



## Syllabus & Topic List CWM Certification Program

**BUILDING WEALTH MANAGERS OF TOMORROW**



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# **Foundation Level**

## **Level 1**



<b>UNIT NO.</b>	<b>UNIT NAME</b>
<b>UNIT 1</b>	OVERVIEW OF INDIAN AND GLOBAL FINANCIAL SYSTEM
<b>UNIT 2</b>	CONCEPT OF WEALTH MANAGEMNT
<b>UNIT 3</b>	LIFE CYCLE MANAGEMENT
<b>UNIT 4</b>	MEASURING INVESTMENT RETURNS IN WEALTH MANAGEMENT
<b>UNIT 5</b>	INVESTMENT VEHICLES OF WEALTH MANAGEMENT
<b>UNIT 6</b>	INDIAN TAX LAWS
<b>UNIT 7</b>	MANAGING INVESTMENT RISK IN WEALTH MANAGEMENT
<b>UNIT 8</b>	LEGALITIES IN WEALTH MANAGEMENT
<b>UNIT 9</b>	ROLE OF WEALTH MANAGEMENT IN BANKING
<b>UNIT 10</b>	INTERGENERATIONAL WEALTH TRANSFER & TAX PLANNING



## Unit I – OVERVIEW OF INDIAN AND GLOBAL FINANCIAL SYSTEM

### Course Objective:

For a professional like a wealth manager or investment advisor an understanding of financial markets and systems is of prime importance. This unit would enable the Wealth Management professional get a basic understanding of the Global and Indian Financial System. This unit would also cover the fundamental aspects of financial markets operating across the globe. The unit would enable the investment professional in acquainting with the history and origination of the International Financial Markets, Global Financial Institutions, regulatory institutions, Monetary and Economic System. The objective of the unit is to enable a wealth manager to predict the change in Client's Investment Portfolio as per the changes in the Economic Environment.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Understand Flows within Global Economic System
- Understand Types of Markets
- Understand International Monetary Systems
- Describe Globalization
- Analyze Risk of Globalization
- Describe Economic Integration
- Identify Stages of Economic Integration
- Identify Major Economic Unions
- Describe International Financial Institutions
- Describe Regional Development Banks
- Understand the structure, role and challenges of IMF
- Understand the structure, role and challenges of World Bank Group of Institutions
- Understand the structure role of Bank of International Settlements and Institute of International Finance
- Understand the role of challenges faced by Central Banks
- Describe Financial Systems and Markets
- Describe various Financial Instruments
- Understand the role of Financial Markets
- Describe the Structure and Functioning of Money Markets
- Describe the Structure and Functioning of Capital Markets including Stock & Debt Markets
- Understand Stock Market Indices
- Understand ways of raising Capital in International Markets
- Describe Global and American Depository Receipts
- Understand External Commercial Borrowings
- Understand Foreign Exchange Market
- Describe Exchange Rate and Exchange Risk
- Explain Instruments for Hedging Foreign Exchange
- Learn Exchange Rate System
- Understand Macro Economics
- Understand Microeconomics

- Enumerate difference between Macro and Micro Economics
- Understand the relation between Macro Economics and Financial Markets
- Understand the importance of Inventory Investment for assessing the Financial Market impact of Macro Economic variables
- Describe Inflation
- Understand measures of Inflation
- Identify theories of Inflation
- Understand the relationship inflation and interest rates
- Describe National Income Accounting
- Compute National Income by Output, Income, Value Added and Expenditure Approach
- Understand the Saving and Investment trends in India
- Identify the economic role of government
- Identify the sources of government expenditure and revenue
- Describe different types of Fiscal Policy
- Understand the economic effect of Fiscal Policy
- Identify various measures of Government Deficits
- Understand the impact of Fiscal Deficit on the Economy and Financial Markets
- Describe Money and identify forms of money
- Describe Money Supply
- Describe measures of Money Supply
- Define Monetary Supply and instruments of Money Supply
- Identify the role of Commercial Banks in Credit Creation
- Understand the impact of monetary policy on economy and financial markets
- Identify the reasons of trade between countries
- Explain Absolute and Comparative Advantage
- Identify sources of comparative advantage
- Define trade policy and its identify its effect
- Identify the effect of globalization on India's Economic Growth
- Describe Balance of Payment
- Describe International Investment Position
- Understanding Accounting of Balance of Payments
- Calculate Balance of Payment
- Understand Monetary Approaches to Balance of Payments
- Describe the Structure, History & Function of
  - i. Financial Service Authority (UK)
  - ii. Securities & Exchange Commission (USA)
  - iii. Securities & Investment Commission (Australia)
  - iv. Central Banks
- Assess the Impact of Financial Crisis on Global Financial System
- Know the Changes Occurring in Global Financial System
- Understand the impact of Financial Crisis on Wealth Management Industry



## Detailed Topic List Unit - I

### **Global and Indian Financial System**

- Financial System
- Flows within Global Economic System
- Types of Markets
- The Global Financial System
- International Monetary Systems
- History of Global Financial System
- Globalization
- Risks of Globalization

### **Economic Unions**

- Economic Integration
- Stages of Economic Integration
- Obstacles to Economic Integration
- Economic Unions - Some Examples
- European Union & Euro zone

### **The International Financial Institutions**

- International Financial Institutions
- Regional Development Banks
- International Monetary Fund (IMF)
- World Bank Group
- Bank of International Settlements
- Institute of International Finance
- Role of Central Banks in the Global Economy

### **Types of Financial Markets within the Global Financial System**

- Financial System
- Financial Markets
- Financial Instruments
- Role of Financial Markets
- Classification of Financial Markets
- Primary & Secondary Markets
- Classification of Global Financial Markets
- Money Markets

- Capital Markets
- Stock Markets
- Common Stocks
- Preferred Stocks
- Bond Market Securities
- Indian Capital Markets
- Stock Market Indices

### **The International Capital Markets**

- Euro Issues
- Depository Receipt
- Global Depository Receipt
- American Depository Receipt
- External Commercial Borrowings
- Euro Loans
- Quasi – Debt Financing
- Indian Depository Receipts
- Regulatory & Supervisory Reforms in International Capital Markets
- Basel I Recommendations
- Basel Accords – Basel I, Basel II, Basel III
- Capital Adequacy Ratio

### **Foreign Exchange Markets**

- Foreign Exchange Rate
- Foreign Exchange Risk
- Exchange Rate System
- Floating & Fixed Exchange Rate Systems
- Determinants of Foreign Exchange Rates

### **Introduction to Macro Economics**

- Introduction to Macro Economics
- Difference between Macro and Micro Economics
- Relation between Macro and Micro Economics
- Relation between Macro Economics and Financial Markets
- Measures of Aggregate demand and Supply
- Importance of Inventory Investment

### **Inflation and Interest Rates**

- Introduction to Inflation
- Measures of Inflation
- Consumer Price Index
- Wholesale Price Index
- Theories of Inflation
- Inflation and Interest Rates

### **National Income Accounting**

- Introduction to National Income Accounting
- Measures of National Income
- Relationship between Gross Domestic Product and Gross National Product
- Computing National Income by Output Approach
- Computing National Income by Income Approach
- Computing National Income by Value Added Approach
- Computation of National Income by Expenditure Approach
- Saving and Investment in India

### **Government and Fiscal Policy**

- Economic Role of Government
- Government Expenditure and Revenue
- Financing of Government Expenditure
- Types of Fiscal Policy
- Economic effect of Fiscal Policy
- Government Deficit
- Measures of Deficit
- Fiscal deficit impact on economy

### **Money and Monetary Policy**

- Define Money
- Forms of Money
- Definition of Money Supply
- Measures of Money Supply
- Monetary Policy
- Instruments of Monetary Policy
- Role of Commercial Banks in Credit Creation
- Controlling Money Supply in the Economy

### **The External Sector**

- Reasons of Trade between countries
- Absolute advantage
- Comparative Advantage
- Sources of Comparative Advantage
- Trade Policy
- Tariff and Trade Barrier
- Effect of globalization on India's Economic Growth

### **The Balance of Payments**

- Balance of Payments
- International Investment Position
- Accounting of Balance of Payments
- Country Trends of Balance of Payment
- Calculation of Balance of Payments
- Net International Investment Position
- Monetary Approaches to Balance of Payment

### **International Regulatory Framework**

- Need for Regulations
- Financial Service Authority
- Securities and Exchange Commission
- Securities & Investment Commission
- Central Banks

### **The Future of the Global Financial System**

- Introduction to future of Global Financial System
- Important Changes in Global Financial System
- Emergent Post Crisis Business Model for Investment Banking Activities
- Impact of Financial Crisis on Wealth Management Industry

## Unit II — CONCEPT OF WEALTH MANAGEMENT

### Course Objective:

This unit would serve as stepping stone for a prospective investment professional in the basic understanding of the Wealth Management concept. The unit would cover the Wealth Management Process, Client Interaction Process, Time Value of Money Applications, Personal Financial Statements, Cash Flow Management. The unit would further focus on dynamics of Wealth Management Industry especially in the context of global space.

The last part of the unit would help the wealth manager in knowing the future of the future of Wealth Management Industry in India.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Understand the concept of the Wealth Management
- Able to differentiate between Wealth Management and Private Banking
- Describe the importance of Comprehensive Wealth Management
- Understand different segments of Wealth Management Business
- Understand the dynamics of the Global Wealth Management Markets
- Understand the Verticals of the Wealth Management
- Explain the Functions and Role of the Wealth Manager
- Understand the Importance of Need of Wealth of Management Services
- Describe the process of creation of a Wealth Management Plan
- Develop understanding about the nature of information to ascertained from the client
- Describe the nature of the Client by performing a Risk Profiling Test
- Understand the integral components of a Wealth Management Plan
- Understand the relevance of Personal Financial Statement Analysis
- Describe the steps in the personal money management in order to identify the financial disease of the client
- Describe the Personal Financial Ratiosto analysis the financial strength
- Explain the importance of the Cash Management as an integral part of the Wealth Plan Construction
- Understand the objective of Cash Flow Statement and application
- Develop the Budgeting Plan as a Wealth Manager
- Understand the concept of Time Value of Money and establish its relevance as a Wealth Managers Tool
- Establish the relationship of Inflation and Risk viz. a viz. time value of money
- Calculate the compound amount at different rates of interest
- Understand the concepts like NPV, IRR, YTM, Discounting, Opportunity Cost, Annuitization, etc.
- Describe the concept of Nominal and Effective Rate of Interest
- Explain the concept of Doubling Period – Rule of 72 and Rule of 69
- Understand the concept of Real Rate of Return & Growth Rate
- Understand the concept of Annuities and types of Annuities
- Describe the classification of Annuities mode of payment, time of payment, etc.

