CFA LEVEL III CURRICULUM 2020 VS 2022

Los Changes





Behavioral Finance



2 SION 1
SION 1
L BIASES OF INDIVIDUALS
rrors and emotional biases;
navioral biases and their implications
I's behavioral biases;



			A positive NPV Training
	2020		2022
	STUDY SESSION 3		STUDY SESSION 1
	BO	X 2	
	READING 9. BEHAVIORAL FINANCE AND INVESTMENT		READING 2. BEHAVIORAL FINANCE AND INVESTMENT
	PROCESSES		PROCESSES
LOS		LOS	
а	explain the uses and limitations of classifying investors into	а	explain the uses and limitations of classifying investors into
	personality types;		personality types;
b	discuss how behavioral factors affect adviser-client interactions;	b	discuss how behavioral factors affect adviser-client interactions;
С	discuss how behavioral factors influence portfolio construction;	С	discuss how behavioral factors influence portfolio construction;
d	explain how behavioral finance can be applied to the process of	d	explain how behavioral finance can be applied to the process of
	portfolio construction;		portfolio construction;
e	discuss how behavioral factors affect analyst forecasts and	е	discuss how behavioral factors affect analyst forecasts and
	recommend remedial actions for analyst biases;		recommend remedial actions for analyst biases;
f	discuss how behavioral factors affect investment committee decision	f	discuss how behavioral factors affect investment committee decision
	making and recommend techniques for mitigating their effects;		making and recommend techniques for mitigating their effects;
g	describe how behavioral biases of investors can lead to market	g	describe how behavioral biases of investors can lead to market
	characteristics that may not be explained by traditional finance.		characteristics that may not be explained by traditional finance.
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	2020	2022
	STUDY SESSION 3	
	READING 7. THE BEHAVIORAL FINANCE PERSPECTIVE	
LOS		
а	contrast traditional and behavioral finance perspectives on investor	
	decision making;	
b	contrast expected utility and prospect theories of investment	REMOVED FROM 2022
	decision making;	
С	discuss the effect that cognitive limitations and bounded rationality	
	may have on investment decision making;	
d	compare traditional and behavioral finance perspectives on portfolio	
	construction and the behavior of capital markets.	



Capital Market Expectations



	2020		2022
STUDY SESSION 4			STUDY SESSION 2
	BOX	K 3	
	READING 10. CAPITAL MARKET EXPECTATIONS, PART 1:		READING 3. CAPITAL MARKET EXPECTATIONS, PART 1:
	FRAMEWORK AND MACRO CONSIDERATIONS		FRAMEWORK AND MACRO CONSIDERATIONS
LOS		LOS	
а	discuss the role of, and a framework for, capital market expectations in the portfolio management process;	а	discuss the role of, and a framework for, capital market expectation in the portfolio management process;
b	discuss challenges in developing capital market forecasts;	b	discuss challenges in developing capital market forecasts;
С	explain how exogenous shocks may affect economic growth trends;	С	explain how exogenous shocks may affect economic growth trends;
d	discuss the application of economic growth trend analysis to the formulation of capital market expectations;	d	discuss the application of economic growth trend analysis to th formulation of capital market expectations;
е	compare major approaches to economic forecasting;	е	compare major approaches to economic forecasting;
f	discuss how business cycles affect short and long-term expectations;	f	discuss how business cycles affect short- and long-term expectations
g	explain the relationship of inflation to the business cycle and the implications of inflation for cash, bonds, equity, and real estate returns;	g	explain the relationship of inflation to the business cycle and th implications of inflation for cash, bonds, equity, and real estat returns;
h	discuss the effects of monetary and fiscal policy on business cycles;	h	discuss the effects of monetary and fiscal policy on business cycles;
i	interpret the shape of the yield curve as an economic predictor and discuss the relationship between the yield curve and fiscal and monetary policy;	i	interpret the shape of the yield curve as an economic predictor and discuss the relationship between the yield curve and fiscal and monetary policy;
j	identify and interpret macroeconomic, interest rate, and exchange rate linkages between economies.	j	identify and interpret macroeconomic, interest rate, and exchang rate linkages between economies.



	2020		2022
STUDY SESSION 4			STUDY SESSION 2
	BO	X 4	
READING 11. CAPITAL MARKET EXPECTATIONS, PART 2: READING 4. CAPITAL MARKET EXPECTATIONS,		READING 4. CAPITAL MARKET EXPECTATIONS, PART 2:	
	FORECASTING ASSET CLASS RETURNS		FORECASTING ASSET CLASS RETURNS
LOS		LOS	
а	discuss approaches to setting expectations for fixed-income returns;	а	discuss approaches to setting expectations for fixed-income returns;
b	discuss risks faced by investors in emerging market fixed-income	b	discuss risks faced by investors in emerging market fixed-incon
	securities and the country risk analysis techniques used to evaluate		securities and the country risk analysis techniques used to evaluate
	emerging market economies;		emerging market economies;
С	discuss approaches to setting expectations for equity investment	С	discuss approaches to setting expectations for equity investme
	market returns;		market returns;
d	discuss risks faced by investors in emerging market equity securities;	d	discuss risks faced by investors in emerging market equity securities
е	explain how economic and competitive factors can affect	е	explain how economic and competitive factors can affe
	expectations for real estate investment markets and sector returns;		expectations for real estate investment markets and sector returns;
f	discuss major approaches to forecasting exchange rates;	f	discuss major approaches to forecasting exchange rates;
g	discuss methods of forecasting volatility;	g	discuss methods of forecasting volatility;
h	recommend and justify changes in the component weights of a	h	recommend and justify changes in the component weights of a glo
	global investment portfolio based on trends and expected changes in		investment portfolio based on trends and expected changes
	macroeconomic factors.		macroeconomic factors.



Asset Allocation and Related Decisions in Portfolio Management

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			A positive NPV Train
	2020		2022
STUDY SESSION 5			STUDY SESSION 3
	BO	K 5	
	READING 12. OVERVIEW OF ASSET ALLOCATION		READING 5. OVERVIEW OF ASSET ALLOCATION
LOS		LOS	
а	describe elements of effective investment governance and	а	describe elements of effective investment governance and
	investment governance considerations in asset allocation;		investment governance considerations in asset allocation;
b	prepare an economic balance sheet for a client and interpret its	b	formulate an economic balance sheet for a client and interpret its
	implications for asset allocation;		implications for asset allocation;
C	compare the investment objectives of asset-only, liability-relative,	С	compare the investment objectives of asset-only, liability-relative,
	and goals-based asset allocation approaches;		and goals-based asset allocation approaches;
d	contrast concepts of risk relevant to asset-only, liability-relative, and	d	contrast concepts of risk relevant to asset-only, liability-relative, and
	goals-based asset allocation approaches;		goals-based asset allocation approaches;
е	explain how asset classes are used to represent exposures to	е	explain how asset classes are used to represent exposures to
	systematic risk and discuss criteria for asset class specification;		systematic risk and discuss criteria for asset class specification;
f	explain the use of risk factors in asset allocation and their relation to	f	explain the use of risk factors in asset allocation and their relation to
	traditional asset class-based approaches;		traditional asset class-based approaches;
g	select and justify an asset allocation based on an investor's	g	recommend and justify an asset allocation based on an investor's
	objectives and constraints;		objectives and constraints;
h	describe the use of the global market portfolio as a baseline portfolio	h	describe the use of the global market portfolio as a baseline portfolio
	in asset allocation;		in asset allocation;
i	discuss strategic implementation choices in asset allocation,	i	discuss strategic implementation choices in asset allocation, including
	including passive/ active choices and vehicles for implementing		passive/ active choices and vehicles for implementing passive and
	passive and active mandates;		active mandates;
j	discuss strategic considerations in rebalancing asset allocations.	j	discuss strategic considerations in rebalancing asset allocations.

