

Provided Formulas

These formulas are provided with the exam booklets when taking the CFP® Certification Examination:

$$V = \frac{D_1}{r - g}$$

$$r_i = r_f + (r_m - r_f) \beta_i$$

$$r = \frac{D_1}{P} + g$$

$$r_p = r_f + \sigma_p \left(\frac{r_m - r_f}{\sigma_m} \right)$$

$$COV_{ij} = \rho_{ij} \sigma_i \sigma_j$$

$$S_p = \frac{\overline{r}_p - \overline{r}_f}{\sigma_p}$$

$$\sigma_p = \sqrt{W_i^2 \sigma_i^2 + W_j^2 \sigma_j^2 + 2W_i W_j COV_{ij}}$$

$$\alpha_p = \overline{r}_p - \left[\overline{r}_f + (\overline{r}_m - \overline{r}_f) \beta_p \right]$$

$$\beta_i = \frac{COV_{im}}{\sigma_m^2} = \frac{\rho_{im} \sigma_i}{\sigma_m}$$

$$T_p = \frac{\overline{r}_p - \overline{r}_f}{\beta_p}$$

$$\sigma_r = \sqrt{\frac{\sum_{t=1}^n (r_t - \bar{r})^2}{n}}$$

$$D = \frac{\sum_{t=1}^n \frac{c_t(t)}{(1+i)^t}}{\sum_{t=1}^n \frac{c_t}{(1+i)^t}}$$

$$S_r = \sqrt{\frac{\sum_{t=1}^n (r_t - \bar{r})^2}{n-1}}$$

$$D = \frac{1+y}{y} - \frac{(1+y)+t(c-y)}{c[(1+y)^t - 1] + y}$$

$$CV = \frac{Par}{CP} \times P_s$$

$$\frac{\Delta P}{P} = -D \left[\frac{\Delta y}{1+y} \right]$$

$$IR = \frac{R_p - R_b}{\sigma_A}$$