- Understand the Mathematics of Annuities
- Able to calculate the Future Value and Present Value of Equal and Unequal series of annuities
- Calculate NPV and IRR and understand the concept of Growing Annuities
- Understand the major techniques of capital budgeting like Profitability index, NPV, IRR, Pay Back Period, etc.
- Understand the meaning and steps to calculate the NPV
- Describe the IRR and NPV Rules Side by Side
- Describe the concept of Pay Back Period and explain its calculations
- Understand the importance of mathematics involved in opting a loan and the Loan Amortization Process
- Calculate the capital repayment and interest component and able to prepare the Loan Amortization Schedule
- Understand the concept of Depreciation
- Describe the difference between Depreciation and Amortization and their applicability
- Understand the method of calculation of Depreciation and differentiate between Straight Line (SL) Method vs. Declining /WDV Method
- Develop the understanding about the Wealth Management Industry
- Understand the Wealth Management Industry and Economies prevailing in various part of the Globe
- Describe the trends of the Wealth Management w.r.t. industry, client, services, product offering, etc. and compensation model
- Understand the concept and types of Family Offices and explain its relevance from wealth Management Perspective
- Describe the Four Core organisational models of the banks focussing on wealth management

## Detailed Topic List Unit - II

### **Wealth Management**

- What is Wealth Management?
- Comprehensive Wealth Management
- Estimating Wealth Market for a Country
- Wealth Management Verticals

### **Wealth Management Process**

- Developing a Wealth Management Plan
- Essentials of a Comprehensive Wealth Plan

### **Personal Financial Statements**

- Steps in Personal Money Management
- Strategy for Cash Management
- Aim of a Cash Flow Statement
- Budgeting for Skilled Money Management

### **Time Value of Money**

- Time Value of Money – Concept, Feature, Importance and Mode of Calculations
- Effective Annual Return/ Equivalent Annual Return (EAR)
- Underlying Economic concepts of Time Value of Money (TVM)
- Doubling Period

### **Annuities**

- Types of Annuity
- Mathematics of Annuity

### **Use of Capital Budgeting Techniques in Personal Finance**

- Use of Capital Budgeting Techniques in Personal Finance
- Net Present Value (NPV) Method
- Internal Rate of Return (IRR)
- Pay Back Period

### **Mathematics of Loan**

- Loan Amortization
- Types of Amortization

## **Depreciation**

- Amortization Vs. Depreciation
- Methods of calculating the annual depreciation

## **Wealth Management Industry**

- Wealth Management Industry
- Wealth Management Industry an Overview
- Source of Wealth
- Wealth Management Industry Challenges
- Concept of Family Offices
- Four Core organizational models of the banks focusing on wealth management



## Unit III – LIFE CYCLE MANAGEMENT

### Course Objective:

This unit would explain the concept of life cycle management including retirement planning for an investment professional. The wealth manager would gather an in depth knowledge in understanding Life Cycle Issues at the time of devising the Wealth Management Plan for the client. The emphasis is on the process of wealth creation and the reviewing retirement planning strategies for clients.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Describe Financial Life Cycle
- Identify Stages of Client financial life cycle
- Describe New measures of Risk and Reward
- Define Financial Gerontology –Principles and Issues
- Understand importance of Wealth accumulation and wealth erosion
- Define process and causes of wealth erosion
- Define Concept of Human Capital
- Describe early retirement, living longer than expected, delaying retirement
- Describe effect of inflation
- Describe different investment channels for wealth creation.
- Describe issues in retirement planning
- Describe Importance of retirement planning
- Describe life expectancy and career stability
- Define relationship of retirement planning with other financial goals
- Pre-retirement counseling
- Describe Type of Retirement Benefit Plans
- Describe Defined Benefit Plan and its advantages and disadvantages
- Describe Defined Contribution Plan and its advantages and disadvantages
- Describe Hybrid Plan
- Understand difference between DB vs. DC plan
- Learn about Portability of plans
- Understand the Concept of Defined Benefit Plan
- Describe the Concept and Application of The Payment Gratuity Act, 1972
- Understand the Calculation and Taxation of Gratuity
- Explain the Concept of Leave Encashment and its Tax Implication
- Understand the Concept of Retrenchment Compensation and Voluntary Retirement Scheme
- Explain types of Employee Provident Fund (EPF)
- Understand the norms with respect to taxation and withdrawal types of EPF
- Explain Features and Calculation of Employee Pension Scheme
- Describe the Modes of Commutation of Pension
- Understand the concept of EDLI
- Describe superannuation scheme
- Understand the tax Implication of Approved Superannuation Fund
- Understand the Concept of Managed Pension Fund

- Understand the Features and Essentials of Group Insurance
- Describe the Type of Group Insurance Scheme Available in the Market
- Explain the example of different types of Group Insurance
- Understand the Importance of Retirement Needs Analysis
- Identify the Objective Relating to Retirement Planning
- Understand the Estimation of Retirement Corpus to Meet Identified Objective
- Describe Replacement Ratio and Expense Method
- Understand the Retirement Stages of An Individual
- Describe different income streams falling under the category of accumulation stage like Bank Deposit, PPF, POSBA, PORD, POTDA, NSC, KVP, RBI Bonds, ELSS, etc.
- Describe different income streams falling under the category of retirement stage like Senior Citizen Scheme, Post Office Monthly Income Scheme, etc.
- Describe Life Cycle Investment Advise Model
- Understand the new Dynamics of Emerging Wealth Management Market viz. a viz. individual life cycle
- Understand the Importance of Lifetime Consumption

## Detailed Topic List Unit - III

### **Financial Life Cycle**

- The Theory of Life-Cycle Finance
- The Ten (10) Financial Stages of Life
- Factors that affect the life stages
- New Measures of Risk and Reward
- Financial Gerontology-Principles and Issues

### **Wealth Creation**

- Wealth Creation
- Wealth Erosion
- Human Capital
- Role of Human Capital in Asset Allocation
- Case Studies: Human Capital and Financial Capital
- Early Retirement or Shorter Working Span
- Inflation
- Investment Channels for Wealth Creation

### **Basics of Retirement Planning**

- Introduction to Retirement Planning
- Why Plan for retirement?
- Issues in Retirement Planning
- Relationship of retirement planning with other financial goals
- Relationship with Insurance
- Relationship with Investments
- Relationship with Estate Planning
- Retirement Planning Process

### **Retirement Benefits**

- Introduction to Different Types Retirement Benefit Plans.
- Defined Benefit Plan
- Defined Contribution Plan
- Hybrid Plan
- (Defined Benefit vs. Defined Contribution)

### **Defined Benefit Plans**

- Introduction - Defined Benefit Plan
- Gratuity
- Leave Encashment
- Compensation on Retrenchment
- Voluntary Retirement Scheme

### **Defined Contribution Plans**

- Introduction - Defined Contribution Plans
- Employee Provident Fund
- Employee Pension Scheme

### **Superannuation and other Retirement Plans**

- Superannuation Scheme
- The Income Tax treatment of approved Superannuation Fund

### **Group Life and Health Insurance**

- Group Insurance
- Types of Group Insurance Scheme
- Example of Group Insurance

### **Retirement Needs Analysis**

- Determining Retirement Objectives
- Estimation of Retirement Expenses

### **Retirement Income Streams**

- Accumulation Stage
- Retirement Stage

### **Life Cycle Investment Advise Model**

- The New Framework
- Focus on Lifetime Consumption

## **Unit IV — MEASURING INVESTMENT RETURNS IN WEALTH MANAGEMENT**

### **Course Objective:**

The unit would focus on making an investment professional understand the concepts of return for an asset in general and portfolio in particular. The wealth manager would be able to understand and calculate the different return measures which are helpful for assessing the performance of various asset classes like Equity and Mutual Funds. Overall the endeavor of the unit would be to harness the skills of the investment professional with regard to understanding investor's ability to take risk and willingness to take risk and identify optimal portfolio allocation considering the client's risk taking abilities and financial goals.

### **Learning Outcome Statements**

#### **After studying this Unit, you should be able to:**

- Understand the concept of return
- Describe simple and compounding rate of return
- Describe continuously compounding rate of return
- Understand the multi period simple and continuously compounded returns
- Learn Arithmetic and Geometric Mean return
- Describe Money Weighted return
- Understand the relationship between Risk and Return
- Describe the components of returns
- Learn the concept of annualized and average returns
- Understand absolute and relative return
- Understand the difference between arithmetic and geometric mean
- Describe the use of CAGR in Future and Present Value
- Learn the Concept of IRR and difference between IRR and NPV
- Understand the difference between TWRR and MWRR
- Learn other relevant return measures
- Understand the concept of risk and uncertainty
- Describe the different sources of risks
- Understand the characteristics of Systematic Risk
- Describe the causes and impact of Unsystematic Risk
- Understand the difference between systematic and unsystematic risk
- Introduce the concept of risk dispersion
- Describe the different methods to measure risk dispersion
- Calculate the each of the measures of risk dispersion
- Interpret the numerical value of each method
- Understand the key difference between various methods
- Learn the features of normal distribution
- Understand the concept of Value Added Risk
- Introduce the concept of Portfolio
- Describe the objectives of portfolio returns
- Learn the concept of diversification in a portfolio
- Describe the Modern Portfolio Theory

- Understand the Fundamentals of Capital Market Theory
- Interpret the concept of Capital Market Line and Security Market Line
- Understand the Capital Asset Pricing Model with assumptions
- Calculate the expected return based on CAPM
- Understand the difference between Capital Market Line and Security Market Line.
- Understand the concept of Managing Risk
- Describe the mechanisms of Managing risk-Diversification and Hedging
- Learn the method of hedging risk
- Calculate and decompose total risk
- Define the different risk premiums
- Understand the concept of risk adjusted return
- Describe the different methods of risk adjusted return
- Calculate the risk adjusted returns using each of the different methods
- Interpret the numerical value provided by each of the methods

## Detailed Topic List Unit - IV

### **Introduction to Return**

- Introduction to Concept of Return
- Compounding Rate of Return
- Continuously compounding rate of return
- Multi period simple and continuously compounding returns
- Practice Section
- Arithmetic Mean Return
- Geometric Mean Return
- Money Weighted Return
- Practice Section

