

CFA Level 2 Subjects: Syllabus Overview, Topic Weightage & More

CFA Level 2 is often considered the most challenging stage of the CFA program due to its analytical and application-based nature. The CFA Level 2 subjects include Financial Reporting and Analysis, Ethics, Quantitative Methods, Equity, Fixed Income, Economics, Derivatives, Portfolio Management, Corporate Issuers, and Alternative Investments. These subjects aim to build advanced financial understanding, analytical skills, and decision-making capabilities.

The CFA Level 2 syllabus revolves around applying the knowledge learned in Level 1 to complex financial scenarios. This level focuses more on valuation, analysis, and ethical [decision-making](#). The topics test a candidate's ability to evaluate investment tools, value assets, and manage portfolios under real-world conditions.

What Are the Subjects in CFA Level 2?

The subjects in CFA Level 2 are the foundation of the finance industry. Each subject connects directly with job functions like investment analysis, portfolio management, and financial consulting. Candidates must master every topic in detail to perform well in the exam and grow their careers in finance.

Ethical and Professional Standards

This subject is called [CFA](#) Level 2 ethics and includes the Code of Ethics and Standards of Professional Conduct. The scenarios test the candidate's ability to apply ethical rules in tricky investment situations. Ethics remains critical at all three CFA levels.

Quantitative Methods

This part involves statistical tools for investment analysis. Topics include time-series analysis, correlation, regression, and the basics of machine learning. It forms the base for financial modelling and is one of the CFA Level 2 core topics.

Economics

Economics at this level deals with currency exchange rates, economic growth theories, and forecasting. It builds on Level 1 basics and goes deeper into real-world applications. Understanding global economies is key for portfolio management.

Financial Reporting and Analysis

The financial reporting CFA Level 2 segment focuses on financial statement analysis, inventory valuation, and inter-corporate investments. It trains candidates to compare accounting practices across countries using IFRS and [US GAAP](#).

Corporate Issuers

Corporate finance evolves into capital budgeting, cost of capital, and working capital management at this level. Candidates learn how companies make decisions that affect shareholder value.

Equity Investments

Equity in Level 2 dives into valuation models like DCF and P/E ratios. This is one of the best subjects to focus on for the CFA Level 2, as it reflects fundamental investment roles in equity research and analysis.

Fixed Income

Topics cover interest rate risk, bond valuation, credit analysis, and structured products. Candidates learn how fixed-income securities react to market changes and how they are priced.

Derivatives

This section explains options, swaps, forwards, and futures. [Derivatives](#) need careful focus due to their complexity and are essential for risk management.

Alternative Investments

Alternative investments include real estate, hedge funds, and commodities. The section shows how to value and analyse these non-traditional asset classes.

Portfolio Management and Wealth Planning

Portfolio Management ties all topics together and includes portfolio theory, risk and return, and investment strategy. It reflects the real-life role of a CFA charterholder.

CFA Level 2 Syllabus and Exam Structure

The [CFA Level 2](#) syllabus is structured around application and analysis. It covers 10 subjects and includes item-set questions. The exam format is designed to simulate real-world investment decision-making.

Exam Format Overview

CFA Level 2 contains 88 multiple-choice questions split across 22 item sets. Each item set has a case study followed by 4 questions. Candidates face 44 questions in the morning and 44 in the afternoon. The exam is computer-based and lasts 4 hours and 24 minutes.

Weight Distribution Across Topics

Topic weights change slightly each year, but the CFA Level 2 topic weights usually remain within a set range. Ethics, FRA, Equity, and Fixed Income carry higher weights than others.

Subject	Weight (%)
Ethics	10-15
FRA	10-15
Equity	10-15
Fixed Income	10-15
Corporate Issuers	5-10
Quantitative Methods	5-10
Economics	5-10
Derivatives	5-10

Portfolio Management	10-15
Alternative Investments	5-10

Depth of the Curriculum

The CFA Level 2 curriculum demands deep understanding and fast application. The syllabus includes theory, formulas, and case studies. Candidates must solve data-heavy case studies quickly and accurately.

Focus Areas in the Syllabus

The CFA Level 2 exam focuses on the following areas: Ethics, FRA, [Equity](#), Fixed Income, and Portfolio Management. These subjects usually make up over 60% of the exam weight and deserve special attention during preparation.

CFA Level 2 Subject Weightage Breakdown

Weightage tells candidates where to focus. Subjects with higher weights need more preparation time. Each subject in the CFA Level 2 subject weightage has an evident influence on the final score.

High-Weight Subjects

Equity Investments, [Financial Reporting and Analysis](#), and Portfolio Management are the top-weighted subjects. Their combined weight could account for over 40% of the exam. A strong command over these topics ensures better chances of passing.

Medium-Weight Subjects

Fixed Income, Ethics, and Derivatives have medium weight. They are crucial for real-world finance and require a strong understanding. These topics often contain questions that are tricky and analytical.

