

CFA Level 3 Syllabus 2025: Topic-Wise Breakdown and Study Plan

If you're preparing for the final stage of the CFA Program, understanding the CFA Level 3 syllabus is your first step. This level focuses more on portfolio management, wealth planning, and applying everything you've learned in CFA Levels 1 and 2. Unlike previous levels that test more theory and formulas, Level 3 checks your ability to apply concepts in real investment scenarios. It includes essay-style questions (constructed responses) and item sets based on case studies.

The CFA Level 3 syllabus has key topics like Ethics, Behavioral Finance, Private Wealth Management, Institutional Investors, Fixed Income Portfolio Management, and Derivatives. These topics prepare you to think like a portfolio manager who designs investment strategies for clients rather than just analyzing companies or sectors. This level is where all knowledge gets combined into practical decision-making. The CFA Institute releases the syllabus every year, and it may include changes or updates. So, you must check the current learning outcome statements (LOS) and topic weights. For 2025, the Level 3 syllabus includes 7 main topic areas, with Portfolio Management making up over 50% of the total weight.

Topic Area	
Ethical and Professional Standards	10-15
Economics	5-10
Alternative Investments	5-10
Derivatives	5-10
Equity Investments	10-15
Fixed Income	15-20
Portfolio Management	35-45
Total	100

CFA Level 3 Exam Structure and Question Format

Before jumping into topics, you must understand how the [CFA](#) Level 3 exam format works. This exam is different from [Level 1](#) and [level 2](#) because of the way it tests you. Knowing the format helps you prepare better.

Understanding Constructed Response and Item Set Questions

The [CFA Level 3](#) exam has two types of questions:

1. Constructed Response (Essay) Questions:

In the first session of the exam, you will get essay-style questions. These are not essays in the usual sense. They are short-answer formats where you must write answers in a structured way. Each question may have multiple parts and ask you to analyze situations, recommend strategies, or justify decisions.

2. Item Set (Vignette) Questions:
In the second session, you will see the item set questions. These are case studies followed by 4 multiple-choice questions. These are similar to Level 2 but focus more on portfolio-level decisions.

Each session of the CFA Level 3 exam is 2 hours and 12 minutes long. You will attempt both sessions on the same day. There are no standalone multiple-choice questions like Level 1.

Key Skills Tested

CFA Level 3 focuses on your ability to:

- Construct investment policy statements (IPS)
- Recommend portfolio strategies
- Manage risk and asset allocation.
- Handle ethical conflicts in investment cases.

The exam checks your thinking as a portfolio manager, not just a financial analyst. That's why you need to focus more on application than memorization.

Topic-Wise Breakdown of CFA Level 3 Syllabus

Now, let's look at the complete CFA Level 3 syllabus with all topics, weights, and what each section teaches you.

CFA Level 3 Topic Weight Table

Topic Area	Weight (%)
Ethical and Professional Standards	10 – 15%
Economics and Capital Market Expectations	5 – 10%
Behavioral Finance	5 – 10%
Private Wealth Management	15 – 20%
Institutional Investors	10 – 15%
Asset Allocation and Related Decisions	10 – 15%
Fixed Income Portfolio Management	10 – 15%
Equity Portfolio Management	10 – 15%
Derivatives and Currency Management	5 – 10%

Alternative Investments 5 – 10%

Risk Management 5 – 10%

Performance Evaluation and GIPS 5 – 10%

Let's now discuss each topic in detail so you know what to expect and how to study.

Ethics and Professional Standards — CFA Level 3

Ethics remains a core part of the CFA curriculum. In Level 3, the Ethics and Professional Standards section covers the CFA Code of Ethics, Standards of Professional Conduct, and ethical decision-making in portfolio scenarios.

Key Focus Areas

At this level, Ethics tests how you apply professional behaviour to real cases. Questions can involve asset allocation, trading conduct, conflicts of interest, and soft dollar policies. You must use ethical principles to decide what's right in each situation.

Many students make the mistake of taking Ethics lightly in Level 3. But this topic can help you pass if your score is on the borderline. Ethics also appears in both essay and item set formats.

Study Tips

- Read CFA Institute's case examples carefully.
- Practice Ethics questions from CFA mocks and Schweser QBank.
- Focus on decision-making scenarios, not just definitions.

Behavioral Finance — CFA Level 3

Behavioral finance is one of the new-age topics added to CFA Level 3. It teaches you how human emotions and biases affect investment decisions.

What You Learn

This section covers investor types, cognitive biases, and emotional biases and how these affect risk tolerance, asset allocation, and financial planning. It connects well with private wealth management. CFA Level 3 expects you to apply these concepts in real case studies. You may get essay questions asking you to identify investor biases and recommend strategies to handle them.

How to Prepare

- Understand each bias and how it shows in real behaviour.
- Link biases to investor types like passive, active, conservative, or aggressive investors.
- Practice case-based questions to learn the application.

