Certificate in Portfolio Management

Syllabus

Module 1: Foundations of Portfolio Management

- Meaning, purpose and scope of portfolio management.
- Portfolio approach versus individual-security selection.
- Investment management, wealth management and financial planning.
- Discretionary, non-discretionary and advisory arrangements.
- Individual and institutional investors.
- Active, passive and hybrid approaches.
- Absolute-return and benchmark-relative mandates.
- Roles of portfolio managers, advisers, analysts and service providers.
- The investment-management lifecycle.
- Responsibilities, professional boundaries and accountability.

Module 2: Investor Objectives and Constraints

- Assessing the investor's financial position.
- Investment goals and required cash flows.
- Return objectives and their feasibility.
- Risk tolerance, risk capacity and required risk.
- Investment horizon and multiple time horizons.
- Liquidity needs and emergency reserves.
- Tax circumstances and legal restrictions.
- Income needs, liabilities and spending commitments.
- Concentrated business, property and employment exposures.
- Investment experience and understanding.
- Special preferences and restrictions.
- Updating the investor profile as circumstances change.

Module 3: Investment Policy Statements and Governance

- Purpose and structure of an investment policy statement.

- Documenting objectives, constraints and assumptions.
- Permitted asset classes and investment restrictions.
- Target allocations and allowable ranges.
- Benchmark selection and definitions of success.
- Roles, responsibilities and decision rights.
- Approval, implementation and review processes.
- Rebalancing and exception policies.
- Liquidity and concentration limits.
- Manager appointment and termination criteria.
- Reporting requirements and review frequency.
- Documenting changes and maintaining accountability.

Module 4: Risk, Return and Diversification

- Simple, compounded and annualised returns.
- Arithmetic and geometric averages.
- Nominal versus real returns.
- Expected versus realised returns.
- Variance and standard deviation.
- Covariance and correlation.
- Portfolio return and risk calculations.
- Systematic and security-specific risk.
- Diversification benefits and limitations.
- Correlation changes during market stress.
- Downside risk and permanent loss of capital.
- Risk–return trade-offs and estimation uncertainty.

Module 5: Asset Classes and Investment Vehicles

- Cash and money-market instruments.
- Equities and equity-related instruments.
- Government, corporate and other debt securities.
- Listed real estate and infrastructure vehicles.
- Gold, commodities and other real assets.
- Private equity, venture capital and private credit.
- Hedge-fund and absolute-return strategies.
- Mutual funds, ETFs and separately managed portfolios.
- Direct holdings versus pooled investment vehicles.

- Domestic versus international exposure.
- Liquidity, costs, transparency and valuation differences.
- Product structure versus underlying economic exposure.

Module 6: Capital-Market Expectations

- Purpose and limitations of return assumptions.
- Historical evidence and forward-looking estimates.
- Inflation, interest rates and economic growth.
- Earnings, valuations and equity-return expectations.
- Yields, spreads and fixed-income expectations.
- Currency effects on international investments.
- Expected volatility and correlations.
- Scenario analysis and probability-weighted outcomes.
- Forecast horizons and assumption consistency.
- Avoiding false precision and excessive reliance on recent performance.
- Reviewing assumptions as conditions change.

Module 7: Strategic Asset Allocation

- Translating investor objectives into portfolio allocations.
- Asset-only, goals-based and liability-relative approaches.
- Policy portfolios and long-term allocation.
- Efficient-frontier and mean–variance concepts.
- Estimation error and unstable allocations.
- Risk budgeting and diversification.
- Capital allocation versus risk allocation.
- Liquidity and illiquidity budgets.
- Domestic and international diversification.
- Allocation ranges and implementation constraints.
- Practical alternatives to complex optimisation.
- Assessing whether an allocation is suitable and feasible.

Module 8: Tactical Allocation and Portfolio Tilts

- Strategic versus tactical allocation.

- Valuation, macroeconomic and market-based signals.
- Tactical ranges and delegated authority.
- Sector, style, duration and currency tilts.
- Scenario-based positioning.
- Position sizing and risk limits.
- Costs and timing uncertainty.
- Distinguishing conviction from unsupported forecasting.
- Rules for entry, review and exit.
- Evaluating whether tactical decisions add value.
- Preventing short-term actions from undermining long-term objectives.

Module 9: Equity Portfolio Management

- Equity-market exposures and return drivers.
- Growth, value, quality, momentum and defensive styles.
- Fundamental and quantitative selection approaches.
- Top-down and bottom-up analysis.
- Sector, industry and market-capitalisation exposure.
- Concentrated versus diversified portfolios.
- Position sizing and portfolio weights.
- Benchmark-relative risk and active share: introductory concepts.
- International equity and currency exposure.
- Corporate actions and portfolio implications.
- Monitoring investment theses.
- Sell discipline and replacement decisions.

Module 10: Fixed-Income and Cash Portfolio Management

- Bond prices, yields and total returns.
- Duration, convexity and interest-rate sensitivity.
- Credit spreads and credit quality.
- Default, recovery and downgrade risk.
- Maturity profiles and reinvestment risk.
- Liquidity and concentration.
- Yield-curve positioning.
- Ladder, barbell and bullet structures.
- Cash management and near-term funding needs.
- Matching assets to liabilities.

- Credit-fund and bond-manager selection.
- Distinguishing yield from expected return.