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	2020 STUDY SESSION E		
	STUDY SESSION 5		STUDY SESSION 3
	BO	Κ 6	
	READING 13. PRINCIPLES OF ASSET ALLOCATION		READING 6. PRINCIPLES OF ASSET ALLOCATION
LOS		LOS	
а	describe and critique the use of mean-variance optimization in asset allocation;	а	describe and evaluate the use of mean–variance optimization in asset allocation;
b	recommend and justify an asset allocation using mean-variance optimization;	b	recommend and justify an asset allocation using mean-variance optimization;
С	interpret and critique an asset allocation in relation to an investor's economic balance sheet;	С	interpret and evaluate an asset allocation in relation to an investor's economic balance sheet;
d	discuss asset class liquidity considerations in asset allocation;	d	discuss asset class liquidity considerations in asset allocation;
e	explain absolute and relative risk budgets and their use in determining and implementing an asset allocation;	е	explain absolute and relative risk budgets and their use in determining and implementing an asset allocation;
f	describe how client needs and preferences regarding investment risks can be incorporated into asset allocation;	f	describe how client needs and preferences regarding investment risks can be incorporated into asset allocation;
g	discuss the use of Monte Carlo simulation and scenario analysis to evaluate the robustness of an asset allocation;	g	discuss the use of Monte Carlo simulation and scenario analysis to evaluate the robustness of an asset allocation;
h	describe the use of investment factors in constructing and analyzing an asset allocation;	h	describe the use of investment factors in constructing and analyzing an asset allocation;
i	recommend and justify an asset allocation based on the global market portfolio;	i	recommend and justify an asset allocation based on the globa market portfolio;
j	describe and evaluate characteristics of liabilities that are relevant to asset allocation;	j	describe and evaluate characteristics of liabilities that are relevant to asset allocation;
k	discuss approaches to liability-relative asset allocation;	k	discuss approaches to liability-relative asset allocation;
I	recommend and justify a liability-relative asset allocation;	I	recommend and justify a liability-relative asset allocation;
m	recommend and justify an asset allocation using a goals-based approach;	m	recommend and justify an asset allocation using a goals-based approach;
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n	describe and critique heuristic and other approaches to asset allocation;	n	describe and evaluate heuristic and other approaches to asset allocation;
ο	discuss factors affecting rebalancing policy.	0	discuss factors affecting rebalancing policy.



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	2020		2022
	STUDY SESSION 5		STUDY SESSION 3
	BO	X 7	
READING 14. ASSET ALLOCATION WITH REAL-			READING 7. ASSET ALLOCATION WITH REAL-
	WORLDCONSTRAINTS		WORLDCONSTRAINTS
LOS		LOS	
а	discuss asset size, liquidity needs, time horizon, and regulatory or	а	discuss asset size, liquidity needs, time horizon, and regulatory or
	other considerations as constraints on asset allocation;		other considerations as constraints on asset allocation;
b	discuss tax considerations in asset allocation and rebalancing;	b	discuss tax considerations in asset allocation and rebalancing;
С	recommend and justify revisions to an asset allocation given	С	recommend and justify revisions to an asset allocation given
	change(s) in investment objectives and/or constraints;		change(s) in investment objectives and/or constraints;
d	discuss the use of short-term shifts in asset allocation;	d	discuss the use of short-term shifts in asset allocation;
е	Identify behavioral biases that arise in asset allocation and	е	Identify behavioral biases that arise in asset allocation and
	recommend methods to overcome them.		recommend methods to overcome them.
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Derivatives and Currency Management



	2020		2022
	STUDY SESSION 6		STUDY SESSION 4
	BOX	K 8	
	READING 15. OPTIONS STRATEGIES		READING 8. OPTIONS STRATEGIES
LOS		LOS	
а	demonstrate how an asset's returns may be replicated by using options;	а	demonstrate how an asset's returns may be replicated by using options;
b	discuss the investment objective(s), structure, payoff, risk(s), value at expiration, profit, maximum profit, maximum loss, and breakeven underlying price at expiration of a covered call position;	b	discuss the investment objective(s), structure, payoff, risk(s), value at expiration, profit, maximum profit, maximum loss, and breakeven underlying price at expiration of a covered call position;
С	discuss the investment objective(s), structure, payoff, risk(s), value at expiration, profit, maximum profit, maximum loss, and breakeven underlying price at expiration of a protective put position;	С	discuss the investment objective(s), structure, payoff, risk(s), value at expiration, profit, maximum profit, maximum loss, and breakeven underlying price at expiration of a protective put position;
d	compare the delta of covered call and protective put positions with the position of being long an asset and short a forward on the underlying asset;	d	compare the delta of covered call and protective put positions with the position of being long an asset and short a forward on the underlying asset;
e	compare the effect of buying a call on a short underlying position with the effect of selling a put on a short underlying position;	e	compare the effect of buying a call on a short underlying position with the effect of selling a put on a short underlying position;
f	discuss the investment objective(s), structure, payoffs, risk(s), value at expiration, profit, maximum profit, maximum loss, and breakeven underlying price at expiration of the following option strategies: bull spread, bear spread, straddle, and collar;	f	discuss the investment objective(s), structure, payoffs, risk(s), value at expiration, profit, maximum profit, maximum loss, and breakeven underlying price at expiration of the following option strategies: bull spread, bear spread, straddle, and collar;
g	describe uses of calendar spreads;	g	describe uses of calendar spreads;
h	discuss volatility skew and smile;	h	discuss volatility skew and smile;
i	identify and evaluate appropriate option strategies consistent with given investment objectives;	i	identify and evaluate appropriate option strategies consistent with given investment objectives;
j	demonstrate the use of options to achieve targeted equity risk exposures.	j	demonstrate the use of options to achieve targeted equity risk exposures.

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			A positive NPV Trainir	
	2020		2022	
	STUDY SESSION 6	STUDY SESSION 4 DX 9		
	BO			
RE A	ADING 16. SWAPS, FORWARDS, AND FUTURES STRATEGIES	RE	ADING 9. SWAPS, FORWARDS, AND FUTURES STRATEGIES	
LOS		LOS		
а	demonstrate how interest rate swaps, forwards, and futures can be	а	demonstrate how interest rate swaps, forwards, and futures can be	
	used to modify a portfolio's risk and return;		used to modify a portfolio's risk and return;	
b	demonstrate how currency swaps, forwards, and futures can be used	b	demonstrate how currency swaps, forwards, and futures can be used	
	to modify a portfolio's risk and return;		to modify a portfolio's risk and return;	
С	demonstrate how equity swaps, forwards, and futures can be used to	С	demonstrate how equity swaps, forwards, and futures can be used to	
	modify a portfolio's risk and return;		modify a portfolio's risk and return;	
d	demonstrate the use of volatility derivatives and variance swaps;	d	demonstrate the use of volatility derivatives and variance swaps;	
е	demonstrate the use of derivatives to achieve targeted equity and	е	demonstrate the use of derivatives to achieve targeted equity and	
	interest rate risk exposures;		interest rate risk exposures;	
f	demonstrate the use of derivatives to achieve targeted equity and	f	demonstrate the use of derivatives in asset allocation, rebalancing,	
	interest rate risk exposures;		and inferring market expectations.	