### **Returns an in Depth Study**

- Relationship between Risk and Return
- Components of Return on Investments
- Fundamental of Returns-Current and Capital Return
- Concept of Annualized and Average Rate of Return
- Absolute and Relative Return
- Arithmetic Mean v/s Geometric Mean
- CAGR in Future and Present Value
- Internal Rate of Return
- IRR v/s NPV
- Time Weighted Return
- Time Weighted Return v/s Money Weighted Return
- Doubling Approximation
- Inflation Adjusted Return and Discount Rate
- Concept of After Tax Return and Tax Equivalent Yield
- Other Measuresof Returns

### **Introduction to Risk**

- Introduction to Risk
- Types of Risks
- Systematic Risk and Unsystematic Risk
- Eliminationof Risk

### **Measuring Risk**

- Introduction to measure of risk dispersion
- Different ways to measure risk dispersion

- Variance v/s Standard Deviation
- Normal Distribution
- Formulas of other measures of risk dispersion
- Practice session on measures of risk dispersion
- Concept of Value added risk (VAR)

### **Portfolio Risk and Return**

- What is a portfolio?
- Primary Strategies for diversification
- Introduction to Modern Portfolio Theory
- Capital Market Theory
- Difference between CML and SML
- Practice Session

### **Managing Risk**

- Importance of Managing Risk
- Ways to manage risk –Diversification and Hedging
- Composition of Total Risk of the security
- Types of Risk Premiums

### **Risk Adjusted Returns**

- Introduction to the concept of Risk Adjusted Return
- Jenson Index as a measure of return
- Treynor Index as a measure of return
- Sharpe Ratio as a measure of return
- M Square as a measure of return
- Sortino Ratio as a measure of return



## Unit V — INVESTMENT VEHICLES OF WEALTH MANAGEMENT

### Course Objective:

The unit would focus on the plethora of investment ideas i.e. products which a wealth manager could to his clients in order to build the portfolio .The unit would encompass the concept, structure, returns measurement (income and/or capital gains), tradability, liquidity and legal issues of the major investment vehicles.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Understanding the Securities Market
- Describe various Financial Instruments
- Describe the Classification of Financial Instruments in Different Asset Classes
- Define Other Complex Financial Products
- Describe the various types of Deposits
- Understand the different types of time deposits
- Describe the different types of Demand deposits
- Understand the NRO and NRE Accounts
- Describe the procedure to open a Bank Account
- Understand the difference between owned fund and borrowed funds
- Describe different types of Equity Shares
- Understand the structure and calculation of Stock Market Indices
- Learn trading and settlement process of equity shares
- Define different terms used in the Equity Market
- Understand the various equity valuation models used
- Understand the fixed income markets
- Describe the various fixed income instruments in the market
- Understand the different types of types government securities
- Learn various types of instruments issued by the companies
- Understand the methodology to compute the value of a bond
- Understand the concept of duration and immunization
- Describe the main features of Real Estate Investment
- Understand The advantages and disadvantages of Real Estate
- Describe the different types of Real estate investment
- Describe the different types of Home Loans
- Understand the other model of investment in real estate like REITs and RMFs
- Understand the concept of Mutual Fund
- Describe the various types of mutual fund
- Describe the load, expenses, structure regulation guidelines applicable to MFs
- Understand the mechanism of mutual fund performance measurement.
- Learn the concept of Rupee Cost Averaging
- Understand the concept of risk and un certainty
- Describe the different types of risks
- Learn the veracious types of insurance

- Describe the various types of Life insurance policies.
- Define the components of insurance premium
- Understand how premium is calculated
- Understand the concept of derivative
- Describe different types of derivatives
- Understand the difference between futures and forwards
- Understand the difference between options and futures
- Learn the pricing of options
- Understand the different options strategies
- Learn the pricing of futures
- Understand the various Option Greeks
- Describe the different Small Saving Scheme
- Understand different Schemes Provided by Post Office
- Describe the Tax Treatment of Small Saving Schemes
- Understand the minimum amount, Maturity, Transferability of each of the Scheme
- Define the New Pension Scheme
- Describe the Procedure of selecting Investment Option and Fund Manager
- Understand the Tax benefits and the Exit Options of the Scheme
- Learn the Recent Development with regard to NPS
- Describe the different ways of Investing in Precious Metals
- Define Investment in Collectibles
- Learn Investment in Commodities

## Detailed Topic List Unit - V

### **Introduction to Financial Product**

- Introduction to Financial Products
- Instruments in Securities Market
- Classification of Financial Instruments
- Complex Financial Products

### **Types of Bank Deposits**

- Introduction to Bank Deposits
- Types of Demand Deposits
- Types of Time Deposits
- Comparison between NRE and NRO accounts
- Requirements to Open Account

### **Investment in Equity**

- Introduction to the Concept of Equity and Debt
- Types of Shares
- Corporate Actions: Right Issue, Bonus Shares, Stock Split
- Common Terms Associated with Equity Shares
- Stock Markets and Indices
- Trading of Shares
- Settlement of Shares
- Equity Analysis-Fundamental and Technical
- Equity Valuation Model
- Wealth Management Perspective

### **Fixed Income Instruments**

- Introduction to Debt
- Fixed Income Markets
- Fixed Income Instruments-Government Securities
- Corporate Securities
- Bond valuation
- Bond Yield
- Yield Curve
- Risks in Bond Investing
- Duration and Immunization
- Credit Rating

- Glossary of Terms
- Wealth Management Perspective

### **Real Estate**

- Features of Real Estate Investment
- Difference between Real estate and Security Investments:
- Four major category of Real Estate Investment
- Types of Home Loans
- Investment in Agricultural Land, Farm House and Urban Land
- Wealth Manager Perspective
- Real Estate Mutual Fund

### **Mutual Fund**

- History and Evolution of Mutual Funds
- Features of Mutual Fund
- Mutual Fund Structure in India
- Regulating agencies for MF & its Constituents
- Types of Mutual Funds Schemes
- Exchange Traded Fund
- Offer Document
- Investor's Rights and Obligations
- Accounting Valuation
- Measuring Mutual Fund Performance
- Mutual Fund Investment Plans and Services
- Rupee Cost Averaging
- Jacobs Recommendation

### **Insurance Product**

- Concept of Uncertainty
- Types of Risks
- What is Insurance
- Types of Insurance
- Types of Life Insurance Policy
- Components of Insurance Premium
- Premium Calculation
- Life Insurance Glossary

## **Derivatives**

- Introduction to the Concept of Derivative
- OTC v/s Exchange Traded Derivatives
- Forwards and Future Contracts
- Types of Future Contracts
- Pricing of Futures-Cost of Carry Model
- Options
- Pricing of Options
- Option Pay Offs
- Put Call Parity Theorem
- Options Strategies
- Option Greeks
- Wealth Management Perspective

## **Small Savings Scheme**

- Introduction to Small Savings
- Bank Deposit
- Post Office Term Deposit
- KisanVikasPatra (KVP)
- National Saving Certificate (NSC)
- Public Provident Fund (PPF)
- Post Office Monthly Income Scheme (POMIS)
- Post Office Saving Accounts (POSA)
- Senior Citizen Saving Scheme (SCSS)
- Post Office Recurring Deposit Accounts (PORDA)
- 8% Savings (Taxable) Bonds, 2003

## **New Pension Scheme**

- Introduction New Pension Scheme
- Who's Who of NPS
- Selection of Investment Option; Fund Manager
- Exit option and Tax Benefits
- Recent Development

## **Other Investments Products**

- Other Investment Avenues
- Investing in Gold and Silver
- Collectibles
- Commodities



## Unit VI – INDIAN TAX LAWS

### **Course Objective:**

The performance of every investment decision is evaluated as per the Post Tax Returns of the portfolio. So to say the least taxation issues play a very important role in devising a wealth plan for a client (it is one of the investment constraints). This unit enables the students to understand the Tax Structure in India, To compute tax under various heads of income , To gain a deep understanding of the techniques employed for tax planning.

### **Learning Outcome Statements**

#### **After studying this Unit, you should be able to:**

- Understand the concept of Taxes
- Differentiate between Direct tax and Indirect tax
- Define the purpose of taxes
- Understand the meaning of Tax Planning, Tax Avoidance and Tax Evasion
- Describe the Tax system : Proportional , Progressive and Regressive
- Understand the different types of taxes levied by the GOI
- Understand the regulation of income tax in India
- Describe who all are liable to pay Income Tax in India
- Identify who all come under the category of an assessee
- Learn what all come under the definition of Person.
- Define the Previous Year and Assessment Year as per law.
- Understand the concept of Residential Status in India
- Describe the residential status of different taxable entities in India.
- Understand the criteria for Indian Income
- Define the meaning of Receipt of Income
- Understand the difference between actual receipt and deemed receipt
- Understand the different heads of Income
- Describe the meaning and scope of income from Salary
- Learn the tax impact on various allowances
- Define a Perquisite and their classification
- Understand the retirement benefits and their tax treatment
- Understand the different allowable deductions from the gross total income of the assessee.
- Compute Net Income from Salary
- Learn the concept of Income from Property
- Describe the conditions under which income from house property can be taxed
- Understand ownership in House property
- Compute Income tax on Let Out Property
- Understand various deductions eligible under different sections
- Compute Income Tax on Self Occupied Property
- Understand the meaning of Business and Profession
- Describe the different admissible deductions
- Understand the different non admissible deductions
- Compute the income from business or profession

- Understand the concept of Capital Gains
- Describe the meaning of Capital Asset
- Define what a transaction of Transfer includes
- Learn the concept of Profit or Loss from Capital Asset Transfer
- Prepare the statement of Capital Gains
- Describe the various other sources of income
- Understand the taxability of dividends
- Understand the income tax rate on profits from horse races, lotteries, card games, etc.
- Define in detail what all is included in the term “Relative”
- Compute Income Tax on Income from other sources
- Describe the concept and cases of clubbing
- Learn how income of spouse can be clubbed with an individual income.
- Understand the tax treatment for income from assets transferred to Spouse.
- Understand the tax treatment for income from assets transferred to Son’s wife
- Learn the tax treatment of income from a Minor Child
- Describe Set off and Carry Forward of Losses
- Understand the different ways for Inter Source Adjustment of losses.
- Understand the different ways for Inter Head Adjustment of losses.
- Learn how to Set Off Capital Loss-Long Term and Short Term
- Describe the concept of Tax planning
- Understand the features of Tax Avoidance
- Learn the characteristics of Tax Evasion
- Understand the key difference between Tax Planning, Tax Avoidance and Tax Evasion
- Understand how filing of Income tax return is done
- Describe the due dates for filing of returns
- Describe the consequences of submission of returns after due date



