

Syllabus for CPWP Module 1

Learning Outcome

- To demonstrate an adequate understanding of the Asia-Pacific PWM industry and wealth management products, and adequate knowledge and practical application of customer relationship management skills, wealth planning, portfolio management and risk management.

Module 1: Technical, Industry and Product Knowledge			Examination Durations	Study Mode
Paper 1: Financial Instruments	T1	Basic Products: Fixed Income Investment, Equity Securities and Foreign Exchange	80 mins	Self-study: - Study manuals - eCourses or classroom (Optional)
	T2	Derivatives and Structured Products		
	T3	Investment Funds and Alternative Investments		
	T4	Portfolio Management: Theories and Practices		
	T5	Lending and Leverage		
Paper 2: Wealth Management	T6	Wealth Planning	100 mins	
	T7	Behavioural Finance		
	T8	Customer Relationship Management		
	T9	Overview of Private Wealth Management Industry		
	T10	Overview of Private Wealth Management Markets: Hong Kong, the Chinese Mainland and Asia-Pacific		Training: PWMA's training sessions (available on the HKSI Institute's online learning platform)

Examination syllabus of CPWP Module 1

Topic 1: Basic Products: Fixed Income Instruments, Equity Securities and Foreign Exchange

- 1 Money market instruments
 - Characteristics of money market instruments
 - Non-securitised money market instruments
 - Securitised money market instruments
 - The primary and secondary fixed income markets
- 2 Bonds
 - Primary bond features
 - Non-vanilla bond variants
 - Bond pricing
 - Bond risks
 - Bond yields and the term structure of interest rates
- 3 Equities
 - Share ownership
 - Equity markets
 - Corporate actions
 - Equity returns
 - Equity risk
 - Equity analysis
 - Equity valuation
 - Equity index
- 4 Foreign exchange
 - Exchange rate systems
 - Foreign exchange market
 - Foreign exchange quotation
 - Cross rates
 - Spot rates
 - Forward foreign exchange
 - Forecasting exchange rates
 - Banknote dealing

Topic 2: Derivatives and Structured Products

1 Derivatives

- Key derivatives terminology
- Forwards/futures: definition and characteristics
- Futures markets, participants and trading
- Using futures/forwards
- Futures/forwards pricing and arbitrage
- Specific futures contracts
- Options
- Option markets, participants and trading
- Using options
- Option price
- Investment strategies with vanilla options
- Exotic options
- Swaps

1 Structured products

- Definition and purpose of structured products
- Benefits of structured products
- Risks of structured products
- Components of structured products
- Pricing structured products
- Common categories of structured products
- Uncapped capital protection with participation
- Capital protection with coupon
- Yield enhancement products
- Participation products
- Leverage products
- Primary and secondary market offering and tools
- Applying investor offering in a customer's portfolio

Topic 3: Investment Funds and Alternative Investments

2 Investment funds

- Basic definition
- Fund pricing and costs
- Other particular funds/characteristics
- Parties in the investment funds' rights and obligations
- Regulation and supervision of fund service providers
- Funds by investment type
- Funds by markets
- Funds by investment profile
- Funds by investment style
- Fund factsheet
- Fund audited reports
- Fund performance
- Red flags

3 Alternative investments

- Commodities
- Property/real estate
- Hedge funds
- Private markets
- Virtual assets
- Comparison of alternative investments

4 Islamic finance

- Characteristics of Islamic finance
- Sharia compliant products
- Risks of Sharia compliant products

Topic 4: Portfolio Management: Theories and Practices

- 1 Portfolio management theories
 - Risk and return
 - Causes of risk
 - Measuring investment risks and returns
 - Portfolio theory and diversification
 - Systematic and unsystematic risk
 - Risk-return framework
 - Efficient market hypothesis
- 2 Portfolio management practice
 - Purpose and considerations of investment management
 - Portfolio management process
 - Equity management strategies
 - Bond management strategies
 - Equities, bonds and other assets in a multi-asset portfolio
- 3 Case studies

Topic 5: Lending and Leverage

- 1 Principles of lending
 - Interest margin
 - Financial transformation
 - Lending risks and risk control
 - Banking supervision and the Basel Accords
- 2 Assessing and monitoring loans/credit
 - Risk-return relationship
 - Suitability
 - Nature
 - Interest basis and rate
 - Credit term/tenor
 - Collateral
 - Drawdown method
 - Credit risk assessment
- 3 Lombard lending
 - Lombard credit principles
 - Structure and characteristics of Lombard products
 - Lombard loan lifecycle
 - Customer and product suitability for basic Lombard products
 - Comparison between Lombard lending and mortgage lending
- 4 Securities margin financing
 - Benefits of margin financing
 - Risks of margin financing
- 5 Derivatives trading and contingent positions
 - Initial margin
 - Marked-to-market
 - Overall margin requirement
- 6 Accumulators
 - Accumulator risks
 - Suitability assessment
 - Margin calculation of equity accumulators