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	2020		2022	
	STUDY SESSION 6		STUDY SESSION 4	
	BO	10		
RE/	ADING 17. CURRENCY MANAGEMENT: AN INTRODUCTION	RE/	ADING 10. CURRENCY MANAGEMENT: AN INTRODUCTION	
LOS		LOS		
а	analyze the effects of currency movements on portfolio risk and	а	analyze the effects of currency movements on portfolio risk and	
	return;		return;	
b	discuss strategic choices in currency management;	b	discuss strategic choices in currency management;	
С	formulate an appropriate currency management program given	С	formulate an appropriate currency management program give	
	financial market conditions and portfolio objectives and constraints;		financial market conditions and portfolio objectives and constraints;	
d	compare active currency trading strategies based on economic	d	compare active currency trading strategies based on econom	
	fundamentals, technical analysis, carry-trade, and volatility trading;		fundamentals, technical analysis, carry-trade, and volatility trading;	
е	describe how changes in factors underlying active trading strategies	е	describe how changes in factors underlying active trading strategie	
	affect tactical trading decisions;		affect tactical trading decisions;	
f	describe how forward contracts and FX (foreign exchange) swaps are	f	describe how forward contracts and FX (foreign exchange) swaps ar	
	used to adjust hedge ratios;		used to adjust hedge ratios;	
g	describe trading strategies used to reduce hedging costs and modify	g	describe trading strategies used to reduce hedging costs and modif	
	the risk-return characteristics of a foreign-currency portfolio;		the risk- return characteristics of a foreign-currency portfolio;	
h	describe the use of cross-hedges, macro-hedges, and minimum-	h	describe the use of cross-hedges, macro-hedges, and minimun	
	variance-hedge ratios in portfolios exposed to multiple foreign		variance-hedge ratios in portfolios exposed to multiple foreig	
	currencies;		currencies;	
i	discuss challenges for managing emerging market currency	i	discuss challenges for managing emerging market current	
	exposures.		exposures.	



Fixed-Income Portfolio Management



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	2020		2022
	STUDY SESSION 7		STUDY SESSION 5
	BOX	11	
	READING 18. OVERVIEW OF FIXED-INCOME		READING 11. OVERVIEW OF FIXED-INCOME
	PORTFOLIOMANAGEMENT		PORTFOLIOMANAGEMENT
LOS		LOS	
а	discuss roles of fixed-income securities in portfolios;	а	discuss roles of fixed-income securities in portfolios and how fixed-
			income mandates may be classified;
b	describe how fixed-income mandates may be classified and compare	b	describe fixed-income portfolio measures of risk and return as well as
	features of the mandates;		correlation characteristics;
С	describe bond market liquidity, including the differences among	С	describe bond market liquidity, including the differences among
	market sub-sectors, and discuss the effect of liquidity on fixed-		market sub-sectors, and discuss the effect of liquidity on fixed-
	income portfolio management;		income portfolio management;
d	describe and interpret a model for fixed-income returns;	d	describe and interpret a model for fixed-income returns;
е	discuss the use of leverage, alternative methods for leveraging, and	е	discuss the use of leverage, alternative methods for leveraging, and
	risks that leverage creates in fixed-income portfolios;		risks that leverage creates in fixed-income portfolios;
f	discuss differences in managing fixed-income portfolios for taxable	f	discuss differences in managing fixed-income portfolios for taxable
	and tax-exempt investors.		and tax-exempt investors.

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	2020		2022
	STUDY SESSION 7		STUDY SESSION 5
	BOX	(12	
REA	DING 19. LIABILITY-DRIVEN AND INDEX-BASED STRATEGIES	REA	DING 12. LIABILITY-DRIVEN AND INDEX-BASED STRATEGIES
LOS		LOS	
а	describe liability-driven investing;	а	describe liability-driven investing;
b	evaluate strategies for managing a single liability;	b	evaluate strategies for managing a single liability;
С	compare strategies for a single liability and for multiple liabilities, including alternative means of implementation;	С	compare strategies for a single liability and for multiple liabilities including alternative means of implementation;
d	evaluate liability-based strategies under various interest rate scenarios and select a strategy to achieve a portfolio's objectives;	d	describe construction, benefits, limitations, and risk-retur characteristics of a laddered bond portfolio; (Los i in 2020)
e	explain risks associated with managing a portfolio against a liability structure;	е	evaluate liability-based strategies under various interest rat scenarios and select a strategy to achieve a portfolio's objectives; (Lo d in 2020)
f	discuss bond indexes and the challenges of managing a fixed-income portfolio to mimic the characteristics of a bond index;	f	explain risks associated with managing a portfolio against a liabilit structure; (Los e in 2020)
g	compare alternative methods for establishing bond market exposure passively;	g	discuss bond indexes and the challenges of managing a fixed-incom portfolio to mimic the characteristics of a bond index; (Los f in 2020)
h	discuss criteria for selecting a benchmark and justify the selection of a benchmark;	h	compare alternative methods for establishing bond market exposur passively; (Los g in 2020)
i	describe construction, benefits, limitations, and risk-return characteristics of a laddered bond portfolio.	i	discuss criteria for selecting a benchmark and justify the selection of a benchmark. (Los h in 2020)

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	2020		2022
	STUDY SESSION 8		STUDY SESSION 6
	BO>	(13	
	READING 20. YIELD CURVE STRATEGIES		READING 13. YIELD CURVE STRATEGIES
LOS		LOS	
а	describe major types of yield curve strategies;	а	describe the factors affecting fixed-income portfolio returns due to a change in benchmark yields;
b	explain how to execute a carry trade;	b	formulate a portfolio positioning strategy given forward interest rates and an interest rate view that coincides with the market view;
С	explain why and how a fixed-income portfolio manager might choose to alter portfolio convexity;	С	formulate a portfolio positioning strategy given forward interest rates and an interest rate view that diverges from the market view in terms of rate level, slope, and shape;
d	formulate a portfolio positioning strategy given forward interest rates and an interest rate view;	d	formulate a portfolio positioning strategy based upon expected changes in interest rate volatility;
e	explain how derivatives may be used to implement yield curve strategies;	е	evaluate a portfolio's sensitivity using key rate durations of the portfolio and its benchmark; (Los f in 2020)
f	evaluate a portfolio's sensitivity to a change in curve slope using key rate durations of the portfolio and its benchmark;	f	discuss yield curve strategies across currencies;
g	discuss inter-market curve strategies;	g	evaluate the expected return and risks of a yield curve strategy. (Los in 2020)
h	construct a duration-neutral government bond portfolio to profit from a change in yield curve curvature;		
i	evaluate the expected return and risks of a yield curve strategy.		



	2020		2022
	STUDY SESSION 8		STUDY SESSION 6
	BOX	14	
	READING 21. FIXED-INCOME ACTIVE MANAGEMENT:		READING 14. FIXED-INCOME ACTIVE MANAGEMENT:
	CREDITSTRATEGIES		CREDITSTRATEGIES
LOS		LOS	
а	describe risk considerations in investment-grade and high-yield corporate bond portfolios;	а	describe risk considerations for spread-based fixed-income portfolios;
b	compare the use of credit spread measures in portfolio construction;	b	discuss the advantages and disadvantages of credit spread measures for spread- based fixed- income portfolios, and explain why option- adjusted spread is considered the most appropriate measure;
С	discuss bottom-up approaches to credit strategies;	С	discuss bottom- up approaches to credit strategies;
d	discuss top-down approaches to credit strategies;	d	discuss top- down approaches to credit strategies;
e	discuss liquidity risk in credit markets and how liquidity risk can be managed in a credit portfolio;	е	discuss liquidity risk in credit markets and how liquidity risk can be managed in a credit portfolio;
f	describe how to assess and manage tail risk in credit portfolios;	f	describe how to assess and manage tail risk in credit portfolios;
g	discuss considerations in constructing and managing portfolios across international credit markets;	g	discuss the use of credit default swap strategies in active fixed- income portfolio management;
h	describe the use of structured financial instruments as an alternative to corporate bonds in credit portfolios.	h	discuss various portfolio positioning strategies that managers can use to implement a specific credit spread view;
		i	discuss considerations in constructing and managing portfolios across international credit markets; (Los g in 2020)
		j	describe the use of structured financial instruments as an alternative to corporate bonds in credit portfolios; (Los h in 2020)
		k	describe key inputs, outputs, and considerations in using analytical tools to manage fixed- income portfolios.

