



# EFFAS CERTIFIED PORTFOLIO MANAGER®

Examination Syllabus



ECPM

EFFAS Certified  
Portfolio Manager

<b>1</b>	<b>PORTFOLIO MANAGEMENT</b>
1.1	Modern portfolio theory
1.1.1	Return and risk of an asset
1.2	Market efficiency
1.2.1	Efficient market: Definition and hypotheses
1.2.2	Alternative hypotheses
1.2.3	Market efficiency forms
1.2.4	Market anomalies
1.3	Portfolio theory
1.3.1	Portfolio return and risk
1.3.2	Markowitz model and its efficient frontier
1.4	Capital Asset Pricing Model (CAPM)
1.4.1	Model hypothesis
1.4.2	Capital Market Line (CML)
1.4.3	Security Market Line (SML)
1.4.4	International CAPM (ICAPM) model
1.5	Arbitrage Pricing Theory (APT)
1.5.1	The Arbitrage Pricing Theory (APT) hypothesis
1.5.2	One-factor models
1.5.3	APT multi-factor models
1.5.4	Arbitrage Pricing Theory
<b>2</b>	<b>INVESTMENT POLICY</b>
2.1	Investment objectives
2.1.1	Investment objectives for individual investors
2.1.2	Deciding on portfolio structure
2.1.3	Investment objectives for institutional investors
<b>3</b>	<b>ASSET LOCATION</b>
3.1	Asset Allocation
3.1.1	Definition and classification criteria for asset classes
3.1.2	Return, risk, and market expectations
3.1.3	Implementation and management of the asset allocation process
3.1.4	Participants in asset allocation
3.1.5	Evolution of asset allocation
3.2	Types of asset allocation
3.2.1	Integrated asset allocation
3.2.2	Strategic asset allocation
3.2.3	Tactical asset allocation
3.2.4	Dynamic asset allocation
<b>4</b>	<b>ASSET AND LIABILITY MANAGEMENT (ALM)</b>
4.1	Introduction
4.1.1	Background on asset and liability management
4.1.2	Asset and liability management applied to pension funds
4.1.3	Types of asset and liability management models
4.2	Modeling of liabilities
4.2.1	Types of liabilities
4.2.2	Valuation of liabilities in pension funds 133
4.2.3	Annualization factors and discount rates
4.3	Asset modeling
4.3.1	Types of assets
4.3.2	Characteristics of return and risk
4.4	Capitalization policy (Funding Ratios)
4.4.1	Definition
4.4.2	Surplus in risk management

4.5	Integrated optimization
4.5.1	Target functions and settings
4.5.2	Surplus management
4.5.3	Scenario Analysis and Stress Testing
4.6	Strategy implementation
4.6.1	Stochastic simulations
4.6.2	Active and passive strategy in asset and liability management
4.6.3	Dynamic asset and liability adjustments
<b>5</b>	<b>PORTFOLIO MANAGEMENT IN PRACTICE</b>
5.1	Equity portfolio management
5.1.1	Active management
5.1.2	Passive management
5.1.3	Combined strategies
5.1.4	Construction of portfolios based on factorial models
5.2	Derivatives in portfolio management
5.2.1	Combination of traditional options and assets
5.2.2	Portfolio Insurance
5.2.3	Hedging with equity index futures
5.2.4	Hedging with currency futures
5.2.5	Hedging with interest rate futures
5.2.6	The use of swaps in portfolio management
5.2.7	Asset allocation with futures
5.3	Real estate portfolio management
5.3.1	The role of real estate investing in a diversified portfolio
5.3.2	The real estate investment decision
5.3.3	Microeconomic factors in the return of real estate investments
5.3.4	Macroeconomic factors in the return of real estate investments
5.3.5	Differences between real estate investments
5.4	Alternative assets and private capital
5.4.1	Unlisted assets
5.4.2	Features, terms and conditions
5.4.3	The role of alternative assets in a traditional portfolio
5.4.4	Management of unlisted vehicles
5.4.5	Monitoring and information
5.5	International investments
5.5.1	International diversification
5.5.2	Currency risk hedging
5.5.3	International equities
5.5.4	International fixed income
5.5.5	Managing a portfolio of international assets
<b>6</b>	<b>PERFORMANCE MEASUREMENT</b>
6.1	Measurement and evaluation of portfolio behavior
6.1.1	Measuring portfolio return
6.1.2	Measuring portfolio risk-adjusted return
6.1.3	Investment valuation with respect to benchmarks
6.1.4	Analysis and attribution of results
6.1.5	Special topics

<b>7</b>	<b>BEHAVIOURAL FINANCE</b>
7.1	Definition and Scope of Behavioural Finance
7.2	Rationality versus Bounded Rationality
7.3	Anomalies in Human Behaviour
7.3.1	Anomalies regarding the perception of information
7.3.2	Anomalies regarding information processing
7.3.3	Anomalies regarding decision making
7.4	Heuristics
7.4.1	Simplification Heuristic
7.4.2	Mental Accounting
7.4.3	Availability Heuristic
7.4.4	Anchoring
7.4.5	Representativity
7.5	Prospect Theory
7.5.1	Value function
7.5.2	Asymmetry effect
7.5.3	Disposition effect
7.5.4	Reference points
7.6	Loss aversion
7.7	Regret Aversion
7.8	Framing
7.9	Overconfidence
7.1	Home Bias
<b>8</b>	<b>STOCK VALUATION MODELS</b>
8.1	Dividend discount models
8.1.1	Zero growth model
8.1.2	Model of constant growth
8.1.3	Multiple growth model
8.2	Free Cash Flow Discount Model
8.3	EVA, MVA, CFROI, non-recurring benefits
8.3.1	MVA, EVA and CFROI
8.4	Relative valuation Methods
8.4.1	The “PER” multiple (Price/Performance)
8.4.2	The multiple “PBv” (Price/Book value)
8.4.3	The PCF multiple (Price/Cash Flow)
8.4.4	The PSR multiple (Price/Sales)
<b>9</b>	<b>FIXED-INCOME PORTFOLIO MANAGEMENT STRATEGIES</b>
9.1	Active management
9.1.1	Interest rate anticipation strategies
9.1.2	Performance Spread Analysis
9.2	Passive management
9.2.1	Buy and hold strategy
9.2.2	Portfolio indexing
9.2.3	Immunitation
9.2.4	Cash flow matching
9.3	Using factor models in portfolio construction
9.3.1	Model specification
9.3.2	Return and liquidity factors
9.3.3	An approach to the factor model

