

International Examinations Syllabus

Certified International Wealth Manager (CIWM)

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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 scheme comprises international examinations as well as a national/regional examination. The international examinations are divided into two levels – the Foundation and Final level. Both levels test a global common knowledge base and are completed by all CIWM candidates worldwide.

The national/regional specific examination is set by individual CIWM training providers. It examines knowledge that affects investment decision-making and that is required for domestic and international wealth planning and management. While it is regionally-focussed, the wealth planning part of the regional examination is provided centrally.

The examinations combine multiple choice and 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

Foundation Examination

Topic Areas	Examination Duration (Minutes)
Financial Analysis and Financial Statement Analysis, Equity Valuation and Analysis, Corporate Finance	190
Fixed Income Valuation and Analysis, Economics	160
Derivative Valuation and Analysis, Portfolio Management	190
Total time	540 (i.e. 9 hours)

Final Examination

Topic Areas	Examination Duration (Minutes)
Wealth Management	180
Relationship Management, Behavioural Finance, Real Estate Valuation and Analysis	180
Total time	360 (i.e. 6 hours)

NATIONAL / REGIONAL EXAMINATION

Topic Areas	Examination Duration (Minutes)
International and Domestic Wealth Planning	90
Law and Regulation, Taxation, Ethics	90*
Total time	180 (i.e. 3 hours)

*Minimum examination duration

The national / regional examination might be split into two examinations of 90 minutes each or offered as one examination of 180 minutes. This syllabus covers the topics of the international examinations and the centrally-provided wealth planning part. The syllabus for the examination on law and regulation, taxation and ethics is compiled by the local CIWM partner in each country.

FOUNDATION EXAMINATION

Financial Accounting and Financial Statement Analysis

- 1 **Financial reporting environment**
 - 1.1 The financial statements
 - 1.2 Financial reporting issues
- 2 **Framework for the preparation and presentation of financial statements**
 - 2.1 Objective of financial statements
 - 2.2 Accounting conventions
 - 2.3 Fundamental definitions
 - 2.4 Criteria for accounting recognition
- 3 **Statement of cash flows**
 - 3.1 Rationale for statement of cash flows
 - 3.2 Relation between income flows and cash flows
- 4 **Income recognition**
 - 4.1 Criteria for revenues recognition
 - 4.2 Long-term construction contracts
 - 4.3 Criteria for expense recognition
 - 4.4 Accounting for stock options and similar benefits
- 5 **Assets, Liabilities and shareholders equities**
 - 5.1 Assets
 - 5.2 Liabilities
 - 5.3 Shareholders' equity
 - 5.4 Provisions
- 6 **Foreign currency transactions**
 - 6.1 Foreign currency transactions
 - 6.2 The translation of financial statements into a foreign currency
 - 6.3 Hyperinflationary economies
- 7 **Financial reporting and financial statement analysis**
 - 7.1 Income vs. cash flows
 - 7.2 Quality of earnings and earnings management
 - 7.3 Earnings per share
- 8 **Analytical tools for assessing profitability and risk**
 - 8.1 Profitability analysis
 - 8.2 Risk analysis

Equity Valuation and Analysis

- 1 **Equity markets and structures**
 - 1.1 Types of equity securities
 - 1.2 Indices
- 2 **Valuation model of common stock**
 - 2.1 Dividend discount models
 - 2.2 Free cash flow model
 - 2.3 Measures of relative value

Corporate Finance

- 1 **Fundamentals of corporate finance**
 - 1.1 Goals of corporate finance
 - 1.2 Finance function and firm's objectives
 - 1.3 Role of the financial manager
 - 1.4 Principles of valuation
 - 1.5 Discounted cash flow
 - 1.6 Capital budgeting
- 2 **Long term finance decision**
 - 2.1 Investment decision
 - 2.2 Project evaluation
 - 2.3 Liquidation and reorganisation
- 3 **Short-term finance decision**
 - 3.1 Short-term financing
- 4 **Capital structure and dividend policy**
 - 4.1 Leverage and the value of the firm
 - 4.2 Dividend policy

Economics

- 1 **Macroeconomics: the basics**
 - 1.1 Major macroeconomics concepts and variables
 - 1.2 The basic model of output and interest rates in a closed economy
 - 1.3 The basic model of a financial market in a closed economy
 - 1.4 The IS-LM model
 - 1.5 The labour market
 - 1.6 General equilibrium in the real, financial and labour markets
- 2 **Macroeconomic dynamics**
 - 2.1 Inflation vs. unemployment: The great trade-off

- 3 **Open economy macroeconomics: the balance of payments and the exchange rate**
 - 3.1 The balance of payments
 - 3.2 The exchange rate
 - 3.3 Exchange rate, prices and interest rates
 - 3.4 Statistical behaviour of the exchange rate