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Equity Portfolio Management



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	2020		2022
	STUDY SESSION 9		STUDY SESSION 7
	BOX	(15	
REAL	DING 22. OVERVIEW OF EQUITY PORTFOLIO MANAGEMENT	REAL	DING 15. OVERVIEW OF EQUITY PORTFOLIO MANAGEMENT
LOS		LOS	
а	describe the roles of equities in the overall portfolio;	а	describe the roles of equities in the overall portfolio;
b	describe how an equity manager's investment universe can be segmented;	b	describe how an equity manager's investment universe can be segmented;
С	describe the types of income and costs associated with owning and managing an equity portfolio and their potential effects on portfolio performance;	С	describe the types of income and costs associated with owning and managing an equity portfolio and their potential effects on portfolio performance;
d	describe the potential benefits of shareholder engagement and the role an equity manager might play in shareholder engagement;	d	describe the potential benefits of shareholder engagement and the role an equity manager might play in shareholder engagement;
е	describe rationales for equity investment across the passive-active spectrum.	е	describe rationales for equity investment across the passive-active spectrum.



	2020		2022
	STUDY SESSION 9		STUDY SESSION 7
BO		(16	
	READING 23. PASSIVE EQUITY INVESTING		READING 16. PASSIVE EQUITY INVESTING
LOS		LOS	
а	discuss considerations in choosing a benchmark for a passively	а	discuss considerations in choosing a benchmark for a passively
	managed equity portfolio;		managed equity portfolio;
b	compare passive factor-based strategies to market-capitalization-	b	compare passive factor-based strategies to market-capitalization-
	weighted indexing;		weighted indexing;
С	compare different approaches to passive equity investing;	С	compare different approaches to passive equity investing;
d	compare the full replication, stratified sampling, and optimization	d	compare the full replication, stratified sampling, and optimization
	approaches for the construction of passively managed equity		approaches for the construction of passively managed equity
	portfolios;		portfolios;
е	discuss potential causes of tracking error and methods to control	е	discuss potential causes of tracking error and methods to control
	tracking error for passively managed equity portfolios;		tracking error for passively managed equity portfolios;
f	explain sources of return and risk to a passively managed equity	f	explain sources of return and risk to a passively managed equity
	portfolio.		portfolio.

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	2020		2022
	STUDY SESSION 10		STUDY SESSION 8
	BOX	(17	
	READING 24. ACTIVE EQUITY INVESTING: STRATEGIES		READING 17. ACTIVE EQUITY INVESTING: STRATEGIES
LOS		LOS	
а	compare fundamental and quantitative approaches to active management;	а	compare fundamental and quantitative approaches to active management;
b	analyze bottom-up active strategies, including their rationale and associated processes;	b	analyze bottom-up active strategies, including their rationale and associated processes;
С	analyze top-down active strategies, including their rationale and associated processes;	С	analyze top-down active strategies, including their rationale and associated processes;
d	analyze factor-based active strategies, including their rationale and associated processes;	d	analyze factor-based active strategies, including their rationale and associated processes;
е	analyze activist strategies, including their rationale and associated processes;	е	analyze activist strategies, including their rationale and associated processes;
f	describe active strategies based on statistical arbitrage and market microstructure;	f	describe active strategies based on statistical arbitrage and market microstructure;
g	describe how fundamental active investment strategies are created;	g	describe how fundamental active investment strategies are created;
h	describe how quantitative active investment strategies are created;	h	describe how quantitative active investment strategies are created;
i	discuss equity investment style classifications.	i	discuss equity investment style classifications.



	2020		2022
	STUDY SESSION 10		STUDY SESSION 8
	BOX	(18	
	READING 25. ACTIVE EQUITY INVESTING: PORTFOLIO		READING 18. ACTIVE EQUITY INVESTING: PORTFOLIO
	CONSTRUCTION		CONSTRUCTION
LOS		LOS	
а	describe elements of a manager's investment philosophy that	а	describe elements of a manager's investment philosophy that
	influence the portfolio construction process;		influence the portfolio construction process;
b	discuss approaches for constructing actively managed equity	b	discuss approaches for constructing actively managed equity
	portfolios;		portfolios;
С	distinguish between Active Share and active risk and discuss how	С	distinguish between Active Share and active risk and discuss how
	each measure relates to a manager's investment strategy;		each measure relates to a manager's investment strategy;
d	discuss the application of risk budgeting concepts in portfolio	d	discuss the application of risk budgeting concepts in portfolio
	construction;		construction;
е	discuss risk measures that are incorporated in equity portfolio	е	discuss risk measures that are incorporated in equity portfolio
	construction and describe how limits set on these measures affect		construction and describe how limits set on these measures affect
	portfolio construction;		portfolio construction;
f	discuss how assets under management, position size, market	f	discuss how assets under management, position size, market
	liquidity, and port- folio turnover affect equity portfolio construction		liquidity, and port- folio turnover affect equity portfolio construction
	decisions;		decisions;
g	evaluate the efficiency of a portfolio structure given its investment	g	evaluate the efficiency of a portfolio structure given its investment
	mandate;		mandate;
h	discuss the long-only, long extension, long/short, and equitized	h	discuss the long-only, long extension, long/short, and equitized
	market-neutral approaches to equity portfolio construction,		market-neutral approaches to equity portfolio construction, including
	including their risks, costs, and effects on potential alphas.		their risks, costs, and effects on potential alphas.



Alternative Investments for Portfolio Management

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	2020 STUDY SESSION 11		2022 STUDY SESSION 9
	BO	(10	31001 32331011 9
	READING 26. HEDGE FUND STRATEGIES	(19	READING 19. HEDGE FUND STRATEGIES
LOS	READING 20. HEDGE FOND STRATEGIES	LOS	READING 19. HEDGE FOND STRATEGIES
соз	discuss how hedge fund strategies may be classified;	a	discuss how hedge fund strategies may be classified;
b	discuss investment characteristics, strategy implementation, and role	b	discuss investment characteristics, strategy implementation, and ro
N	in a portfolio of equity- related hedge fund strategies;	U U	in a portfolio of equity- related hedge fund strategies;
с	discuss investment characteristics, strategy implementation, and role	С	discuss investment characteristics, strategy implementation, and ro
C	in a portfolio of event- driven hedge fund strategies;	C	in a portfolio of event- driven hedge fund strategies;
d	discuss investment characteristics, strategy implementation, and role	d	discuss investment characteristics, strategy implementation, and ro
u	in a portfolio of relative value hedge fund strategies;	u	in a portfolio of relative value hedge fund strategies;
е	discuss investment characteristics, strategy implementation, and role	е	discuss investment characteristics, strategy implementation, and ro
C	in a portfolio of opportunistic hedge fund strategies;	C	in a portfolio of opportunistic hedge fund strategies;
f	discuss investment characteristics, strategy implementation, and role	f	discuss investment characteristics, strategy implementation, and ro
•	in a portfolio of specialist hedge fund strategies;	·	in a portfolio of specialist hedge fund strategies;
g	discuss investment characteristics, strategy implementation, and role	g	discuss investment characteristics, strategy implementation, and ro
D	in a portfolio of multi- manager hedge fund strategies;	D	in a port- folio of multi- manager hedge fund strategies;
h	describe how factor models may be used to understand hedge fund	h	describe how factor models may be used to understand hedge fur
	risk exposures;		risk exposures;
i	evaluate the impact of an allocation to a hedge fund strategy in a	i	evaluate the impact of an allocation to a hedge fund strategy in
	traditional investment portfolio.		traditional investment portfolio.