Module 11: Alternatives and Illiquid Investments

- Portfolio roles of private markets and real assets.
- Potential return, diversification and income contributions.
- Illiquidity, leverage and valuation uncertainty.
- Capital commitments, calls and distributions.
- Commitment pacing and vintage diversification.
- Private-fund fees and carried interest.
- Manager dispersion and access considerations.
- Direct, co-investment and fund exposure.
- Concentration and look-through analysis.
- Assessing suitability for investor liquidity needs.
- Avoiding misleading comparisons with liquid-market performance.
- Monitoring unfunded commitments and downside scenarios.

Module 12: Fund and Manager Selection

- Defining the mandate and selection criteria.
- Investment philosophy and process.
- Team experience, ownership and stability.
- Portfolio exposures and style consistency.
- Track record, attribution and comparability.
- Live results versus simulated or predecessor performance.
- Fees, expenses and alignment of interests.
- Capacity, liquidity and dealing terms.
- Governance, custody and service providers.
- Operational and compliance due diligence.
- Conflicts, related-party arrangements and disclosures.
- Watchlists, review triggers and manager replacement.

Module 13: Portfolio Construction and Implementation

- Translating asset allocation into investable holdings.
- Core–satellite and building-block approaches.
- Combining direct securities, funds and ETFs.

- Overlapping holdings and hidden concentration.
- Factor, sector, geographic and currency exposures.
- Position limits and diversification constraints.
- Implementation sequencing and cash deployment.
- Trading costs, spreads and market impact.
- Liquidity, settlement and operational readiness.
- Tax-aware implementation.
- Portfolio transition and legacy holdings.
- Recording rationale and approval conditions.

Module 14: Portfolio Risk Management

- Market, credit, liquidity and concentration risk.
- Interest-rate and currency exposures.
- Counterparty, leverage and financing risk.
- Drawdown and sequence-of-returns risk.
- Value at Risk and Expected Shortfall: introductory interpretation.
- Historical and hypothetical stress testing.
- Scenario analysis and sensitivity analysis.
- Risk contributions and unintended exposures.
- Liquidity ladders and cash-flow stress.
- Limits, breaches and escalation.
- Model limitations and data uncertainty.
- Risk dashboards and management communication.

Module 15: Derivatives and Hedging Fundamentals

- Futures, forwards and options: portfolio applications.
- Hedging versus speculation.
- Equity-market and interest-rate hedges.
- Currency hedging.
- Protective puts and covered-call concepts.
- Basis risk and imperfect hedges.
- Margin requirements and liquidity needs.
- Counterparty and collateral considerations.
- Hedge costs and opportunity costs.
- Leverage and nonlinear exposures.
- Mandate restrictions and suitability.

- Recognising the need for specialist execution and oversight.

Module 16: Rebalancing, Cash Flows and Tax Considerations

- Calendar, threshold and hybrid rebalancing.
- Portfolio drift and policy ranges.
- Rebalancing versus tactical allocation.
- Contributions, withdrawals and distribution needs.
- Cash-flow-based rebalancing.
- Transaction costs and tax trade-offs.
- Capital-gains realisation and holding periods.
- Tax-loss harvesting: concepts and jurisdiction-specific limitations.
- Asset location across accounts and entities.
- Income distributions and withholding considerations.
- Maintaining records and seeking tax advice.
- Documenting exceptions to rebalancing policy.

Module 17: Performance Measurement and Attribution

- Portfolio valuation and return calculation.
- Time-weighted and money-weighted returns.
- Gross versus net performance.
- Appropriate benchmarks and blended benchmarks.
- Excess return and tracking error.
- Sharpe, Sortino and information ratios.
- Alpha and beta: interpretation and limitations.
- Maximum drawdown and recovery.
- Allocation and selection attribution.
- Factor and currency contributions.
- Private-market performance measures: introductory overview.
- Performance persistence, luck and sample limitations.
- Fair presentation and avoidance of selective reporting.

Module 18: Behavioural Finance and Investor Communication

- Loss aversion and regret.

- Overconfidence and confirmation bias.
- Anchoring, framing and mental accounting.
- Recency bias and performance chasing.
- Herd behaviour and fear of missing out.
- Disposition effect and reluctance to realise losses.
- Behavioural influences on advisers and committees.
- Communicating uncertainty and downside risk.
- Managing expectations during drawdowns.
- Explaining underperformance and portfolio changes.
- Using investment policy and review processes as behavioural safeguards.
- Maintaining suitability without promising outcomes.

Module 19: Portfolio Operations, Technology and Oversight

- Custody, administration and asset verification.
- Trade capture, settlement and reconciliation.
- Valuation policies and pricing exceptions.
- Corporate actions and income processing.
- Fee calculation and expense oversight.
- Portfolio reporting and data aggregation.
- Look-through reporting across accounts and vehicles.
- Access controls and approval workflows.
- Business continuity and key-person dependence.
- AI-assisted analysis and reporting.
- Data quality, confidentiality and human verification.
- Error identification, correction and client communication.

Module 20: Regulation, Ethics and Professional Conduct

- Regulatory boundaries between advice, distribution and portfolio management.
- Registration and activity-specific requirements.
- Client agreements, mandates and disclosures.
- Suitability and fair treatment.
- Conflicts, commissions and referral arrangements.
- Personal trading and confidential information.
- Market-abuse awareness.
- Fair allocation and trade handling.
- Performance advertising and misleading claims.

- Complaints, records and escalation.
- Fiduciary responsibilities where applicable.
- Professional competence and limits of the qualification.