

International Examinations Syllabus

Certified International Wealth Manager (CIWM)

September 2020

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INTRODUCTION

This syllabus lists the topics covered in the international examinations of the professional designation Certified International Wealth Manager CIWM®. For simple cross-referencing, it corresponds with the table of contents of the training manuals for this programme.

CIWM Examination Scheme

The CIWM examination comprises open questions that aim to test the understanding of key concepts and their application to investment decision making. The examinations are held in March and September annually.

International Examinations

CIWM Examination

Topic Areas	Examination Duration (Minutes)
Wealth Management, Financial Instruments, Behavioural Finance, Relationship Management, Taxation of Financial Products and Corporate Finance	240
Total time	240 (i.e. 4 hours)

CIWM EXAMINATION

Wealth Management

1 Theoretical principles

- 1.1 Probability concept - risk
- 1.2 Core characteristics of a portfolio (*mean variance approach, behavioural approach*)

2 Customer profile

- 2.1 Client profile (*setting return objectives, time horizon, liquidity need, taxes, keeping the profile alive*)
- 2.2 The financial plan: assessing the client's assets and liabilities (*pro forma financial statements, base currency, assets, liabilities, revenues and evolution of the revenues, consumption and growth in consumption, cash surplus, taxation, financial analysis*)
- 2.3 Constraints of the client (*situational constraints, preference constraints*)

3 Portfolio optimization

- 3.1 The mean-variance framework (*understanding the mean-variance efficient frontier, GMVP and the tangency portfolio, two-fund separation, efficient frontier with a risk-free asset, two-fund separation with a risk-free asset, different lending and borrowing rates, change in fundamental inputs and their impact on the frontier*)
- 3.2 Portfolio constraints (*general weight constraints, risk constraints*)
- 3.3 Portfolio selection (*target return level, target risk level, target VaR level, behavioural approach to portfolio selection*)
- 3.4 Tax effects on portfolio choice

4 Asset and liability management for private clients

- 4.1 Dividends and their importance (*dividends grow over the long term, dividends are a significant part of equity returns, dividends are in general less volatile than stock returns, dividends can keep up (usually) with inflation, high dividend stocks are even better option than lower dividend stocks, other factors impacting dividends*)
- 4.2 Asset-liability management model (*investor's balance sheet, general assumptions, accumulation process without dividend growth, accumulation process with dividend growth, accumulation process with a crash, accumulation process with a crash and*

- with higher price growth)*
- 4.3 Risk with the strategy (*price growth higher than dividend growth, price growth lower than dividend growth, growth estimate not met, equity market volatility and risk, longevity risk*)
- 4.4 Back-testing using historical data
- 4.5 Impact of inflation

5 Investment policy

- 5.1 Legal framework (*asset management mandate, investment policy, organisation*)
- 5.2 The investment committee (*granularity of the strategic allocation and asset classes, aims of the investment committee, preparing for committee meetings, meeting procedures*)
- 5.3 Implementation of the investment policy (*implementation rules, implementation committee charter, implementation committee documents, model portfolios, implementation, risk monitoring, reporting*)

6 Hedging strategies

- 6.1 Hedging strategies with futures (*key principles, hedging with stock index futures, hedging FX exposure using currency futures, hedging using long-term bond futures*)
- 6.2 Portfolio insurance strategies (*stop-loss approaches, static portfolio insurance, dynamic portfolio insurance*)
- 6.3 Other strategies combining options and traditional assets (*covered call strategy, enhanced indexing, 130/30 funds, using interest rates OTC products*)

Financial Instruments

1 Derivatives

- 1.1 Exotic options
- 1.2 Interest rate swaps (IRS)
- 1.3 Total return swaps (TRS)
- 1.4 Contract for difference (CFD)
- 1.5 Credit default swaps (CDS)

2 Structured products

- 2.1 The basic principles
- 2.2 Classification

3 Real estate

- 3.1 Valuation and indices of real estate (*valuation methods, real estate indices*)
- 3.2 Integration of the real estate in the mixed-asset portfolio (*return and risks of real estate, correlation between the returns on various asset classes, determining the share of real estate in optimal portfolios*)

4 Life insurance

- 4.1 Life insurance in general
- 4.2 How life insurance works
- 4.3 The various participants
- 4.4 Life insurance in international private banking
- 4.5 Different types of wrapper
- 4.6 Underlying investments
- 4.7 International regulatory framework

Behavioural Finance

1 Introduction

- 1.1 Preface
- 1.2 The four levels of Behavioural Finance

2 Level 0: Traditional finance

- 2.1 Introduction
- 2.2 Cornerstones of traditional finance

3 Level 1: Behavioural Biases

- 3.1 Introduction
- 3.2 Rational decision process
- 3.3 A list of behavioural biases
- 3.4 Emotional and cognitive – Hard and soft biases
- 3.5 Conclusions

4 Level 2: Market Anomalies

- 4.1 Introduction
- 4.2 Limits to arbitrage
- 4.3 Time series anomalies
- 4.4 Cross-sectional anomalies
- 4.5 Sentiment indices

5 Level 3: Style Investing

- 5.1 Introduction
- 5.2 Investment styles
- 5.3 Personality traits
- 5.4 Conclusion

6 Applications

- 6.1 Introduction
- 6.2 Client relationship management
- 6.3 Wealth management
- 6.4 Wealth planning
- 6.5 Real Estate investing

7 Review and Outlook

Relationship Management

1 Course Manual

2 Basics

- 2.1 A changing industrial scenario, mission, role
- 2.2 Structure and economics of the interpersonal business relationship

3 Operations

- 3.1 Client profiling
- 3.2 Managing the relation
- 3.3 Handling special circumstances
- 3.4 Heterocultural relationship management
- 3.5 Optimizing your industrial performance

Taxation of Financial Products

1 Taxation of derivative products

- 1.1 General principle (cash flows)
- 1.2 Forwards and futures
- 1.3 Options
- 1.4 Currency swaps
- 1.5 Term deposits masqueraded as derivatives
- 1.6 Other transactions
- 1.7 Attitudes of tax authorities towards derivative products

2 Taxation of structured products

- 2.1 General principles
- 2.2 Equity-like instruments
- 2.3 Debt-like instruments
- 2.4 Mixed instruments
- 2.5 Attitudes of tax authorities towards structured products

Corporate Finance

1 Company financial analysis and strategy

- 1.1 Major financial flows and accounting adjustments
- 1.2 Analysis of management performance
- 1.3 Financial projections

2 Corporate finance and value creation

- 2.1 The organisation of value creation
- 2.2 Capital budgeting
- 2.3 Corporate finance and value creation
- 2.4 Short-term finance decision
- 2.5 Capital structure
- 2.6 Mergers and acquisitions

3 Equity valuation and analysis

- 2.1 Equity and market structures
- 2.2 Main valuation methods
- 2.3 Equity market equilibrium
- 2.4 Long-term equilibrium
- 2.5 Short term equilibrium

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