	2020		2022
	STUDY SESSION 11		STUDY SESSION 9
	BO>	(20	
	READING 27. ASSET ALLOCATION TO ALTERNATIVE		READING 20. ASSET ALLOCATION TO ALTERNATIVE
	INVESTMENTS		INVESTMENTS
LOS		LOS	
а	explain the roles that alternative investments play in multi-asset portfolios;	а	explain the roles that alternative investments play in multi-asset portfolios;
b	compare alternative investments and bonds as risk mitigators in relation to a long equity position;	b	compare alternative investments and bonds as risk mitigators in relation to a long equity position;
С	compare traditional and risk-based approaches to defining the investment opportunity set, including alternative investments;	С	compare traditional and risk-based approaches to defining the investment opportunity set, including alternative investments;
d	discuss investment considerations that are important in allocating to different types of alternative investments;	d	discuss investment considerations that are important in allocating to different types of alternative investments;
e	discuss suitability considerations in allocating to alternative investments;	е	discuss suitability considerations in allocating to alternative investments;
f	discuss approaches to asset allocation to alternative investments;	f	discuss approaches to asset allocation to alternative investments;
g	discuss the importance of liquidity planning in allocating to alternative investments;	g	discuss the importance of liquidity planning in allocating to alternative investments;
h	discuss considerations in monitoring alternative investment programs.	h	discuss considerations in monitoring alternative investment programs.



Private Wealth Management

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	2020		2022
	STUDY SESSION 12		STUDY SESSION 10
	BOX	21	
REA	ADING 28. OVERVIEW OF PRIVATE WEALTH MANAGEMENT	REA	DING 21. OVERVIEW OF PRIVATE WEALTH MANAGEMENT
LOS		LOS	
а	contrast private client and institutional client investment concerns;	а	contrast private client and institutional client investment concerns;
b	discuss information needed in advising private clients;	b	discuss information needed in advising private clients;
С	identify tax considerations affecting a private client's investments;	С	identify tax considerations affecting a private client's investments;
d	identify and formulate client goals based on client information;	d	identify and formulate client goals based on client information;
е	evaluate a private client's risk tolerance;	е	evaluate a private client's risk tolerance;
f	describe technical and soft skills needed in advising private clients;	f	describe technical and soft skills needed in advising private clients;
g	evaluate capital sufficiency in relation to client goals;	g	evaluate capital sufficiency in relation to client goals;
h	discuss the principles of retirement planning;	h	discuss the principles of retirement planning;
i	discuss the parts of an investment policy statement (IPS) for a private client;	i	discuss the parts of an investment policy statement (IPS) for a privat client;
j	prepare the investment objectives section of an IPS for a private client;	j	prepare the investment objectives section of an IPS for a privat client;
k	evaluate and recommend improvements to an IPS for a private client;	k	evaluate and recommend improvements to an IPS for a private clien
I	recommend and justify portfolio allocations and investments for a private client;	I	recommend and justify portfolio allocations and investments for private client;
m	describe effective practices in portfolio reporting and review;	m	describe effective practices in portfolio reporting and review;
n	evaluate the success of an investment program for a private client;	n	evaluate the success of an investment program for a private client;
0	discuss ethical and compliance considerations in advising private clients;	0	discuss ethical and compliance considerations in advising priva clients;
р	discuss how levels of service and range of solutions are related to different private clients.	р	discuss how levels of service and range of solutions are related different private clients.



2020	2022	
	STUDY SESSION 10	
	BOX 22	
	READING 22. TOPICS IN PRIVATE WEALTH MANAGE	MENT
	LOS	
	a compare taxation of income, wealth, and wealth transfer	s;
	b describe global considerations of jurisdiction that are taxation;	relevant t
	c discuss and analyze the tax efficiency of investments;	
	d analyze the impact of taxes on capital accumul decumulation in taxable, tax-exempt, and tax-deferred a	
	e explain portfolio tax management strategies and their ap	plication;
	f discuss risk and tax objectives in managing concentra asset positions;	ted singl
	g describe strategies for managing concentrated position equities;	s in publ
	h describe strategies for managing concentrated positions owned businesses and real estate;	in private
	i discuss objectives—tax and non-tax—in planning the wealth;	transfer
	j discuss strategies for achieving estate, bequest, and l objectives in common law and civil law regimes;	fetime gi
	k describe considerations related to managing wealth acro generations.	ss multip

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	2020		2022
	STUDY SESSION 13		STUDY SESSION 11
	BOX	(23	
	READING 32. RISK MANAGEMENT FOR INDIVIDUALS		READING 23. RISK MANAGEMENT FOR INDIVIDUALS
LOS		LOS	
а	compare the characteristics of human capital and financial capital as	а	compare the characteristics of human capital and financial capital as
	components of an individual's total wealth;		components of an individual's total wealth;
b	discuss the relationships among human capital, financial capital, and	b	discuss the relationships among human capital, financial capital, and
	economic net worth;		economic net worth;
С	discuss the financial stages of life for an individual;	С	discuss the financial stages of life for an individual;
d	describe an economic (holistic) balance sheet;	d	describe an economic (holistic) balance sheet;
е	discuss risks (earnings, premature death, longevity, property,	е	discuss risks (earnings, premature death, longevity, property, liability,
	liability, and health risks) in relation to human and financial capital;		and health risks) in relation to human and financial capital;
f	describe types of insurance relevant to personal financial planning;	f	describe types of insurance relevant to personal financial planning;
g	describe the basic elements of a life insurance policy and how	g	describe the basic elements of a life insurance policy and how
	insurers price a life insurance policy;		insurers price a life insurance policy;
h	discuss the use of annuities in personal financial planning;	h	discuss the use of annuities in personal financial planning;
i	discuss the relative advantages and disadvantages of fixed and	i	discuss the relative advantages and disadvantages of fixed and
	variable annuities;		variable annuities;
j	analyze and critique an insurance program;	j	analyze and evaluate an insurance program;
k	discuss how asset allocation policy may be influenced by the risk	k	discuss how asset allocation policy may be influenced by the risk
	characteristics of human capital;		characteristics of human capital;
I	recommend and justify appropriate strategies for asset allocation	I	recommend and justify appropriate strategies for asset allocation and
	and risk reduction when given an investor profile of key inputs.		risk reduction when given an investor profile of key inputs.



	2020	2022
	STUDY SESSION 12	
READ	DING 29. TAXES AND PRIVATE WEALTH MANAGEMENT IN A	TAXES AND PRIVATE WEALTH MANAGEMENT IN A GLOBAL
	GLOBAL CONTEXT	CONTEXT
LOS		
а	compare basic global taxation regimes as they relate to the taxation	
	of dividend income, interest income, realized capital gains, and	
	unrealized capital gains;	
b	determine the effects of different types of taxes and tax regimes on	
	future wealth accumulation;	Removed from 2022
С	explain how investment return and investment horizon affect the tax	
	impact associated with an investment;	
d	discuss the tax profiles of different types of investment accounts and	
	explain their effects on after- tax returns and future accumulations;	
е	explain how taxes affect investment risk;	
f	discuss the relation between after- tax returns and different types of	
	investor trading behavior;	
g	explain tax loss harvesting and highest- in/first- out (HIFO) tax lot	
	accounting;	
h	demonstrate how taxes and asset location relate to mean-variance	
	optimization.	