## Detailed Topic List Unit - VI

### **Introduction to Tax**

- Definition of Tax, Direct tax v/s Indirect Tax
- Purpose of Taxes-The Four “R”s
- Tax Planning, Tax Avoidance and Tax Evasion
- Principles of Taxation and Tax System
- Kinds of Taxes

### **Introduction to Income Tax**

- Regulation of Income Taxation in India
- Who should pay Income Tax?
- Definition of Assessee
- Definition of a Person
- Definition of Previous Year and Assessment Year

### **Residential Status and Tax Incidence**

- Concept of Residential Status
- Residential Status of an Individual in India
- Residential Status of HUF, Firm, AOP, Company, Others
- Criteria for Indian Income
- Meaning of Receipt of Income
- Meaning of Accrual of Income

### **Heads of Income and Income under the Head Salary**

- Different Heads of Income
- Meaning and Scope of Salary Income
- Taxable Value of Allowances and their Categories
- Definition of Perquisite and its classification
- Retirement Benefits and their tax treatment
- Retrenchment Compensation and Provident Fund
- Deductions under different sections
- Practice session on computation of Income Tax on Salary

### **Income from House Property**

- What is Income from Property?
- Conditions necessary for Taxing Income from House Property
- Concept of Ownership

- Computation of Income from Let Out Property
- Deductions under Section 24
- Computation of Income from Self- Occupied House Property
- Other Special Provisions

### **Income from Business and Profession**

- Meaning of Business and Profession
- Statement of Computation of Income from Business or Profession
- Expenses admissible as Deductions
- Expenses not admissible as Deductions
- Method of Accounting

### **Capital Gain Tax**

- Introduction to Capital Gain
- Conditions for Charging Capital Gain
- Computation of Capital Gains
- Exemption from Capital Gains
- Depreciation on Capital Assets
- Capital Gain on Transfer of Bonus Shares
- Treatment of Advance Money & Conversion of Capital Asset

### **Income from Other Sources**

- What is Income from other sources?
- Taxability of Dividend, Deemed Dividend
- Income Tax on profits from different sources
- Definition of Relative
- Bonus Stripping
- Practice Session

### **Clubbing of Income**

- Introduction to the Concept of Clubbing of Income
- Cases of Clubbing
- Income of Spouse
- Income from Assets Transferred to Spouse; Son's Wife
- Income from Assets Transferred to a person for the benefit of Spouse
- Income from Assets Transferred to a person for the benefit of Son's Wife

### **Set Off and Carry Forward of Losses**

- Introduction to the concept of Set off and Carry Forward of Losses
- Steps in Set off and Carry Forwards
- Inter Source Adjustment
- Inter Head Adjustment
- Carry Forward and Set off of Losses

### **Tax Planning, Tax Avoidance, Tax Evasion and Tax Management**

- What is Tax Planning?
- Meaning of Tax Avoidance
- Concept of Tax Evasion
- Difference between Tax Planning and Tax Evasion
- Difference between Tax Avoidance and Tax Evasion
- Difference between Tax Planning and Tax Management

### **Filing of Tax Return**

- Scheme for Filing of Tax Returns
- Due dates for filing of Income Tax Returns
- Interest for Deferment of Advance Tax



## Unit VII — MANAGING INVESTMENT RISK IN WEALTH MANAGEMENT

### Course Objective:

This unit would enable the wealth manager understand the knowledge requirements relating to risk analysis in detail. It introduces the investment professional to risk analysis and insurance decisions in Protection Planning in a Wealth Management Plan. The wealth professional would use the facets of Wealth Planning for clients' with regard to exposures to risks mortality, health, disability, property, liability, and long term care. A Wealth Manager would then be in a much better capacity to protect the client against these exposures.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Describe History and overview of Insurance Sector in India.
- Identify Purpose and need of Insurance.
- Describe Mechanism of Insurance and how it works.
- Describe cost and benefits of insurance to individuals and the society.
- Identify the advantages and disadvantages of transferring risk through Insurance
- Identify the roles of different players in the Insurance Industry
- Identify the difference between peril and hazard
- Enumerate the different types of Hazards
- Understand the law of 'Large Numbers'
- Identify different types of Insurable Risks
- Understand the concept of risk
- Understand the components of risk
- Classify risk into different types
- Identify risk handling mechanisms
- Understand Reinsurance
- Enumerate the special features of Insurance Contracts
- Understand the following principles of insurance contract-
  - Principle of indemnity
  - Rules of insurable interest
  - Utmost Good Faith
  - Subrogation
  - Doctrine of utmost good faith
  - Aleatory contract concept
  - Contract of Adhesion
  - Unilateral Contract
  - Proximate Cause
- Define 'Risk Management'
- List down the Steps in Management Process
- Understand the concept of 'Probability'
- Construct a Risk Management Plan
- Understand the features and terminology of contract

- Define the elements of a Valid Contract
- Elucidate the basic sections of Insurance Contracts
- Understand additional Insurance Contract Provisions
- Appreciate the distinct legal characteristics of Insurance Contracts
- Know the Insurance Policy Documentation
- Understand the important terms in Insurance Contracts
- Understand endorsement and types of endorsement
- Understand different type of riders
- Define Assignment and types of Assignment
- Understand the process and different ways of 'Rate Making'
- Find out how rating is done in Property and Liability Insurance
- Understand Rate Making in Life Insurance
- Method of Calculation of Insurance Premium
- Understand the steps involved in choosing insurance duration
- Understand the difference between Participating and Non- Participating Policies
- Find out the steps in Claim Settlement
- Understand the 'Definition of Tort'
- Understand types of Torts
- Know the legal liabilities arising out of torts
- Find out the ways and means of insuring against torts
- Describe the various types of Financial Needs
- Understand the steps required in financial need analysis
- Describe at which stage of life the client is living i.e. Life cycle of an Individual
- Describe the Human Life Value Approach in detail
- Understand how Need Analysis is different from Human Life Vale Approach
- Learn the Capital Preservation Approach
- Understand the different types of Insurance Policies on the basis of various criteria
- Understand the various types of Riders available to Insurance Policies
- Learn about the variable life policy like Unit Linked Insurance Plan
- Highlight various product innovations in the policies
- Understand the computation of Bonus and its types
- Learn the methodology of calculation of claim
- Understand the procedure of getting a claim in a life insurance policy
- Calculate the return on Insurance Policy
- Describe the other provisions of Life Insurance
- Understand the concept of loans and foreclosure
- Understand the implications on the lapse of an insurance policy
- Identify the difference between Life and General Insurance
- List down the categories of General Insurance
- Define Householder's Insurance Policy and its provisions.
- Identify the need for householder's policy
- Identify and describe other commercial policies
- Describe the provisions and exclusions of Burglary Insurance
- Describe an 'All Risk Policy' and list down its salient features.
- Describe the provisions of a Motor Insurance Policy.
- List down the various type of Motor Insurance Policy and the difference between them.

- Describe the need and provisions of a Overseas Medical and Travel Insurance
- Describe a Fire Insurance Policy
- Describe a Marine Insurance Policy
- Describe the provision and salient features of a Liability Insurance
- Find out the provisions Personal Umbrella Policy
- List down various Health Insurance Policy
- Describe the provisions of Mediclaim, Family Floater Insurance, Group Mediclaim Policy and Senior Citizen Mediclaim Policy.
- Find out the salient features and the requirement of Personal Accident Insurance Policy
- List down the provisions of the Critical Illness Policy
- List down the need for the Business Liability Insurance
- Describe a Professional Indemnity Policy and its provisions
- List down the provisions of Directors and Officers Liability Policy
- Find out the Human Life Value of a Key Man Insurance
- Describe the various Regulatory Enactments in Insurance Industry
- Describe in detail IRDA and PMLA Act
- Define the key Indian and International Insurance bodies
- Understand how an insurance license is issued and renewed there after
- Understand the code of conduct for an insurance agent
- Understand the calculation of Risk and Office Premium
- Learn the calculation of surrender value and paid up value
- Compute the different premium amount through Premium tables
- Understand the need for wealth planning
- Describe the concept of Emergency fund and its usage
- Describe the steps in buying an insurance policy in wealth planning.

## Detailed Topic List Unit - VII

### **Concepts of Insurance and Risk Management**

#### **Introduction to Insurance**

- Overview of Insurance Sector in India
- Historical Perspective
- Recent developments in the Insurance industry
- What is Insurance?
- The Purpose and need for Insurance
- How does Insurance work?
- Mechanism of Insurance
- Advantages of Transferring Risk through Insurance
- Benefits of Insurance to Society & Economic Development
- Roles in the insurance Industry

#### **Basic Concepts of Insurance**

- Peril and Hazard
- Law of Large Numbers
- Insurable Risk
- Types of Risk- Financial-Pure and Particular risks

#### **Insurance and Risk**

- Definition of Insurance
- Components of Risk
- Categories of Risk
- Methods of Handling risk
- Business of Insurance
- Reinsurance

#### **Fundamental Principles of Insurance**

- Principle of Indemnity
- Insurable Interest
- Utmost Good Faith
- Principle of Subrogation
- Contribution
- Proximate Cause



## **Risk Management**

- Risk Identification
- Risk Measurement
- Risk Transfer
- Risk Financing
- Concept of Probability
- Creating a Risk Management Plan

## **Insurance Contract and Legal Liability**

### **The Insurance Contract**

- Features of a valid Contract
- Basic Sections of Insurance Contract
- Additional Insurance Contract Provisions
- Aleatory, Conditional, Contract of Adhesion, Unilateral contract
- Insurance policy documents and their legal implications

### **Important Terms in Insurance Contract**

- Endorsement
- Riders- ADB, Term, WOP and CI etc.
- Assignment
- Nomination
- Reinstatement Value

### **Insurance Pricing and Premium Calculation**

- Rate Making
- Rating Methods
- Calculating Premiums

### **Analysis and Selection of Insurance Products and Its Provider**

- Purpose of Insurance Coverage
- Participating and Non Participating Policies
- Insurance Claim Settlement

### **Legal Liability**

- Definition of Tort
- Tort and Insurance
- Categories of Tort

- Damages
- Economic Torts
- Negligence
- Conditions in Torts

## **Life Insurance – Analysis of Life Cover, Strategies and Products**

### **Assessment and Identification of Risk Exposure**

- Risk Identification-An Integral part of Financial Need Analysis
- Steps in Needs-Based Analysis
- Life Cycle

### **Analysis of Life Insurance Needs**

- Introduction to Human Life Value Approach
- Need analysis
- Capital Preservation Approach