Private Wealth Management — CFA Level 3

Private Wealth Management (PWM) is one of the biggest topics in Level 3. It carries 15–20% weight and appears in both essay and vignette formats.

What It Covers

PWM teaches how to create investment strategies for individuals. Topics include:

- Investment Policy Statement (IPS) for individuals
- Tax considerations (global tax systems)
- Retirement planning
- Estate planning
- Concentrated portfolio strategies

CFA wants you to think like a financial advisor. You must write full IPS and decide on asset allocation based on the client's goals, risk tolerance, and constraints.

Study Tips

- Practice IPS creation from past papers.
- Understand tax impact on returns and allocation.
- Focus on constraints like liquidity, time horizon, and legal issues.

Institutional Investors — CFA Level 3

This topic teaches how to manage portfolios for pension funds, endowments, foundations, insurance companies, and sovereign wealth funds.

What You Learn

You will study the characteristics, return objectives, and constraints of each institution. CFA tests your ability to write an IPS for institutions, which is slightly different from individuals.

Topics include:

- Defined benefit vs defined contribution plans
- Insurance company portfolios
- Time horizon, liquidity, and regulation impact

Strategy to Score Well

- Learn to compare different institutional needs.
- Focus on constraints and long-term goals.
- Practice CFA Institute's blue-box examples for IPS writing.

Fixed Income Portfolio Management — CFA Level 3

Fixed Income is another important topic at Level 3. It teaches you how to manage bond portfolios and handle interest rate risk.

What's Included

- Liability-driven investing (LDI)
- Yield curve strategies
- Immunization
- Credit risk management
- Bond portfolio construction

This topic is technical but very scoring. You must apply your Level 2 knowledge in a portfolio context.

How to Prepare

- Learn to match liabilities using bond strategies.
- Practice questions on duration, convexity, and spread analysis.
- Review CFA mock tests and old essay questions.

Equity, Derivatives, Risk, and Performance — CFA Level 3

Together, these topics test your advanced portfolio management skills. Each carries 5–15% of the total weight.

Equity Portfolio Management

Focuses on active vs passive equity strategies, factor investing, behavioural finance impact, and portfolio alpha sources.

Derivatives and Currency Management

These topics help you hedge and manage portfolio risks. You'll learn about swaps, futures, and currency exposure control.

Risk Management and Performance Evaluation

You study how to measure and control risk using Value at Risk (VaR), stress testing, and performance attribution. GIPS standards are also tested.

Tips for These Topics

- Learn formulas but also practice case-based use.
- Understand currency risk and how to hedge it.
- Review CFA Institute GIPS examples and summaries.

FAQs on CFA Level 3 Syllabus

1. What is the CFA Level 3 syllabus?

The CFA Level 3 syllabus includes portfolio management, wealth planning, ethics, behavioural finance, fixed income, derivatives, and GIPS. It focuses on applying knowledge to real-world financial situations, especially in portfolio construction and strategy.

2. How many subjects are there in CFA Level 3?

There are 7 main topic areas in CFA Level 3:

- Ethics
- Behavioral Finance
- Private Wealth Management
- Institutional Investors

- Asset Allocation
- Portfolio Management (including Fixed Income, Equity, Derivatives)
- Risk and Performance Evaluation

These are spread across constructed response (essay) and item set (case-based MCQs) sections.

3. Is the CFA Level 3 syllabus different from Level 2?

Yes, it is very different. While CFA Level 2 focuses on analyzing investments, the CFA Level 3 syllabus teaches how to build and manage portfolios. It also introduces essay-type questions, unlike Level 2.

4. What is the weight of portfolio management in CFA Level 3?

Portfolio Management and Wealth Planning topics make up over 50% of the total exam weight. This includes Private Wealth, Institutional Investors, Fixed Income, Equity, Asset Allocation, and Risk Management.

5. What is the CFA Level 3 exam format?

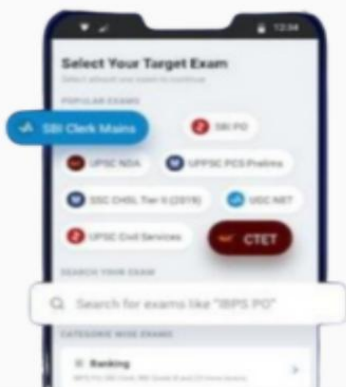
The exam has two sessions:

- Morning: Constructed Response (Essay-type)
- Afternoon: Item Set (Vignette-based MCQs)

Each session lasts 2 hours and 12 minutes, with a mix of written and multiple-choice questions.

6. Is Ethics included in the CFA Level 3 syllabus?

Yes, Ethics remains a key topic in Level 3. It carries 10–15% weight and is essential for passing the exam. Ethics also appears in borderline score decisions.



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