	2020	2022
	STUDY SESSION 12	
	READING 30. ESTATE PLANNING IN A GLOBAL CONTEXT	ESTATE PLANNING IN A GLOBAL CONTEXT
LOS		
а	discuss the purpose of estate planning and explain the basic concepts of domestic estate planning, including estates, wills, and probate;	
b	explain the two principal forms of wealth transfer taxes and discuss effects of important nontax issues, such as legal system, forced heirship, and marital property regime;	
С	determine a family's core capital and excess capital, based on mortality probabilities and Monte Carlo analysis;	Removed from 2022
d	evaluate the relative after- tax value of lifetime gifts and testamentary bequests;	
e	explain the estate planning benefit of making lifetime gifts when gift taxes are paid by the donor, rather than the recipient;	
f	evaluate the after- tax benefits of basic estate planning strategies, including generation skipping, spousal exemptions, valuation discounts, and charitable gifts;	
g	explain the basic structure of a trust and discuss the differences between revocable and irrevocable trusts;	
h	explain how life insurance can be a tax-efficient means of wealth transfer;	
i	discuss the two principal systems (source jurisdiction and residence jurisdiction) for establishing a country's tax jurisdiction;	
j	discuss the possible income and estate tax consequences of foreign situated assets and foreign- sourced income;	
k	evaluate a client's tax liability under each of three basic methods (credit, exemption, and deduction) that a country may use to provide relief from double taxation;	
Ι	discuss how increasing international transparency and information exchange among tax authorities affect international estate planning.	



	2020	2022
	STUDY SESSION 13	
	READING 31. CONCENTRATED SINGLE-ASSET POSITIONS	CONCENTRATED SINGLE-ASSET POSITIONS
los		
а	explain investment risks associated with a concentrated position in a	
	single asset and discuss the appropriateness of reducing such risks;	
b	describe typical objectives in managing concentrated positions;	
С	discuss tax consequences and illiquidity as considerations affecting	
	the management of concentrated positions in publicly traded	Removed from 2022
	common shares, privately held businesses, and real estate;	
d	discuss capital market and institutional constraints on an investor's	
	ability to reduce a concentrated position;	
е	discuss psychological considerations that may make an investor	
	reluctant to reduce his or her exposure to a concentrated position;	
f	describe advisers' use of goal- based planning in managing	
	concentrated positions;	
g	explain uses of asset location and wealth transfers in managing	
	concentrated positions;	
h	describe strategies for managing concentrated positions in publicly	
	traded common shares;	
i	discuss tax considerations in the choice of hedging strategy;	
j	describe strategies for managing concentrated positions in privately	
	held businesses;	
k	describe strategies for managing concentrated positions in real	
	estate;	
Ι	evaluate and recommend techniques for tax efficiently managing the	
	risks of concentrated positions in publicly traded common stock,	
	privately held businesses, and real estate.	
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Portfolio Management for Institutional Investors



	2020		A positive NPV Trainin	
	STUDY SESSION 14		STUDY SESSION 12	
		X 24		
DEA	DING 33. PORTFOLIO MANAGEMENT FOR INSTITUTIONAL		ADING 24. PORTFOLIO MANAGEMENT FOR INSTITUTIONAL	
NL/				
	INVESTORS		INVESTORS	
LOS		LOS		
а	discuss common characteristics of institutional investors as a group;	а	discuss common characteristics of institutional investors as a group;	
b	discuss investment policy of institutional investors;	b	discuss investment policy of institutional investors;	
С	discuss the stakeholders in the portfolio, the liabilities, the	С	discuss the stakeholders in the portfolio, the liabilities, the	
	investment time horizons, and the liquidity needs of different types		investment time horizons, and the liquidity needs of different types	
	of institutional investors;		of institutional investors;	
d	describe the focus of legal, regulatory, and tax constraints affecting	d	describe the focus of legal, regulatory, and tax constraints affecting	
	different types of institutional investors;		different types of institutional investors;	
е	evaluate risk considerations of private defined benefit (DB) pension	е	evaluate risk considerations of private defined benefit (DB) pension	
	plans in relation to 1) plan funded status, 2) sponsor financial		plans in relation to 1) plan funded status, 2) sponsor financial	
	strength, 3) interactions between the sponsor's business and the		strength, 3) interactions between the sponsor's business and the	
	fund's investments, 4) plan design, and 5) workforce characteristics;		fund's investments, 4) plan design, and 5) workforce characteristics;	
f	prepare the investment objectives section of an institutional	f	prepare the investment objectives section of an institutional	
	investor's investment policy statement;		investor's investment policy statement;	
g	evaluate the investment policy statement of an institutional investor;	g	evaluate the investment policy statement of an institutional investor;	
 h	evaluate the investment portfolio of a private DB plan, sovereign	h	evaluate the investment portfolio of a private DB plan, sovereign	
	wealth fund, university endowment, and private foundation;		wealth fund, university endowment, and private foundation;	
i	describe considerations affecting the balance sheet management of	i	describe considerations affecting the balance sheet management of	
I	banks and insurers.	I	banks and insurers.	

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Trading, Performance Evaluation, and Manager Selection

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			A positive NPV Traini	
	2020		2022	
	STUDY SESSION 15	STUDY SESSION 13		
	BO	X 25		
	READING 34. TRADE STRATEGY AND EXECUTION		READING 25. TRADE STRATEGY AND EXECUTION	
LOS		LOS		
а	discuss motivations to trade and how they relate to trading strategy;	а	discuss motivations to trade and how they relate to trading strategy;	
b	discuss inputs to the selection of a trading strategy;	b	discuss inputs to the selection of a trading strategy;	
С	compare benchmarks for trade execution;	С	compare benchmarks for trade execution;	
d	select and justify a trading strategy (given relevant facts);	d	recommend and justify a trading strategy (given relevant facts);	
е	describe factors that typically determine the selection of a trading algorithm class;	е	describe factors that typically determine the selection of a trading algorithm class	
f	contrast key characteristics of the following markets in relation to trade implementation: equity, fixed income, options and futures, OTC derivatives, and spot currency;	f	contrast key characteristics of the following markets in relation to trade implementation: equity, fixed income, options and futures, OTC derivatives, and spot currency;	
g	explain how trade costs are measured and determine the cost of a trade;	g	explain how trade costs are measured and determine the cost of a trade;	
h	evaluate the execution of a trade;	h	evaluate the execution of a trade;	
i	evaluate a firm's trading procedures, including processes, disclosures, and record keeping with respect to good governance.	i	evaluate a firm's trading procedures, including processes, disclosures, and record keeping with respect to good governance.	