### **Types of Life Insurance Policies**

- Types of Life Insurance Contracts
- Classification on the basis of duration of Policy
- Method of Premium Payments
- Participation in Profit, Number of lives Covered
- Number of lives Covered, Method of Payment of claim amounts
- Universal Life Policies
- Variable Life Policy-Unit Linked Insurance Plan (ULIP)
- Types of Riders
- Life Insurance Premium and Tax Benefits

### **Calculations of Claim Amount and Other Benefits**

- Calculation of Bonus
- Interim Bonus, Simple revisionary bonus, Compound revisionary bonus
- Terminal bonus, Interim Bonus
- Calculation of Claim Payable
- Why a claim may be Invalid
- Claims Procedures In Respect of A Life Insurance Policy
- Calculation of Return on Insurance

### **Other Provisions of Life Insurance Contract**

- Introduction to the Concept of Days Of Grace
- Free Look Period, Lapse and Non Forfeiture
- Other non-forfeiture options
- Loans and Foreclosure

### **General Insurance - Property, Health and Liability Insurance**

#### **Personal Property & Liability Insurance**

- Types of Property Insurance
- House Holder's Insurance
- Other Commercial Policies
- Shopkeepers Policy
- Engineering Insurance
- Burglary Insurance Policy
- All Risk Insurance
- Motor Insurance
- Overseas Medical and Travel Insurance
- Corporate Frequent Travelers Policy
- Fire Insurance
- Marine Insurance
- Liability Insurance
- Cash in Transit Insurance
- Personal Umbrella Policy

#### **Health and Personal Accident Insurance**

- Health Insurance
- Mediclaim Policy
- Family Floater Medical Insurance
- Group Mediclaim Policy
- Senior Citizen Mediclaim Policy
- Personal Accident Insurance Policy
- Critical Illness Policy
- Some Popular Terms used in Health Insurance Policies

## **Regulatory Framework of Insurance**

### **Regulation Relating Insurance**

- Introduction to Insurance Act 1938
- SECTION 40(1) & Section 42
- Section 44 & LIC Act 1956
- IRDA Act 1999 & PMLA 2002
- Married Women's Property (MWP) Act 1874
- Consumer Protection Act (COPA) Protection of Policy holders Interest Regulations, 2002
- Third Party Administrators (TPA) - Health Insurance
- Key Indian and International Insurance Bodies

### **Insurance Intermediaries**

- Introduction to Insurance Intermediaries
- Issue of License
- Code of Conduct
- Broking regulations
- Remuneration

### **Insurance Mathematics**

- Introduction to Insurance Mathematics
- Mortality Table
- Components of Insurance Premium
- Calculation of Risk Premium
- Calculation of Office Premium
- Calculation of Surrender Value and Paid up Value
- Cost & Benefit Comparisons of Life Insurance Policies

### **Wealth Planning and Life Insurance**

- Introduction to Wealth Planning
- Emergency Fund
- Steps in Buying Insurance
- Case Study on Selection of Insurance Policy

## Unit VIII — LEGALITIES IN WEALTH MANAGEMENT

### Course Objective:

Legal rules and regulations governing every industry, wealth management business is no different especially considering the function of managing money the wealth management business does. This unit would highlight some of the most important statutes and regulations affecting businesses, families, and individuals which a wealth manager should be aware of in his role of managing and accumulating wealth.

### Learning Outcome Statements

After studying this Unit, you should be able to:

- Understand the basic concepts of and its applicability to commercial aspects
- Describe the various sources of law
- Understand the various methods and techniques of dispute resolution and their applicability to wealth management
- Understand the meaning of contract
- Identify the essentials of a valid
- Understand the effects of breach of contract
- Define some special contracts like Guarantee, Bailment,
- The essence of Agency
- Agent-Principal Relationship
- Principal-Third Party Relationship,
- Agent-Third Party Relationship
- Describe the process of formation of a company
- Identify Stages of formation of a company
- Describe the documents required during the formation of a company
- Workmen’s Compensation Act
- Employees Provident Fund Act
- Employees State Insurance Act
- Consumer Protection Act
- Payment of Gratuity Act
- The Negotiable Instrument Act
- IRDA Act, Insurance Act, 1938, Married Woman Property Act
- Transfer of Property Act
- Succession Act
- Law of Trusts
- Income Tax Act in Wealth Management
- Describe money laundering
- Identify Stages involved in money laundering
- Describe measures of various agencies to curb money laundering
- Understand the fundamentals of Islamic Sharia Banking

## Detailed Topic List Unit - VIII

### **Introduction to Law**

- Introduction to Law
- Law and Wealth Management
- Sources of Law
- Formal Sources of Law
- Non-Formal Sources of Law
- Criminal and Civil Law
- Methods of Resolving Civil Disputes

### **Meaning and Essentials of a Contract**

- Meaning & Essentials of a Contract
- Offer and Acceptance
- Consideration
- What agreements are contracts
- Capacity to Contract
- Free consent
- Meaning of Breach
- Special Contracts

### **Law of Agency**

- Introduction of Law of Agency
- What are the obligations of the Agent to the Principal?

### **Formation of Companies**

- Salient Features of company
- Classification of companies
- Formation of a company
- Memorandum of Association and Articles of Association

### **Various Acts**

- Workmen's Compensation Act
- Employees Provident Fund Act
- Employees State Insurance Act
- Consumer Protection Act
- Payment of Gratuity Act
- The Negotiable Instrument Act

- Insurance Act, 1938,
- Married Woman Property Act
- Transfer of Property Act
- Will
- Trusts
- Mini case studies

### **Anti Money Laundering**

- Under ground and parallel banking systems
- The Money Laundering Process
- Mechanics and Typologies of Money Laundering
- Organizations working against money laundering
- Laws and enforcement by region
- Money laundering laws in India
- Terrorist Financing
- Guidelines on 'Know Your Customer' norms And Anti-Money Laundering Measures
- Annex I — Customer Identification Requirements – Indicative Guidelines
- Annex II

### **Islamic Sharia Banking**

- History of Islamic banking
- What is Shari'ah?
- Contracts in Islam
- Islamic Banking Principles
- Fundamentals of Islamic finance
- Islamic Banking Operations
- Islamic banks commercial transactions
- Deposits
- Halal Credit Cards
- Interaction with conventional system
- Mode of Financing
- Governance, Regulation, Accounting issues in Islamic Banking
- Risk Management in Islamic Financial Institutions
- Modern Trends in Islamic Banking
- Glossary on Islamic Banking





## Unit IX — ROLE OF WEALTH MANAGEMENT IN BANKING

### Course Objective:

A wealth manager would be not be thorough in wealth management unless he understands Banking and its working. The focus of this unit is just that .The wealth manager would be able to gain an in depth understanding of the banking industry, its processes and its products currently prevailing in the Indian Market in this unit.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Introduce the concept of Banking
- Describe the functions of a Bank
- Understand the history of Banking
- Describe the different types of Banks in India
- Understand the various regulation of Banking license in India
- Define the various items in the Balance Sheet of a Bank.
- Analyze the various trends in Global Banking.
- Understand the relationship between Banking and Economics
- Define the various Economic terms associated with Banking
- Describe the process of credit creation by banks
- Understand the various methods of credit control
- Describe the regulation of banking markets
- Understand the details of BASEL Committee
- Understand in detail the BASEL 1 Accord
- Describe and differentiate between BASEL 1 and BASEL 2
- Understand in detail the BASEL 3 Accord
- Define the Banking Ombudsman Scheme
- Understand International Trade in Banking Services
- Describe the key financial centers across the globe
- Define the characteristics of a competitive financial center
- Identify the role of Offshore financial center
- Describe money laundering
- Identify Stages involved in money laundering
- Understand the various Anti Money laundering laws in India
- Describe measures of various agencies to curb money laundering
- Understand the concept of Terrorist Financing
- Define the meaning of Banker
- Define the meaning of Customer
- Identify the different categories of other Customers
- Understand the various types of Banker Customer Relationships
- Describe the obligations of Banks and Customers
- Describe the different types of Deposits
- Define the documents required to open an account.
- Understand the principles of closing an account

- Understand the provision for nomination in an account
- Describe the various communication networks across the globe
- Understand the elements of Automatic Clearing System
- Define the features of a Cheque
- Describe the different kinds of Crossing of Cheques
- Understand the concept of Endorsement and its categories
- Describe the concept of Retail Banking
- Understand the different types of loans available to a customer
- Define the documentation of each category of loan
- Understand the rationale for each category of loan
- Describe the process of Reverse Mortgage Loan
- Identify Stages of Client financial life
- Understand the meaning of Non Performing Assets
- Describe the income recognition of Non Performing Assets
- Understand the provisioning norms of Non Performing Assets
- Describe the SARFAESI ACT 2002
- Understand the process of Security Creation
- Define the concept of Pledge
- Describe the concept of Hypothecation
- Understand the various types of Mortgages in brief

## Detailed Topic List Unit - IX

### **Introduction to Banking**

- Introduction to the Concept of Bank
- History of Banking
- Characteristics and Types of Banks
- Functions of Commercial Banks
- Sources of Bank's Income
- Investment Policy of Banks
- Balance Sheet of a Commercial Bank
- Emerging Trends in Banking
- Licensing of Banks in India

### **Banking and the Economy**

- Introduction to Relationship between Banks and Economics
- Economic Terms associated with Banking
- Credit Creation by Banks-Basis and Process
- Limitation of Credit Creation
- Credit Control by Banks
- Methods of Credit Control

### **Global Regulation of Banking**

- Rationale for Regulating Banking Markets
- International Regulation
- 1988 Basel Accord — Basel 1
- Basel Amendment — Market Risk
- Market Risk
- The Three Pillar Approach — Basel 2
- Credit Risk: Foundation and Advanced internal ratings based approach
- Basel 3
- The Banking Ombudsman Scheme - India

### **International Banking**

- Introduction to International Banking
- Functions of Inter Bank Market
- Key Financial Centers
- Off Shore Centers

### **Anti Money Laundering and Due Diligence**

- The origin of Money Laundering
- Process of Money Laundering
- Money Laundering Laws
- Prevention of money laundering Act, 2002
- Terrorist Financing
- Role played by Financial Action Task Force (FATF)
- Nine Special Recommendations (SR) on Terrorist Financing (TF)
- Due Diligence
- Know Your Customer' Standards
- Customer Acceptance Policy (CAP)
- Customer Identification Procedure (CIP)
- Wire Transfer

### **Bank - Customer Relationship**

- Definition of Banker and Customer
- Special Types of Customers
- Banker - Customer Relationship
- General Relationship
- Secondary Relationship
- Bank's Right on Customer Account
- Obligations of Bankers
- Bankers' Obligation of Secrecy

