Associate Wealth Manager
AWM

Syllabus

Associate Wealth Manager

Wealth Management

Chapter 1: The management of wealth

- Definition of wealth management
- Wealth accumulation classification schemes
- Wealth accumulation opportunities resulting from wealth transfer

Chapter 2: Wealth accumulation, discovery and marketing

- Values-based approach to client discovery
- Client needs for each accumulation stage
- Discussion with client about risk
- Effective marketing strategies

Chapter 3: Understanding a client's risk tolerance

- Theory of behavioural finance
- Benefits of using the principles of behavioural finance when working with clients
- Drawbacks of traditional risk tolerance questionnaires
- Cognitive and emotional client biases
- Incorporate client bias diagnoses into strategic asset allocation discussions and decisions

Chapter 4: Introduction to the portfolio management strategy

- Relationship between risk and return
- Calculation of the different types of return on an investment
- Various types of risk and risk measures
- Role that risk plays in stock selection
- Relationship between the risk and return of a portfolio
- Calculation and interpretation of the expected return of a portfolio
- Strategies aimed at maximising return while minimising risk
- Stages of the portfolio management process
- Various investment objectives and constraints
- Preparation of an investment policy statement (IPS) for a customer
- Content and purpose of an investment policy statement

Chapter 5: Portfolio management process

- Different asset classes forming part of the asset mix
- Strategies for establishing the asset mix
- Portfolio management styles of equity fund managers and fixed-income portfolio managers
- Benefits of asset allocation
- Differences between strategic asset allocation and the various types of common asset allocation techniques, as well as between active management and passive management
- Different stages of monitoring and evaluating portfolio return at the market, economy and customer level

Chapter 6: Fundamental analysis

- How fundamental analysis assists the securities selection process
- Key economic metrics
- Use of the yield curve as an economic indicator
- Influence of international economic events on domestic securities analysis
- How industry analysis can be used to select stocks
- Appropriate equities; monitoring development of the securities

Chapter 7: Technical analysis

- Using chart patterns to assess a stock
- Assessing stocks using statistical analysis and sentiment indicators

Chapter 8: Analysing and selecting mutual funds

- Characteristics of the different types of mutual funds
- Main mutual fund management styles
- Main criteria to consider when selecting a mutual fund for a client
- Costs linked to a mutual fund investment
- Information published in a fund fact sheet

Chapter 9: Analysis of non-conventional asset classes and their structures

- What an alternative investment is
- Hedge fund strategy classifications
- Evaluation of hedge fund performance
- Benefits and risks of principal-protected notes (PPNs)
- Benefits and risks of private equity investing
- Ways in which to invest in private equity
- How commodities may fit into an investment portfolio
- Different methods of investing in commodities
- Merits of using real estate (property) in a client portfolio
- Ways to invest in real estate (property) and mortgages

Chapter 10: International investing

- Advantages and disadvantages of international investing
- Investment vehicles providing access to international markets

Chapter 11: Basic information on portfolio solutions

- Definition and comparison of the categories of portfolio solutions
- Role of portfolio solutions for a wealth manager
- Fee structure of portfolio solutions and how to explain them to customers

Chapter 12: Management of the investment risks

- Terminology of investment risks
- Risk indicators
- Diversification principles
- Hedging strategies with derivatives

Chapter 13: Portfolio monitoring and performance evaluation

- Portfolio monitoring process
- Steps in an effective monitoring system
- Portfolio performance evaluation
- Calculation of portfolio returns
- Proper use of benchmarks in assessing portfolio performance
- Types of risk-adjusted return measure
- Use of gross of fees and net of fees returns in portfolio evaluation

Chapter 14: Sustainable and responsible investment

- Sustainability in the field of investment
- Important drivers for SRI
- SRI strategies
- Application of SRI strategies in the field of investment

Financial Instruments

Chapter 1: Money market

- Characteristics of money market instruments
- Principles for calculating benchmark interest rates
- Remuneration principles of money market instruments
- Main risks associated with investing in money market instruments

Chapter 2: Bonds

- Characteristics of bonds
- Calculation of bond prices
- Yield to maturity
- Duration
- Investment risks associated with bonds
- Bond investment strategies

Chapter 3: Equity

- Types of equities, their classification by market participants, their main legal characteristics and terminology
- Organisation of the market where the equities are listed
- Different types of investment risks

Chapter 4: Forwards

- Main characteristics of forward contracts and the organisation of the market
- Economic role of forwards (buy and sell side)
- Calculation of the price of forwards for three types of underlyings: exchange rate, equity and equity index. Factors influencing that price
- Types of margins required and their calculations
- Constraints and main risks of investing in forwards

Chapter 5: Futures

- Main characteristics of future contracts and the organisation of the market
- Economic role of futures (buy and sell side)
- Calculation of the price of futures for two types of underlyings: equity and equity index. Factors influencing that price
- Types of margins required and their calculations
- Constraints and main risks of investing in futures as well as the cash flow components for the investor

Chapter 6: Options

- Features and the vocabulary of options to use in a professional environment
- Factors that influence the option premium
- Organisation of the options market, and in particular the differences between trading over-the-counter (OTC) options and trading options on an organised market (exchange-traded derivatives, ETD)
- Structure of cash flows and the reasons for using options
- Main risks of options for your customers and your financial institution

Chapter 7: Funds

- Key features of an investment fund
- Concept of qualified investors as defined by Swiss regulations
- Organisation of the investment fund market
- Principal risks associated with investment funds

Chapter 8: Structured products

- Key features of the different categories of structured products
- Key information published in a structured product term sheet
- Market organisation for structured products
- Main risks linked to structured products for your customers and your financial institution

Chapter 9: Lombard Loan

- Stages involved in applying for credit
- Risks for the bank related to Lombard lending business
- Factors taken into account for setting the loan-to-value (LTV) ra tios
- Approximate LTV ratios for collateral by asset class
- Calculating the degree of risk on clients' derivatives
- Risk control by the bank
- Portfolio implications

Tax

Chapter 1: Introduction to the standard income model for financial instruments

- The jigsaw puzzle of income models
- The standard income model
- Technical parameters of standard income model
- The tax subject: the tax payer
- The tax object: the financial instrument
- The taxable event: introduction to transactions

Chapter 2: Calculation of taxable income from equity-like financial instruments

- Taxation of dividends
- Taxation of capital gain
- Partial disposals
- Dividend-less equity
- General principles of corporate actions

Chapter 3: Calculation of taxable income from bond-like instruments

- Vanilla bonds (income from interest distributions, income from disposals, convertible bonds)
- Zero-coupon (discount versus premium, difference between interest and discount, simplified calculation method, general principles of income on zero-coupons, calculation of the accrued discount)
- Mix bonds (clean method, dirty method)