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	2020		2022
	STUDY SESSION 15		STUDY SESSION 13
	BOX	(26	
	READING 35. PORTFOLIO PERFORMANCE EVALUATION		READING 26. PORTFOLIO PERFORMANCE EVALUATION
LOS		LOS	
а	explain the following components of portfolio evaluation and their interrelationships: performance measurement, performance attribution, and performance appraisal;	а	explain the following components of portfolio evaluation and their interrelationships: performance measurement, performance attribution, and performance appraisal;
b	describe attributes of an effective attribution process;	b	describe attributes of an effective attribution process;
С	distinguish between return attribution and risk attribution and between macro and micro return attribution;	С	contrast return attribution and risk attribution; contrast macro and micro return attribution;
d	describe returns-based, holdings-based, and transactions-based performance attribution, including advantages and disadvantages of each;	d	describe returns-based, holdings-based, and transactions-based performance attribution, including advantages and disadvantages of each;
е	interpret the sources of portfolio returns using a specified attribution approach;	е	interpret the sources of portfolio returns using a specified attribution approach;
f	interpret the output from fixed-income attribution analyses;	f	interpret the output from fixed-income attribution analyses;
g	discuss considerations in selecting a risk attribution approach;	g	discuss considerations in selecting a risk attribution approach;
h	distinguish between investment results attributable to the asset owner versus those attributable to the investment manager;	h	identify and interpret investment results attributable to the asset owner versus those attributable to the investment manager;
i	discuss uses of liability-based benchmarks;	i	discuss uses of liability-based benchmarks;
j	describe types of asset-based benchmarks;	j	describe types of asset-based benchmarks;
k	discuss tests of benchmark quality;	k	discuss tests of benchmark quality;
I	describe problems that arise in benchmarking alternative investments;	I	describe problems that arise in benchmarking alternative investments;
m	describe the impact of benchmark misspecification on attribution and appraisal analysis;	m	describe the impact of benchmark misspecification on attribution and appraisal analysis;
n	calculate and interpret the Sortino ratio, the appraisal ratio,	n	calculate and interpret the Sortino ratio, the appraisal ratio,
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	upside/downside capture ratios, maximum drawdown, and		upside/downside capture ratios, maximum drawdown, and
	drawdown duration;		drawdown duration;
0	describe limitations of appraisal measures and related metrics;	0	describe limitations of appraisal measures and related metrics;
р	evaluate the skill of an investment manager.	р	evaluate the skill of an investment manager.

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	2020		2022
	STUDY SESSION 15		STUDY SESSION 13
	BOX	(27	
	READING 36. INVESTMENT MANAGER SELECTION		READING 27. INVESTMENT MANAGER SELECTION
LOS		LOS	
а	describe the components of a manager selection process, including	а	describe the components of a manager selection process, includin
	due diligence;		due diligence;
b	contrast Type I and Type II errors in manager hiring and continuation	b	contrast Type I and Type II errors in manager hiring and continuation
	decisions;		decisions;
С	describe uses of returns-based and holdings-based style analysis in	С	describe uses of returns-based and holdings-based style analysis
	investment manager selection;		investment manager selection;
d	describe uses of the upside capture ratio, downside capture ratio,	d	describe uses of the upside capture ratio, downside capture rati
	maximum drawdown, drawdown duration, and up/down capture in		maximum drawdown, drawdown duration, and up/down capture
	evaluating managers;		evaluating managers;
е	evaluate a manager's investment philosophy and investment	е	evaluate a manager's investment philosophy and investme
	decision-making process;		decision-making process;
f	evaluate the costs and benefits of pooled investment vehicles and	f	evaluate the costs and benefits of pooled investment vehicles an
	separate accounts;		separate accounts;
g	compare types of investment manager contracts, including their	g	compare types of investment manager contracts, including the
	major provisions and advantages and disadvantages;		major provisions and advantages and disadvantages;
h	describe the three basic forms of performance-based fees;	h	describe the three basic forms of performance-based fees;
i	analyze and interpret a sample performance-based fee schedule.	i	analyze and interpret a sample performance-based fee schedule.

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Cases in Portfolio Management and Risk Management



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	2020		2022		
	STUDY SESSION 16		STUDY SESSION 14		
	BOX 28				
R	READING 37. CASE STUDY IN PORTFOLIO MANAGEMENT:	R	EADING 28. CASE STUDY IN PORTFOLIO MANAGEMENT:		
	INSTITUTIONAL		INSTITUTIONAL		
LOS		LOS			
а	discuss tools for managing portfolio liquidity risk;	а	discuss tools for managing portfolio liquidity risk;		
b	discuss capture of the illiquidity premium as an investment objective;	b	discuss capture of the illiquidity premium as an investment objective;		
С	analyze asset allocation and portfolio construction in relation to	С	analyze asset allocation and portfolio construction in relation to		
	liquidity needs and risk and return requirements and recommend		liquidity needs and risk and return requirements and recommend		
	actions to address identified needs;		actions to address identified needs;		
d	analyze actions in asset manager selection with respect to the Code	d	analyze actions in asset manager selection with respect to the Code		
	of Ethics and Standards of Professional Conduct;		of Ethics and Standards of Professional Conduct;		
e	analyze the costs and benefits of derivatives versus cash market	е	analyze the costs and benefits of derivatives versus cash market		
	techniques for establishing or modifying asset class or risk exposures;		techniques for establishing or modifying asset class or risk exposures;		
f	demonstrate the use of derivatives overlays in tactical asset	f	demonstrate the use of derivatives overlays in tactical asset		
	allocation and rebalancing.		allocation and rebalancing.		



	2020		2022	
	STUDY SESSION 16		STUDY SESSION 14	
	BO>	X 2 9		
RE	ADING 38. CASE STUDY IN RISK MANAGEMENT: PRIVATE	RE	ADING 29. CASE STUDY IN RISK MANAGEMENT: PRIVATE	
	WEALTH		WEALTH	
LOS		LOS		
а	identify and analyze a family's risk exposures during the early career	а	identify and analyze a family's risk exposures during the early career	
	stage;		stage;	
b	recommend and justify methods to manage a family's risk exposures	b	recommend and justify methods to manage a family's risk exposures	
	during the early career stage;		during the early career stage;	
С	identify and analyze a family's risk exposures during the career	С	identify and analyze a family's risk exposures during the career	
	development stage;		development stage;	
d	recommend and justify methods to manage a family's risk exposures	d	recommend and justify methods to manage a family's risk exposures	
	during the career development stage;		during the career development stage;	
е	identify and analyze a family's risk exposures during the peak	е	identify and analyze a family's risk exposures during the peak	
	accumulation stage;		accumulation stage;	
f	recommend and justify methods to manage a family's risk exposures	f	recommend and justify methods to manage a family's risk exposures	
	during the peak accumulation stage;		during the peak accumulation stage;	
g	identify and analyze a family's risk exposures during the early	g	identify and analyze a family's risk exposures during the early	
	retirement stage;		retirement stage;	
h	recommend and justify a plan to manage risks to an individual's	h	recommend and justify a plan to manage risks to an individual's	
	retirement lifestyle goals.		retirement lifestyle goals.	



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2020		2022
		STUDY SESSION 14
	BOX 30	
	R	EADING 30. INTEGRATED CASES IN RISK MANAGEMENT:
		INSTITUTIONAL
	LOS	
	а	discuss financial risks associated with the portfolio strategy of ar institutional investor;
	b	discuss environmental and social risks associated with the portfolio strategy of an institutional investor;
	С	analyze and evaluate the financial and non-financial risk exposure in the portfolio strategy of an institutional investor;
	d	discuss various methods to manage the risks that arise on long-ter direct investments of an institutional investor;
	e	evaluate strengths and weaknesses of an enterprise ris management system and recommend improvements.



Ethical and Professional Standards



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	2020		2022
	STUDY SESSION 1		STUDY SESSION 15
BOX 31			
	READING 1. CODE OF ETHICS AND STANDARDS OF		READING 31. CODE OF ETHICS AND STANDARDS OF
	PROFESSIONAL CONDUCT		PROFESSIONAL CONDUCT
LOS		LOS	
а	describe the structure of the CFA Institute Professional Conduct	а	describe the structure of the CFA Institute Professional Conduct
	Program and the disciplinary review process for the enforcement of		Program and the disciplinary review process for the enforcement of
	the CFA Institute Code of Ethics and Standards of Professional		the CFA Institute Code of Ethics and Standards of Professional
	Conduct;		Conduct;
b	explain the ethical responsibilities required by the Code and	b	explain the ethical responsibilities required by the Code and
	Standards, including the sub- sections of each standard.		Standards, including the sub-sections of each standard.