### **Type of Bank Deposits**

- Bank Deposits: Demand Deposits and Timed Deposits
- Current Account
- Savings Account
- Fixed Deposits (Term or Time Deposits)
- Recurring Deposits
- Non Resident Accounts
- No-Frills Account
- Requirements to Open Account
- Closing of Accounts
- Nomination in the Account
- Insurance of Bank Deposits

### **Mode of Withdrawals and Transfer of Funds**

- Clearing of Cheques & Fund Transfer: SWIFT, NEFT, Clearing System
- Main Elements of Automatic Clearing System
- Cheque-Different Parties and Its Features
- Kinds of Crossing of Cheques
- Endorsement-Meaning and Types
- Automatic Teller Machine
- Internet Banking
- Electronic Fund Transfer (EFT)

### **Retail Banking**

- Retail Banking: A concept to understand
- Changes in Retail Banking
- Retail Banking in India & its Products
- Promotion and distribution channels of Retail Banking:
- Different Types of Loans
- Education Loans:
- Credit Cards
- Other Types of Cards: Cash Cards, Debit Cards, Charge Card, Smart Card
- Home Loan
- Reverse Mortgage Loan
- Vehicle Loan/Auto Loan
- Consumer Loan
- Personal / Unsecured Loans/ Clean Loans/All-purpose Loans
- Loan against Bank Deposits
- Cash Credit Account
- Overdraft
- Demand Loan (Short Term Loan)

### **Meaning and Definitions of PA and NPA - Copy**

- Meaning and Definition of Performing and Non Performing Assets
- History of NPA in Indian Banking Industry
- Asset Classification and Guidelines for Classification
- Provisioning Norms
- SARFAESI ACT
- Provisions of the SARFAESI ACT
- Issues under SARFAESI ACT

- Enforcement of Security Interest
- Right to Appeal

### **Security Creation**

- Introduction to the Concept of Security Creation
- What is Pledge and Hypothecation?
- Concept of Mortgage
- Types of Mortgage in Brief

## **Unit X — INTERGENERATIONAL WEALTH TRANSFER AND TAX PLANNING**

### **Course Objective:**

In Wealth Management space the concept of Wealth transfer and preservation has gained as much importance as wealth accumulation. Few things are more important to an individual than planning his or her estate. This unit would help the wealth manager in understanding how Estate Planning can guide the client in determining who will receive his wealth at his death, how much of his wealth will go to the government in taxes, and whether his property will pass through a probate estate or through a trust.

On completion of this unit the investment professional should be able to give advice on Estate Planning, Trust Planning while taking into account the taxation of the above strategies.

### **Learning Outcome Statements**

#### **After studying this Unit, you should be able to:**

- Understand the definition and scope of Will
- Describe the kinds of Wills
- Learn the basics of drafting a Will
- Understand the Legal Aspects relating to the Execution of Will
- Describe the Coparcenary Property under Hindu Succession Act
- Understand the Legal Aspects relating to the Probate
- Define the term Intestate?
- Describe the devolution of the property in different scenarios
- Understand the legal implication of a succession of a Hindu Male dying intestate
- Describe the rule relating to the distribution of property amongst Class I & II Heirs
- Understand the legal implication of a succession of a Hindu Female dying intestate
- Describe the succession under the Muslim Law
- Understand the Muslim Heirs and rules relating to the distribution of the Property
- Understand the Concept of Transfer of Property and its categories
- Describe the various mode of transfer of property
- Identify the peculiarities involved in the various mode of transfer of property
- Understand the Characteristics and Types of Mortgage
- Understand the essentials and Types of Lease
- Compare between Buy versus Lease
- Describe the concept of Hire Purchase and differentiate between Hire Purchase and Lease Financing
- Understand the concept of Power of Attorney and its Types
- Understand the meaning of Trust
- Explain the reasons and purposes of creating a Trust
- Understand the Advantages & Disadvantages of creating a Trust
- Differentiate between Private and Public Trust
- Describe different types of Trusts
- Understand the Importance of the Trust Deed
- Learn Tax Planning through Trust and Taxation of different types of Trusts

- Describe the relevant terminologies and provisions relating to the Private Trust
- Understand the different Modes of formation of Private Trust
- Describe the persons involved in formation of trust and their eligibility to formation
- Define the rights and liabilities of the Beneficiary
- Define the rights and liabilities of the Trustees
- Understand the provisions relating to vacation of the office of trustee
- Describe the Extinction of the Trust
- Describe the relevant key term relating to the society formation and operation
- Understand the formation of society under MOA
- Describe the legal provisions relating the annual listing and vesting of property
- Explain the legalities involved in the suits and enforcement of judgment against society
- Understand the roles, responsibilities and liabilities of the members of the society
- Define the term Hindu Undivided Family
- Understand the basic requirements to form a HUF
- Understand who can become the member of the HUF
- Describe the Taxation of the HUF
- Understand the necessity Joint Family Property for HUF
- Understand the basic questions relating to HUF
- Understand the Concept of Partition
- Describe the methods reducing the tax incidence in the case of HUF
- Define the term Wealth Tax and Individual
- Explain the scope of liability to wealth tax
- Understand the definition of Assets
- Explain the Wealth Tax Liability
- Describe the Valuation of Assets and return of Wealth Tax



## Detailed Topic List Unit - X

### **Will**

- Definition of Will
- Essential Characteristics of A Will
- Advantages of Will
- Forms & Formalities while Making A Will
- Registration of a Will
- Kinds of Wills
- Capacity to Make Will: Who are competent to make Will?
- What properties can be disposed of in a Will and to what extent in India?
- How to Prepare a Will?
- Matters to be kept in mind while making a Will
- Revocation/Alteration by maker of a Will
- Execution of a Will

### **Intestate Succession**

- Introduction
- Who is Intestate?
- The Hindu Succession Act, 1956
- Devolution of interest of coparcenary property
- Devolution of interest in the property of a tarwad, tavazhi, kutumba, kavaru or illom
- Succession of a Hindu Male Dying Intestate
- Distribution of property among heirs in Class I of the Schedule
- Computation of degrees
- Succession of a Hindu Female Dying Intestate under the Hindu Succession Act
- Muslim Succession LAW
- Muslim-Heirs

### **Transfer of Property**

- Transfer of Property
- Ways of Transferring Property
- Sale
- Mortgage
- Lease
- Hire Purchase
- Exchange
- Gift

- Transfers of Actionable Claims
- Power of Attorney

### **Trust**

- What is a Trust?
- Indian Scenario
- What are the advantages of a Trust?
- Distinction between the private and public trusts
- The Three Certainties Required
- Who can form a Trust?
- Formation of Public, Religious & Charitable Trusts
- Subject matter of a Trust
- Instrument of Trust-i.e. Trust Deed
- Tax Planning through Trusts
- Taxation of Trust

### **Private Trusts**

- Certain Terms defined
- Salient point relating to creation of A Private Trust
- Rights of the Beneficiary
- Liability of Beneficiary joining in breach of Trust
- Rights and powers of Trustees
- Duties of Trustees
- Liability of Trustees for breach of Trust
- Disabilities of Trustees
- Provision relating to vacation of office of Trustee
- Extinction of Trust
- Revocation of Trusts
- Cases where an obligation in the nature of a trust created
- Obligor's duties, liabilities and disabilities

### **Society as a Form of Charitable Organization**

- Terms
- Memorandum of association
- Registration and fees
- Requirement to file Annual list of managing body
- Vesting of Property of Society

- Suits by and against societies
- Suits not to abate
- Enforcement of Judgment against society
- Recovery of Penalty
- Members liable to be used as strangers
- Member guilty of offences punishable as strangers

## **HUF**

- Definition of Hindu
- What is an HUF?
- How HUF comes into existence
- Nucleus of HUF
- Manager of HUF or Karta
- Daughters as coparceners
- Minimum number of coparceners
- How setting up an HUF can minimize your family's tax liability
- What income is taxable as HUF income?
- Assets of an HUF
- How do you boost your HUF's funds?
- HUF and the Joint Family Property
- Branches of HUF

## **Wealth Tax**

- Incidence of Wealth Tax
- Valuation Date
- Definition of some Terms
- Meaning of "Assets"
- Net Wealth
- Exempt Assets
- Debts Owned
- Valuation of Assets
- Return of Wealth Tax
- Assessment
- Wealth Escaping Assessment
- Time-limit for completion of assessment and reassessment
- Failure to furnish returns of net wealth



# Advanced Level

## Level 2



<b>UNIT NO.</b>	<b>UNIT NAME</b>
<b>UNIT 1</b>	EQUITY ANALYSIS
<b>UNIT 2</b>	ALTERNATE PRODUCTS IN WEALTH MANAGEMENT
<b>UNIT 3</b>	BEHAVIORAL FINANCE IN WEALTH MANAGEMENT
<b>UNIT 4</b>	REAL ESTATE VALUATION AND ANALYSIS
<b>UNIT 5</b>	LOAN & DEBT MANAGEMENT
<b>UNIT 6</b>	PORTFOLIO MANAGEMENT STRATEGIES
<b>UNIT 7</b>	RELATIONSHIP MANAGEMENT BY A WEALTH MANAGER
<b>UNIT 8</b>	INTERNATIONAL TAXATION AND TRUST PLANNING
<b>UNIT 9</b>	WEALTH MANAGEMENT PLANNING
<b>UNIT 10</b>	ADVANCED WEALTH MANAGEMENT





## Unit I — EQUITY ANALYSIS

### **Course Objective:**

Equity as an asset class always features as the first choice in almost every portfolio due to various reasons. Considering the importance Equity possesses in investment management space this unit would focus at enabling the investment professional understand the various aspects of Equity. The unit would help the investment professional in analyzing the equity and its related products in a much comprehensive way. The unit would enhance the knowledge of the wealth manager regarding this premier asset class so that it would help him to extensively market and then convert the equity related needs of the clients in conjunction with risk and return parameters.

