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IMC OTM v.23 Errata & Addendum for Units 1 and 2

Edition / Volume	Page number	Correction
2	400	Please disregard the highlighted equation below: The beta coefficient is the key parameter of the CAPM. It is a measure of the systematic risk of a security relative to the systematic risk of the market portfolio (or index). It can therefore be shown as: $\beta_p = \frac{\sigma_{R_p R_m}}{\sigma_m}$ or: $\beta_p = \frac{Cov(R_p, R_m)}{VAR(R_m)}$
2	489	The interaction equation in Table 17.1 below: Table 17.1 **COMPONENTS OF THE ATTRIBUTION MODEL** Should be: R(I) - R(II) - R(III) + R(IV)

	Source	Calculation
Timing	R(III) – R(I)	$\sum (w_i^a - w_i^p)\, R_i^p$
Selection	R(II) – R(I)	$\sum (R_i^a - R_i^p)\, w_i^p$
Interaction	R(I) – R(II) – R(III) – R(IV)	$\sum w_i^p (R_i^p - R_i^a) + w_i^a (R_i^a - R_i^p)$
Total contribution	R(IV) – R(I)	$R_a - R_p$