readings can be skipped or glossed over. If you start your studies late and decide to read every reading in detail, you will drive yourself crazy and fail to enter the exam with the self-confidence that is required to pass. This is where our seminars become invaluable. During the course of the seminar, we discuss the relative importance of each topic area and reading. We also demonstrate how the material could be covered within the framework of the exam.
- We have significantly enhanced our sample exams. If you’re starting late – focus on the sample exams in Book 6 *while* you are studying Books 1-4.

Additional Suggestions and Comments:

- I recommend reading the Schweser Notes before you read an assigned reading. This will give you a quick overview of what is in the reading. If the material is new to you, carefully study the whole article. If you are already familiar with some of the material in the reading, read the article but concentrate on those sections of the article you are not fully comfortable with. The Notes are keyed to the readings for quick cross-referencing. Even if you feel you really know the material, read through every reading quickly to make sure you understand the terminology, the approach to the material taken by the author, and the answers to the Learning Outcome Statements.
 - When you finish reading a chapter, work the problems at the end of each summary in the Study Notes. If you can’t work these problems, you don’t know the material well enough to go on. Go back and study the
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Notes and reading again. If you need more questions, try SchweserOnline™ or SchweserPro™ – two software-based alternatives that provide thousands of additional questions.

- After you have finished studying an entire topic area, go to Book 5, the Old Question Review. Work through all the questions in the area. When studying the old exam questions, you should concentrate on the concept(s) that the question is directed at, not the question itself. AIMR most likely wouldn't ask you the same question on this year's exam, but they will probably test you over the same concepts. Now, you are ready to test yourself. Go to the AIMR 2002 Sample Exam. Take that portion of the exam associated with the topic area you are studying. Grade yourself. Study the recommended answers and reading references. Go back and study the material you are still weak on. Remember, if you don't know something before the exam, you won't know it on the exam.
- Save the sample exams in Book 6 for the weeks just before the exam. A good strategy would be to take one exam in each of the three weeks leading up to the test. Do your best to mimic actual exam conditions (e.g., time yourself, have someone turn the heat down and up so that you go from freezing to boiling, hire a construction crew to do some blasting outside your window, etc.). Remember, no matter how challenging we make our sample exams, **the actual exam will be different**. Also, mainly due to the stress of the day, your perception will be that the actual exam was much more difficult than any sample exam you have ever seen. Expect the unexpected, if you keep your cool and you know the material, you will do alright.
- Don't neglect the basics and easy material. The most common mistake I have seen is for people to do well on the hard stuff and fail the exam because they didn't truly understand the basic concepts.
- Also, don't neglect to study something because you think you already know it. On the exam, you are given one and a half minutes to read, ponder, and answer a question. You don't have time to think, you have to be able to respond quickly. If you think you know it, review it anyway, but don't waste time.
- **Take the test!** Even if you don't feel fully prepared, take the test. A test is a learning device all by itself. If you don't take the test, you will be studying for Level I next year anyway. If you take the test, it will guide you in your studies next year. Nothing focuses your attention like not knowing something on an exam. Take the test, who knows, you might get lucky!
- The Schweser Study Notes are designed to supplement your studies and are in no way intended to replace or act as a substitute for the actual AIMR reading assignments and texts.
- Good Luck on June 1st (June 2nd in East Asia and Oceania)!

Best Regards, **Andrew Temte, Ph.D., CFA**