### **Learning Outcome Statements**

#### **After studying this Unit, you should be able to:**

- Define the concept of Stock
- Understand the types of Stock Market Indices
- Describe the methodology and composition of BSE SENSEX AND NIFTY 50
- Understand the different approaches to Equity Valuation
- Describe the process of Economic Analysis
- Understand the implications of different economic indicators
- Define the economic status of India v/s China
- Describe Life Cycle of an Industry
- Analyse the competitive conditions in an industry
- Understand in detail the Porter five forces
- Understand the concept of financial statement analysis of a company
- Describe the various methods used to analyse the financial statements of a company
- Study the calculation and interpretation of different ratios
- Understand the DUPONT Analysis
- Interpret in detail the various non-financial aspects affecting a company's stock price
- Introduce the concept of Equity Valuation
- Describe the Dividend Discount Model
- Understand the Free Cash to Equity Model and how it is different from DDM
- Define the methodology of Relative Valuation Models
- Interpret the financial Statements
- Understand the basis of Technical Analysis
- Differentiate between Fundamental v/s Technical Analysis
- Enumerate 15 Golden Rules for trading
- Define 20 Rules to Stop Losing Money
- Define a Price Chart of a Stock
- Understand the various types of Charts
- Describe in detail the formation and types of Candle Stick Charts
- Understand the formation of Support level of a Stock
- Understand the formation of Resistance level of a Stock
- Understand the Various Methods of Calculating the Moving Averages
- Describe the calculation and uses of Relative Strength Index

- Describe the calculation and uses of MACD
- Understand On balance Volume Theory
- Describe the concept of Gap and Gap Analysis
- Understand the Fibonacci Studies
- Interpret the usage of other Technical Indicators
- Define the Dow Jones Theory
- Describe the different stages of Dow Jones Theory
- Understand the working of Elliot Wave Theory
- Interpret the patterns in Elliot Wave Theory

## Detailed Topic List Unit - I

### **Equity Markets and Structures**

- Introduction to Stocks
- Stock Market Indices
- Indices in India-BSE SENSEX
- Indices in India- S&P CNX NIFTY

### **Fundamental Analysis**

- Introduction to Fundamental Analysis
- Approaches to Equity Valuation
- Economic Analysis
- GDP
- Inflation
- Interest Rates
- International Trade
- Foreign Exchange Reserves
- Crude Oil Prices
- Credit Policies
- FDI
- Exchange Rates
- India v/s China

### **Industry Analysis**

- What is Industry and Its Classification
- Life Cycle of an Industry
- Analysis of Competitive Conditions
- Competitive Forces and Industry Profitability
- Use of the Information from Five Forces Analysis
- Porter's five forces model on Automobile Industry

### **Company Analysis**

- Company Analysis –Financial
- Types of Financial Statement Analysis
- Methods of Analyzing Financial Statements
- Comparative Statements
- Common-Size Statements

- Trend Ratios
- Ratio Analysis
- DUPONT Analysis
- Company Analysis – Non-Financial

### **Models of Equity Valuation**

- Introduction to Equity Valuation
- Dividend Discount Models
- Free Cash Flows to Equity Model
- Relative Corporate Valuation Model
- Interpreting Financial Statements

### **Technical Analysis**

- Introduction to Technical Analysis
- Fundamental Analysis v/s Technical Analysis
- 15 Golden Rules For Traders
- 20 Rules To Stop Losing Money

### **Type of Charts**

- What is a Chart?
- Various Types of Price Charts
- Candle Stick Formation and Its Types
- Chart Patterns and their Study
- What is Support?
- What is Resistance?
- Methods to establish Support and Resistance?
- Crux of Support and Resistance

### **Technical Indicators**

- Moving Averages
- Uses of Moving Averages
- Relative Strength Index (RSI)
- Moving Average Convergence/Divergence
- Stochastic Oscillator
- On Balance Volume Theory
- William's %R
- Bollinger Bands

### **Other Technical Indicators**

- Gaps and Gap Analysis
- Momentum
- Ease of Movement
- Aroon Trading Signals
- Kagi Charts
- Average True Range (ATR)
- Fibonacci Studies

### **Theories of Technical Analysis**

- Introduction to Dow Theory
- Three Stages of Primary Bull Markets and Primary Bear Markets
- Introduction to Elliot Wave Theory
- Elliott Wave Basics — Impulse Patterns
- Elliott Wave Basics — Corrective Patterns

### **Wealth Management Perspective**

- Fundamental Analysis
- Technical Analysis



## Unit II —ALTERNATE PRODUCTS IN WEALTH MANAGEMENT

### Course Objective:

This course aims at explaining and discussing the importance of alternative assets in a client’s portfolio. As the market for Alternatives is still naïve in India we would try to focus on how inclusion of alternate assets has affected the risk and return composition of global clients. The unit would also focus on studying the various alternate channels of investment and their applicability in India.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Understand the various risk hedging and return enhancing strategies in Options
- Describe the Payoffs of each of the Option Strategies
- Learn the concept of Option Pricing
- Understand the meaning and application of Volatility
- Identify the key features of Swaps and how it is different from other derivative instruments
- Describe in detail the application of Swaps
- Introduce the concept of Alternate Assets
- Describe the Alternate Class Universe.
- Understand how Alternate Investments lead to hedging and diversification of portfolio.
- Understand the chain of Beta Continuum
- Describe the fundamental Law of Active Management
- Describe the concept of Hedge Funds
- Understand the Categories and Strategies of Hedge Funds
- Describe the Structural of Hedge Fund
- Identify the various biases in Hedge Fund Investments
- Understand the issues with Hedge Fund Indices
- Introduce the Concept of Commodities
- Understand the Exposure to Commodities as an Asset Class
- Describe the various Commodity Market Indices across the globe
- Understand the concept of managed Futures
- Describe the strategies used in Managed Futures
- Define the concept of Private Equity
- Understand the different modes of venture capital investments
- Describe the different stages of financing
- Understand the concept of LBO’s and their structures
- Define the concept of Mezzanine Debt
- Understand the scope of Distressed Debt
- Understand the meaning of Credit risk
- Describe the concept of Credit Derivatives and its uses
- Learn the different Credit Options
- Describe the concept of Collateralized Debt Obligations
- Understand the different CDO structures
- Understand the concept of Structured Products
- Describe the Characteristics of Structured Products

- Compare the Structured Products versus Other Investment Strategies
- Understand the various types of Structured Products
- Learn the Risk and Reward Scale of Structured Product
- Understand Alternatives as Total Return Vehicles
- Understand how the Portfolio Risk is minimized with Alternate Assets
- Identify the quantum of Alternate Investment in a portfolio
- Define the Alternate Investment Funds (AIFs) in India
- Understand various certain conditions and restrictions for AIFs in India
- Understand the recent trends of Alternate Investments in India



## Detailed Topic List Unit - II

### **Derivatives-Options and Swaps**

- Introduction to Options
- Risk Hedging and Return Enhancing Strategies in Options
- Option Pricing
- Concept of Volatility
- Historical and Implied Volatility
- Swaps-Advantages and Disadvantages
- Application of Index Swaps, Interest Rate Swaps & Currency Swaps

### **Alternate Assets**

- Introduction to Alternate Assets
- The Alternative Asset Class Universe
- The Traditional Versus Sophisticated Portfolio
- Alternative Assets for Average Investors
- Super Asset Classes
- Beta Continuum
- Alpha versus Beta
- Broad categories of alpha drivers
- Fundamental Law Of Active Management
- The Transfer Coefficient

### **Hedge Funds**

- Introduction to Hedge Funds
- Categories of Hedge Funds
- Hedge Fund Strategies
- Should hedge funds be part of an investment program?
- Structural Review
- Risk Management
- Data biases in hedge Funds
- Issues With Hedge Fund Index Construction
- Hedge Fund Incentive Fees
- Examples of Hedge Funds

### **Commodities and Managed Futures**

- Introduction to Commodities

- Exposure To Commodities
- Investing in Commodity Futures
- Commodity Indices
- Portfolio Optimization with Commodities
- Managed Futures
- Strategies of Managed Futures

### **Private Equity**

- Introduction to Private equity
- Venture Capital Investment Vehicles
- Stage of Financing
- Introduction to Leveraged Buyouts
- How LBOs Create Value
- LBOs fund structures
- Risks of LBOs
- Mezzanine debt
- Distressed Debt
- Distressed Debt Arbitrage
- Framework for Measuring Private Equity Performance

### **Credit Derivatives**

- Introduction to Credit Derivatives
- What is Credit risk?
- Credit Options-Credit Call Options, Credit Put Options & Credit Swaps
- Collateralized Debt Obligations
- Balance Sheet CDO Structures
- Arbitrage CDOs
- New Developments in CDOs

### **Structured Products**

- Introduction to Synthetic and Structured Assets
- Scope of synthetic and structure asset coverage
- Introduction to Structured Products
- Characteristics of structured products
- Structured Products versus Other Investment Strategies
- Types of Structured Products
- Hard Protection & Soft Protection

- Risks
- Concept of Gearing and Diversification in Structured Products
- Structured Products: Risk/Reward Scale

### **Alternatives and Risk Mitigation**

- Alternatives as Total Return Vehicles
- Alternatives as Portfolio Diversifiers
- Alternative strategies for your clients
- Elements of Potential Portfolio Diversification
- Alternatives Core/Satellite Framework

### **Alternate Assets in India**

- Defining Alternative Investment Funds as per SEBI
- Investment Conditions and Restrictions
- Main Investment Conditions Specified for Each Category of AIF
- India's Experience with Alternate Investments



## Unit III — BEHAVIORAL FINANCE IN WEALTH MANAGEMENT

### Course Objective:

This unit is focused on behavioral and psychological factors which influences the investment decision making of a client. This unit would further exemplify how the client behavior changes to different situations prevailing in the financial markets which would help a wealth manager in evaluating how to handle and manage the client's responses. The unit would also include case studies covering the behavioral biases shown by the clients and how a wealth can approach and mitigate the same.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Understand the Concept of Behavioral Finance
- Describe the Hypothesis of Efficient Markets with its pros and cons
- Learn the Utility Preference Theory including its relevance in a portfolio
- Define the Prospect theory
- Understand the history of Rational Thought
- Define Stages of Client financial life cycle
- Describe the concepts of heuristics and biases Financial Life Cycle
- Understand the various types of Heuristics
- Learn the different categories of biases of an investor
- Understand the impact of heuristics and biases on the portfolio of an investor
- Describe the various ways to mitigate the each of the biases
- Describe the concept of Economic Anomaly
- Understand the different types of Economic Anomalies
- Learn the impact of each of the economic anomalies
- Define the concept of Market Anomalies
- Understand the types of Market Anomalies
- Interpret the impact of each of the Anomalies on the Portfolio of an investor
- Describe the Concept of Group Behavior
- Define the types of Group Behavior
- Understand the Herd Behavior exhibited by an investor in stock markets swings
- Define the concept of Psychographic Models
- Describe the various Psychographic models
- Understand the decision making process of each category of investors in each of the models
- Understand the situational profiles of different clients
- Analysis the various behavioral biases exhibited by different clients
- Categorize the investors into different types as per the behavioral models