Topic 6: Wealth Planning

- 1 Introduction to wealth planning
- 2 Wealth planning process
 - International standard
 - Establishing the relationship
 - Gathering information
 - Analysing customer information
 - Planning
 - Implementation
 - Monitoring and review
- 3 Wealth planning
 - Lifetime cash flow plan
 - Tax planning
 - Investment/liquidity planning
 - Risk management and asset protection
 - Debt planning
 - Business protection and business succession
 - Retirement planning
 - Succession and estate planning
 - Relocation planning
- 4 Wealth planning solutions
 - Bank account management
 - Trusts
 - Insurance solutions
 - Private label funds
 - Foundations
- 5 Family businesses
 - Nature of family businesses
 - Family business ownership
 - Family business challenges
 - Reconciling challenges and responsibilities
 - Succession plans
 - Private wealth management opportunities
 - Family office

Topic 7: Behavioural Finance

- 1 Introduction to behavioural finance
 - Models of decision making
 - The scientific background of behavioural finance
- 2 Customer profiling
 - Investor profiling
 - Risk evaluation
- 3 Behavioural biases
 - Financial market dynamics
 - Impact of behavioural biases
- 4 Prospect theory
 - Perceived likelihood
 - Loss aversion
 - Framing against reference points
 - Risk attitudes
 - Independence axiom
- 5 Wealth planning process, customer biases and behaviours
 - Wealth planning process
 - Information selection/gathering
 - Planning and implementation
 - Monitoring and review
 - Cultural and social differences
- 6 Behavioural bias in the real world

Topic 8: Customer Relationship Management

- 1 Definition and key attributes
 - Role of private wealth managers in relationship management
 - Customer relationship lifecycle
 - Essential skills
- 2 Prospecting
 - Identifying and connecting with prospects
 - Connecting with customers
 - Contact route
 - Initial contact message
 - Constructing and using a prospect pipeline management strategy
- 3 Initial engagement and engagement skills
 - How and why people choose to make a buying decision
 - Engagement meeting objectives and preparation
 - Conducting the engagement meeting
 - How to close
- 4 Gathering facts
 - The fact-gathering process
 - Recognising customer needs, objectives and tolerances
 - Quantifying and qualifying the objectives
 - Distinguishing between immediate and future objectives
 - Prioritising needs and objectives
- 5 Segmentation and relationship management strategy
 - Attractiveness-positioning matrix
 - Quadrant allocation
 - Relationship development strategy
- 6 Customer maintenance
 - Customer management objectives
 - Customer contact opportunities
 - Conducting customer reviews
 - Maintaining service quality through technology
 - Maintaining the customer experience
- 7 Customer retention
 - Understanding customer loss

- Customer retention plan

8 Service recovery

- How customers respond to service failures
- Benefits of a service recovery programme

Topic 9: Overview of Private Wealth Management Industry

- 1 PWM industry and business model
 - Challenges faced by PWM institutions
 - PWM business models
 - Optimising the business models
- 2 PWM customer needs and preferences
 - Private wealth management lifecycle
 - Products and services
 - Typical needs by PWM market
- 3 Meeting PWM customer needs
 - HNWI market perceptions
 - Potential areas for service improvements
 - Satisfying regulatory requirements
- 4 PWM process for UHNWIs
 - UHNWIs needs
 - UHNWIs wealth management structures

Topic 10: Overview of Private Wealth Management Markets: Hong Kong, the Chinese Mainland and Asia-Pacific

- 1 Trends and characteristics of PWM markets
 - Recent industry trends and emerging challenges for Hong Kong's private wealth managers
 - Key characteristics of Chinese Mainland financial markets
 - Trends in the Asia-Pacific PWM industry
- 2 Issues related to conducting PWM business with Chinese HNWIs/UHNWIs and in the Chinese Mainland
 - Issues affecting Chinese Mainland PWM business
 - Legal and regulatory constraints affecting offshore managers conducting business in the Chinese Mainland
 - Role of wealth planning and asset allocation services in enhancing relationships with Chinese HNWIs/UHNWIs
- 3 PWM products and services
 - Offshore and onshore investments for Chinese Mainland PWM customers
 - China-related PWM products for international investors
 - Services for Chinese Mainland customers with offshore assets