Low-Weight Subjects

Alternative Investments, Economics, Quantitative Methods, and Corporate Issuers usually have lower weights. However, candidates must not ignore them as each topic still contributes 5–10% of the exam.

Table: Subject vs Weightage (Estimated)

Subject	Estimated Weight
Equity	15%
FRA	15%
Ethics	10-15%
Portfolio Management	10-15%
Fixed Income	10-15%

Derivatives	5-10%
Corporate Issuers	5-10%
Quantitative Methods	5-10%
Economics	5-10%
Alternative Investments	5-10%

Topic Overlap with Real-World Finance

The CFA Level 2 exam subjects are directly used in investment roles. For example, portfolio managers often apply what they learn in Portfolio Management and Fixed Income. Equity analysts use FRA and Equity topics daily.

Key Topics to Focus on in CFA Level 2

Focusing on the right subjects can boost preparation. Candidates must identify the CFA Level 2 critical topics based on weightage, complexity, and application.

Equity Investments

This topic includes valuation methods, sector analysis, and investment decisions. It is critical for roles in equity research, which is why candidates must learn it thoroughly.

Financial Reporting and Analysis

This subject teaches accounting methods, adjustments, and analysis. Many exam questions test on leases, pension plans, and [income tax](#) accounting. Mastery here helps candidates avoid tricky errors.

Ethics and Professional Standards

CFA places a high value on ethics. This section is both a scoring and decision-making area, especially if a candidate is borderline. Understanding how to apply the code is more important than memorising rules.

Portfolio Management

Candidates learn about portfolio risk, asset allocation, and IPS (Investment Policy Statements). It connects multiple topics and forms the base for Level 3.

Derivatives and Fixed Income

These are complex and formula-driven. Candidates who can understand and apply derivatives like options, swaps, and interest rate models gain an edge in technical areas.

CFA Level 2 Study Plan: Strategy for Each Subject

A well-planned CFA Level 2 study plan helps cover the syllabus in time and allows room for revision and mock tests. Candidates should spend at least 300-350 hours preparing for this level.

Creating a 4-Month Strategy

Split the 4-month preparation time into learning, revising, and testing phases. Spend the first 2 months learning topics, 1 month revising, and the final month practising mocks.

Daily Study Goals

Study at least 2-3 hours on weekdays and 5 hours on weekends. Focus more time on high-weight topics like FRA and Equity during the first month.

Using the CFA Level 2 Reading List

Follow the official CFA Level 2 reading list to avoid missing any LOS (Learning Outcome Statements). Read all [CFA Institute](#)-provided books and use summaries for revision.

Mock Tests and Revision

Take full-length mock exams every weekend for the last month. Review wrong answers to identify weak areas. Revisit formulas and ethics frequently.

Adaptive Learning Tools

Use platforms offering topic-based quizzes, formula sheets, and video lessons. Practice with topic weights in mind so that effort matches the exam pattern.

Tips to Master the CFA Level 2 Curriculum Efficiently

Mastering the CFA Level 2 curriculum needs consistency, clarity, and innovative revision methods. Candidates must understand concepts instead of memorising them.

- **Active Learning Methods:** Solve questions after every topic. Teaching someone else or summarising a concept in simple language boosts memory retention.
- **Time Management:** Track progress weekly. Break down each subject into parts and assign deadlines. Use online study planners or apps to stick to the plan.
- **Topic Prioritization:** Study high-weight topics first. Finish FRA and Equity in the early stages. Use spaced repetition to retain older topics.
- **Formula Retention:** Many subjects like Quant and Derivatives need formula memorisation. Create a formula sheet and revise it daily during the last month.
- **Ethics Revisions:** Revisit the ethics chapter 3-4 times. Take scenario-based questions to understand ethical dilemmas. Ethics impacts the final result if your score borders the pass mark.

CFA Level 2 Subjects FAQs

1. What are the subjects in CFA Level 2?

Subjects in CFA Level 2 include Ethics, Quantitative Methods, Economics, Financial Reporting, Corporate Issuers, Equity, Fixed Income, Derivatives, Alternative Investments, and Portfolio Management.

2. What is the CFA Level 2 subject weightage?

Subject weightage ranges from 5% to 15%. Equity, FRA, and Portfolio Management carry the highest weight, while Economics and Alternative Investments are lower weighted.

3. What are the CFA Level 2 core topics to focus on?

The core topics include Ethics, Equity Investments, Financial Reporting, Portfolio Management, and Fixed Income, based on their weightage and practical value.

4. What is the CFA Level 2 reading list?

The reading list includes curriculum books provided by the CFA Institute. These cover all LOS for each subject and should be read thoroughly.

5. How can one master CFA Level 2 preparation efficiently?

Study daily, follow a structured plan, practice mock tests, focus on high-weight subjects, and review ethics and formulas regularly.



Join The Plutus Education

ACCA Newsletter

Boost your Exam Preparation

Join Now

Download Broucher