Fixed Income Valuation and Analysis

- 1 **Fundamentals**
 - 1.1 Main characteristics
 - 1.2 Types of fixed income securities
 - 1.3 Money market instruments
 - 1.4 Government Bonds
 - 1.5 Corporate securities
 - 1.6 Indices
- 2 **Time value of money**
 - 2.1 Time value of money
 - 2.2 Bond yield measures
 - 2.3 Term structure of interest rates
 - 2.4 Bond price analysis
 - 2.5 Risk measurement
 - 2.6 Usage
- 3 **Bonds with warrants**
 - 3.1 Investment characteristics
 - 3.2 Value of a warrant
- 4 **Convertible bonds**
 - 4.1 Investment characteristics
 - 4.2 Value of conversion benefits
 - 4.3 Investment strategies
- 5 **Callable bonds**
 - 5.1 Investment characteristics
- 6 **Fixed Income portfolio management strategies**
 - 6.1 Active management
 - 6.2 Passive management

Derivative Valuation and Analysis

- 1 **Financial markets and instruments**
 - 1.1 Futures market
 - 1.2 Option markets
- 2 **Futures valuation and analysis**
 - 2.1 Factors determining contract price
 - 2.2 Theoretical price of futures
 - 2.3 Basis and factors causing change
 - 2.4 Arbitrage problems
 - 2.5 Hedging strategies
- 3 **Options valuation and analysis**
 - 3.1 Determinants of option price
 - 3.2 Option pricing models
 - 3.3 Sensitivity analysis of options premiums

Portfolio Management

- 1 **Modern portfolio theory**
 - 1.1 The risk/return framework
 - 1.2 Efficient markets
 - 1.3 Portfolio Theory
 - 1.4 Capital asset pricing model (CAPM)
- 2 **Investment Policy**
 - 2.1 Individual investors
 - 2.2 Institutional investors
- 3 **Asset allocation**
 - 3.1 Asset allocation overview
 - 3.2 Type of asset allocation
- 4 **Asset/liability-analysis and management**
 - 4.1 Introduction
 - 4.2 Modelling liabilities
 - 4.3 Modelling assets
 - 4.4 Surplus and funding ratios
 - 4.5 Integrated optimization
 - 4.6 Implementation of strategies
- 5 **Practical portfolio management**
 - 5.1 Derivatives in portfolio management
 - 5.2 International investments
- 6 **Performance measurement and evaluation**
 - 6.1 Risk-return measurement
 - 6.2 Risk-adjusted performance measures

FINAL EXAMINATION

Wealth Management

- 1 **Basic concepts**
 - 1.1 Comparing outcomes of investments
 - 1.2 Utility functions and indifference curves
 - 1.3 Expected utility approach
 - 1.4 Expected utility and the mean-variance framework
- 2 **Asset and liabilities categories**
 - 2.1 Assets and funds
 - 2.2 Structured products
 - 2.3 Liabilities
- 3 **Clients profiles**
 - 3.1 Setting return objectives
 - 3.2 Time horizon
 - 3.3 Liquidity need
 - 3.4 Taxes
 - 3.5 Keep the profile alive
- 4 **The financial plan: Assessing the client's assets and liabilities**
 - 4.1 Pro forma financial statements
 - 4.2 Base currency
 - 4.3 Assets
 - 4.4 Liabilities
 - 4.5 Revenues and the evolution of revenues
 - 4.6 Consumption and growth in consumption
 - 4.7 Cash surplus
 - 4.8 Taxation
 - 4.9 Financial analysis
- 5 **Asset allocation, portfolio choice and management styles**
 - 5.1 Client constraints
 - 5.2 Construction of the efficient frontiers
 - 5.3 Determination of the optimal portfolio and the corresponding asset allocation with the client
 - 5.4 Periodical review of the assumptions, co-operation with the research and economic forecast departments
- 6 **Funds selection**
 - 6.1 Advantages and disadvantages of mutual funds
 - 6.2 The fund selection process
 - 6.3 Tax considerations

Relationship Management

- 1 **Interpersonal relationship and wealth management**
 - 1.1 The interpersonal relationship
 - 1.2 The wealth manager and his client: the relationship interpretation model
 - 1.3 Interdependence and expectations in the wealth manager-to-client relationship
 - 1.4 Effectiveness and efficiency in relationship management
- 2 **The idea of wealth through different cultures and the club of the wealthy**
 - 2.1 The idea of wealth
 - 2.2 The club of the wealthy
- 3 **Effective management of the client relationship**
 - 3.1 Information as a strategic resource for the wealth manager
 - 3.2 Where to look for information
 - 3.3 The client as a primary source of information
 - 3.4 Communication and negotiation
 - 3.5 Intercultural communication
 - 3.6 The negotiation
- 4 **Efficient customer relations management in wealth management**
 - 4.1 The lifecycle of a relationship
 - 4.2 Strategy for an efficient relationship management
 - 4.3 Customer relations management at the operating level
- 5 **The industrial aspects of wealth management**
 - 5.1 Customer originated processes "COP"
 - 5.2 Organizational models in the business
 - 5.3 The competence of a wealth manager