	2020		2022
STUDY SESSION 1		STUDY SESSION 15	
	BOX	(32	
	READING 2. GUIDANCE FOR STANDARDS I–VII		READING 32. GUIDANCE FOR STANDARDS I–VII
LOS		LOS	
а	demonstrate a thorough knowledge of the CFA Institute Code of	а	demonstrate a thorough knowledge of the CFA Institute Code of
	Ethics and Standards of Professional Conduct by interpreting the		Ethics and Standards of Professional Conduct by interpreting the
	Code and Standards in various situations involving issues of		Code and Standards in various situations involving issues of
	professional integrity;		professional integrity;
b	recommend practices and procedures designed to prevent violations	b	recommend practices and procedures designed to prevent violations
	of the Code and Standards.		of the Code and Standards.



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2020		2022	
	STUDY SESSION 1		STUDY SESSION 15
BOX 33			
READING 3. APPLICATION OF THE CODE AND STANDARDS:		READING 33. APPLICATION OF THE CODE AND STANDARDS:	
LEVEL III		LEVEL III	
LOS		LOS	
а	evaluate practices, policies, and conduct relative to the CFA Institute	а	evaluate practices, policies, and conduct relative to the CFA Institute
	Code of Ethics and Standards of Professional Conduct;		Code of Ethics and Standards of Professional Conduct;
b	explain how the practices, policies, or conduct does or does not	b	explain how the practices, policies, or conduct does or does not
	violate the CFA Institute Code of Ethics and Standards of Professional		violate the CFA Institute Code of Ethics and Standards of Professional
	Conduct.		Conduct.



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	2020		2022
	STUDY SESSION 2		STUDY SESSION 16
	BOX	34	
READING 5. ASSET MANAGER CODE OF PROFESSIONAL CONDUCT			READING 34. ASSET MANAGER CODE OF PROFESSIONAL
			CONDUCT
LOS		LOS	
а	explain the purpose of the Asset Manager Code and the benefits that	а	explain the purpose of the Asset Manager Code and the benefits that
	may accrue to a firm that adopts the Code;		may accrue to a firm that adopts the Code;
b	explain the ethical and professional responsibilities required by the	b	explain the ethical and professional responsibilities required by the
	six General Principles of Conduct of the Asset Manager Code;		six General Principles of Conduct of the Asset Manager Code;
С	determine whether an asset manager's practices and procedures are	С	determine whether an asset manager's practices and procedures are
	consistent with the Asset Manager Code;		consistent with the Asset Manager Code;
d	recommend practices and procedures designed to prevent violations	d	recommend practices and procedures designed to prevent violations
	of the Asset Manager Code.		of the Asset Manager Code.



	2020		2022
	STUDY SESSION 2		STUDY SESSION 16
	ВОХ	35	
	READING 6. OVERVIEW OF THE GLOBAL INVESTMENT		READING 35. OVERVIEW OF THE GLOBAL INVESTMENT
	PERFORMANCE STANDARDS		PERFORMANCE STANDARDS
LOS		LOS	
а	discuss the objectives, key characteristics, and scope of the GIPS	а	discuss the objectives and scope of the GIPS standards and their
	standards and their benefits to prospective clients and investment managers;		benefits to prospective clients and investors, as well as investment managers;
b	explain the fundamentals of compliance with the GIPS standards,	b	explain the fundamentals of compliance with the GIPS standards,
	including the definition of the firm and the firm's definition of discretion;		including the definition of the firm and the firm's definition of discretion;
С	explain the requirements and recommendations of the GIPS	С	discuss requirements of the GIPS standards with respect to return
	standards with respect to input data, including accounting policies		calculation methodologies, including the treatment of external cash
	related to valuation and performance measurement;		flows, cash and cash equivalents, and expenses and fees; (Los d in 2020)
d	discuss the requirements of the GIPS standards with respect to	d	explain requirements of the GIPS standards with respect to
	return calculation methodologies, including the treatment of		composite return calculations, including methods for asset-weighting
	external cash flows, cash and cash equivalents, and expenses and fees;		portfolio returns; (Los e in 2020)
е	explain the requirements and recommendations of the GIPS	е	explain the meaning of "discretionary" in the context of composite
	standards with respect to composite return calculations, including		construction and, given a description of the relevant facts, determine
	methods for asset- weighting portfolio returns;		whether a portfolio is likely to be considered discretionary; (Los f in 2020)
f	explain the meaning of "discretionary" in the context of composite	f	explain the role of investment mandates, objectives, or strategies in
	construction and, given a description of the relevant facts, determine		the construction of composites; (Los g in 2020)
	whether a portfolio is likely to be considered discretionary;		
g	explain the role of investment mandates, objectives, or strategies in	g	explain requirements of the GIPS standards with respect to



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th	ne construction of composites;		composite construction, including switching portfolios among composites, the timing of the inclusion of new portfolios in composites, and the timing of the exclusion of terminated portfolios
			from composites; (Los h in 2020)
sta sw ne	xplain the requirements and recommendations of the GIPS candards with respect to composite construction, including witching portfolios among composites, the timing of the inclusion of ew portfolios in composites, and the timing of the exclusion of erminated portfolios from composites;	h	explain requirements of the GIPS standards with respect to presentation and reporting; (Los k in 2020)
	xplain the requirements of the GIPS standards for asset class egments carved out of multi- class portfolios;	i	explain the conditions under which the performance of a past firm or affiliation may be linked to or used to represent the historica performance of a new or acquiring firm; (Los I in 2020)
sta lev co	eriods;	j	explain the recommended valuation hierarchy of the GIPS standards; (Los q in 2020)
sta re	xplain the requirements and recommendations of the GIPS candards with respect to presentation and reporting, including the equired timeframe of compliant performance periods, annual eturns, composite assets, and benchmarks;	k	discuss the purpose, scope, and process of verification. (Los s in 2020)
aft	xplain the conditions under which the performance of a past firm or ffiliation must be linked to or used to represent the historical erformance of a new or acquiring firm;		
an me	valuate the relative merits of high/low, range, inter quartile range, nd equal- weighted or asset weighted standard deviation as neasures of the internal dispersion of portfolio returns within a composite for annual periods;		
n ide	lentify the types of investments that are subject to the GIPS		



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	standards for real estate and private equity;	
0	explain the provisions of the GIPS standards for real estate and	
	private equity;	
р	explain the provisions of the GIPS standards for Wrap fee/Separately	
	Managed Accounts;	
q	explain the requirements and recommended valuation hierarchy of	
	the GIPS Valuation Principles;	
r	determine whether advertisements comply with the GIPS Advertising	
	Guidelines;	
S	discuss the purpose, scope, and process of verification;	
t	discuss challenges related to the calculation of after- tax returns;	
u	identify and explain errors and omissions in given performance	
	presentations and recommend changes that would bring them into	
	compliance with GIPS standards.	



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	2020	2022
	STUDY SESSION 2	
REAL	DING 4. PROFESSIONALISM IN THE INVESTMENT INDUSTRY	PROFESSIONALISM IN THE INVESTMENT INDUSTRY
LOS		
а	describe how professions establish trust;	
b	explain professionalism in investment management;	Removed form 2022
С	describe expectations of investment professionals;	
d	describe a framework for ethical decision-making	

Sanjay Saraf Sir