Behavioural Finance

- 1 **The decision-making process: limits of normative theory**
 - 1.1 Decision problems, characteristics and the meaning of rationality in finance
 - 1.2 The expected utility hypothesis and the independence axiom
- 2 **Structuring the wealth management process**
 - 2.1 Needs analysis
 - 2.2 Personal asset and liability management
 - 2.3 Investor's profile
 - 2.4 Optimal asset allocation
 - 2.5 Documentation, reporting and evaluating the investment advice
- 3 **Product design – a case study with structured products**
 - 3.1 The question to be analysed
 - 3.2 The client's profile and hypothesis
 - 3.3 Products to be analysed
 - 3.4 Prospect theory evaluation
 - 3.5 Portfolio considerations and scientific assessment of structured products
- 4 **Inter-temporal asset allocation**
 - 4.1 Introduction
 - 4.2 Optimal asset allocation

Real Estate Valuation and Analysis

- 1 **Valuation and indices of real estate**
 - 1.1 Valuation methods
 - 1.2 Real estate indices
- 2 **Integration of the real estate in the mixed-asset portfolio**
 - 2.1 Return and risks of real estate
 - 2.2 Correlation between the returns on various asset classes
 - 2.3 Determining the share of real estate in optimal portfolios
- 3 **Financing of real estate**
 - 3.1 Introduction: equity and debt in real estate investment
 - 3.2 Market for mortgage debt
 - 3.3 Financial structure of real estate investors: debt and equity
 - 3.4 Mortgage contract features
 - 3.5 Mortgage valuation and pricing

Wealth Planning

- 1 **Overview - Today's families and their tax and legal needs**
 - 1.1 Overview – legal needs of today's families
 - 1.2 Overview – tax needs of today's families
 - 1.3 Overview of global developments
- 2 **Principles of the taxation of individuals and their investments – comparative review**
 - 2.1 Tax systems
 - 2.2 Direct taxes: income tax, transfer taxes and wealth tax
 - 2.3 Indirect taxes: VAT/GST and custom duties
 - 2.4 Withholding taxes – dividends, interest, royalties and rents
 - 2.5 Relief from double taxation – tax credits, tax treaties, OECD model treaty
 - 2.6 Anti-deferral rules/controlled foreign corporations
 - 2.7 Anti-avoidance rules – substance over form, step-transaction etc.
 - 2.8 Transfer pricing – the arm's length principle, risk and its role, and contract research and development and cost sharing
- 3 **Residence, domicile and citizenship as the nexus for taxation, and the role of tax treaties in residence planning**
 - 3.1 Citizenship, residence and source
 - 3.2 Tax treaties – tie-breaker rules
- 4 **Introduction to private banking investment platforms: trusts, foundations, insurance structures, derivatives and other vehicles**
 - 4.1 Trusts
 - 4.2 Foundations
 - 4.3 Trusts v. Foundations
 - 4.4 Life insurance
 - 4.5 Companies, onshore and offshore
 - 4.6 Partnerships
 - 4.7 Derivatives, investment funds and other modern planning tools
- 5 **Local jurisdiction– Taxation for high-net worth individuals: an in-depth review**
 - 5.1 Overview of local tax system
 - 5.2 Taxation of individuals
 - 5.3 Taxation of corporations and other non-individual taxpayers
 - 5.4 Double taxation/distribution of profits

- 6 **Local jurisdiction – Indirect taxes: value added taxes, stamp taxes and their relevance in wealth planning**
- 7 **Local jurisdiction – Mobility planning: residence and domicile, and the departing resident**
- 8 **Local jurisdiction - Foreigners and the local tax system**
- 9 **Local jurisdiction – Trusts**
 - 9.1 Assessment, purpose and key points of Hague Convention; definition of trusts covered by convention, path towards ratification, special local issues
 - 9.2 Taxation of trusts, trusts and VAT, trusts with underlying company, underlying company and VAT
- 10 **Local jurisdiction – Bank secrecy, exchange of information and growing transparency (if applicable)**
 - 10.1 OECD Model, local approach
 - 10.2 International judicial assistance in tax matters
- 11 **Global transparency and the move away from undeclared money**
- 12 **The non-tax needs of families, and how to address them**
- 13 **The tax needs of families, and how to address them**
- 14 **Mobility planning**
 - 14.1 Expatriation – tax and legal issues, and planning considerations
 - 14.2 Pre-immigration – tax and legal issues, and planning considerations

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