## Detailed Topic List Unit - III

### **Introduction to Behavioral Finance**

- Introduction to Behavioral Finance
- Introduction to Efficient Market Hypothesis
- Utility Preference Theory
- Brief History of Rational Thought
- Concept of Paradoxes-St. Petersburg Paradox
- The Prospect Theory

### **Heuristics and Biases**

- Introduction to Heuristics
- Anchoring and Adjustment Heuristics
- Availability Heuristics
- Representativeness Heuristic
- Regret Aversion Bias
- NAÏVE diversification
- Mental Accounting Bias
- Framing Bias
- Loss Aversion Bias
- Escalation of commitment
- Disappointment Aversion Bias
- Status Quo Bias
- Gambler's fallacy
- Self-Serving Bias
- Money Illusion

### **Anomalies - Economic Behavior**

- Introduction to the Concept of Economic Anomaly
- Disposition Effect
- Endowment Bias
- In Equity Reversion
- Reciprocity
- Inter temporal Consumption
- Present-Biased Preferences
- Momentum Effect
- GREED and FEAR

- Sunk Cost Fallacy

### **Anomalies - Market Prices & Returns**

- Introduction to Market Anomaly
- Equity Puzzle
- Limits to Arbitrage
- Dividend Puzzle
- Calendar Anomaly
- Fat Tails

### **Group Behavior**

- Introduction to the Concept of Group Behavior
- Confirmation Bias
- Herd Behavior
- The Dotcom Herd

### **Investment Style and Behavioral Finance**

- Introduction to Psychographic Model
- Barnewall Two Way Model
- Bailard, Biehl, and Kaiser Five-Way Model
- Pompian Behavioral Model

### **Cases on Behavioral Biases**

- CASE A - MRS AHUJA
- CASE B - MR BAJAJ
- CASE C - THE CHATURVEDI FAMILY

### **Wealth Management Prospective**





## Unit IV — REAL ESTATE VALUATION AND ANALYSIS

### Course Objective:

The purpose of the unit is to make an investment professional gain an understanding of the economic forces that drive Real Estate asset and how the niche characteristics of real estate can provide an excellent fitment in a client's portfolio. The unit would encompass the concepts, tools, and techniques for evaluating individual real estate assets. The Unit would also feature the different mechanisms through which a wealth manager can guide his client with respect to this asset class-Direct and Indirect.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Describe the meaning and concept of Real Estate Investment
- Understand the features of Real Estate Investment
- Identify the advantages and disadvantages of investment in Real Estate.
- Compare Real Estate v/s other investments
- Describe the different categories of Real Estate Investment
- Identify the modes of making direct investment in Real Estate
- Understand the ways of making indirect investment in Real Estate
- Describe Real Estate Life Cycle
- Define the determinants of Real Estate Value
- Understand the various types of Real Estate Indices across the globe
- Describe the BSE Realty Index with its constituents and methodology
- Understand the NHB Residex with its constituents and methodology
- Identify the constituents and methodology of CNX Realty Index
- Describe the concept of Debt Financing
- Understand the process of Equity Financing
- Describe the various forms of mortgages
- Understand in detail the home loan process in India
- Identify the mechanism of selecting a home loan
- Understand the dynamics of Real Estate Market
- Describe the process of conducting Real Estate Market Analysis
- Understand the impact of money and capital markets on Real Estate Market
- Describe the principles of Real Estate Valuation.
- Understand the various methods of Real Estate Valuation and their usage
- Identify Real Estate Investment for the purpose of renting out
- Understand the various issues in Real Estate Valuation
- Describe in detail the Highest and Best use Analysis in Real Estate Valuation
- Understand how environmental assessments can impact the valuation of Real Estate Asset
- Define Fractional Interest Valuation
- Describe the concept and structure of REITs
- Define the different types of REITs
- Understand the guidelines of REITs in India
- Elaborate the concept of Real Estate Mutual Funds and how they are different from REITs
- Understand the historical benefits and risks in Real Estate Investment

- Identify how Real Estate investment increases the overall return of the portfolio.
- Determine whether you should make a particular Real Estate Investment or not
- Understand the major demand drivers in Real Estate Market in India
- Describe the major policy initiatives taken in the sector
- Identify who all are the participants in the Real Estate Market in India
- Understand the general trends in India's Real Estate Market

## Detailed Topic List Unit - IV

### **Introduction to Real Estate**

- Concept and Meaning of Real Estate
- Features of Real Estate Investment
- Comparing Real Estate to Other Investments
- Advantages of Investment in Real Estate
- Disadvantages of Investment in Real Estate

### **Categories of Real Estate**

- Types of Passive Real Estate Investment
- Real Estate Equity Investing-Direct
- Real Estate Equity Investing-In Direct
- Real Estate Debt Investing
- The Real Estate Cycle
- Other forms of Holding Real Estate Assets
- Determinants of Real Estate Value

### **Real Estate Indices**

- Types of Indices-NCREIF & NCREIT
- BSE Realty Index-Constituents and Methodology
- NHB RESIDEX- Constituents and Methodology
- CNX Realty Index- Constituents and Methodology

### **Real Estate Financing**

- Introduction to Debt Financing
- Equity Financing
- Mezzanine Financing in Real Estate
- Home Loans
- Forms of Mortgages
- Types of Mortgages in India
- Reverse Mortgage
- Home Loan Procedure in India
- Interest Rate Calculation
- How to Choose a Home Loan

### **Real Estate Markets and Analysis**

- Introduction to Real Estate Markets
- The Four Value Forces
- Market Segmentation
- Market analysis
- Types and Sources of Data
- Money Markets
- Capital Markets

### **Real Estate Valuation**

- Introduction to Real Estate Valuation
- Principles of Real Estate Valuation
- Appraisal Methods
- Cost Method
- Market or Sales Comparison Method
- Income / Capitalization Method
- Discounted Cash Flow Method
- Choice of Real Estate Investment for Purpose of Renting

### **Issues in Real Estate Valuation**

- Reconciliation
- Highest and Best Use Analysis
- Testing Criteria in Highest and Best Use Analysis
- Investment Value vs. Market Value
- Site Evaluation
- Environmental Site Assessments
- Fractional Interest Valuation
- Cap Rates

### **Real Estate Investment Trust (REIT) and REMS**

- Introduction to Real Estate Investment Trust
- Types of REITS
- Advantages: To Investors and Developers
- REITs in India
- Real Estate Mutual Fund
- REMFs Launched in India

### **Integration of Real Estate in a Portfolio**

- Introduction of Real Estate in a Portfolio
- Historical Benefits and Risks
- Diversification, Inflation Hedge, Risk Reduction in Real Estate
- Determining Whether You Should Invest in Real Estate

### **India's Real Estate Sector**

- Overview of the India's Real Estate Sector
- Demand Drivers in the Sector
- Policy Initiatives
- Opportunities in the Sector
- Impediments to Investment in Real Estate Sector
- Trends in the Indian Real Estate Market
- Real Estate Funds in India
- Participants in Indian Real Estate Sector
- Forecast for 2012-Commercial, Retail& Residential Real Estate



## Unit V — LOAN & DEBT MANAGEMENT

### Course Objective:

The course would intend to make the investment professional a One POINT contact for the client with in the investment business by capturing the debt side of the client’s portfolio. The unit would cover the loan management fundamentals and the various types of loans available to different set of borrowers in general and within India’s context in particular. The unit would also enable a wealth manager understand in brief the credit process to be followed before disbursing a loan in India as per the regulations. The unit would also feature some part on how debt consolidation can fit in the overall portfolio management of the client.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Understand the concept of Credit
- Describe the types of credit
- Learn the types of loans and their corresponding features
- Describe Credit facilities to an individual
- Understand the features of Personal loan, Home loan, Auto Loan, etc.
- Learn the concept of Credit Union and its application
- Introduce the concept of Credit Process
- Explain the different stages of Credit Process
- Understand the models of Credit Evaluation
- Understand the concept of Credit Bureaus in India.
- Describe in detail the working of CIBIL
- Describe in detail the working of Equifax
- Learn the difference between the credit scores of CIBIL and Equifax
- Understand the concept of Debt Consolidation
- Highlight when to use debt consolidation
- Describe the ways to borrow against home equity
- Describe the ways to borrow against insurance policy
- Understand the difference between fixed and flat home rate loans
- Describe Flat and Declining Balance method and their rationale
- Understand and Prepare the calculation of Loan Amortization
- Learn the concept of Equated Monthly Installment and its calculation
- Understand the Working Capital Finance in Corporations
- Learn the computation of Gross and Net Working Capital under different lending methods.
- Understand the other forms of Working Capital finance like Bank Guarantees and Letter of Credit
- Understand the redressal mechanism for consumers of credit in India
- Learn the procedure of redressal under Banking Ombudsman Scheme
- Understand the implications of Loan under Sec 24 of Income Tax Act 1961
- Explain the implications of Loan under Sec 80E of Income Tax Act 1961
- Describe the implications of Loan under Sec 80C of Income Tax Act 1961

## Detailed Topic List Unit - V

### **Introduction to Credit**

- Introduction to Credit
- Types of Credit
- Types of Loans-Secured and Un Secured Loan
- Term Loans
- Performance Measurement

### **Types of Credit Facilities to Individuals**

- Credit Facilities to an Individual
- Credit Card
- Personal Loans
- Home Loans
- Auto Loans
- Education Loans
- Loan Against Shares
- Credit Agreements
- Hire Purchase
- Credit Union

### **The Credit Process**

- Introduction to Credit Process
- The Credit Initiation and Analysis Process
- Credit Underwriting
- Loan Monitoring
- Evaluation of the Credit Process
- The 5 'C's Approach
- The CAMPARI Model
- The Credit Scoring Approach

### **Credit Bureaus in India**

- Credit Bureaus in India
- CIBIL
- Equifax
- Equifax Credit Score v/s CIBIL score



### **Debt Consolidation**

- Introduction to Debt Consolidation
- When does Debt Consolidation Makes Sense?
- Taking out a debt consolidation loan
- Ways to borrow against home equity
- Borrowing against your life insurance policy

### **Financial Mathematics of Loan**

- Introduction to Financial Mathematics of Loan
- Fixed and Floating interest rate home loans
- Flat vs. Declining Balance Methods
- Amortization
- Equated Monthly Installment

### **Working Capital Finance**

- Introduction to Working Capital Finance
- Appraisal of Bank Finance
- Estimation of Gross Working Capital
- Classification of Current Asset Under MPBF Method
- Estimation of Level of Current Liabilities UNDER MPBF METHOD
- Computation of Net Working Capital
- Margin Required to be Brought by Borrower Under Various Methods of Lending
- Bank Guarantees
- Letters of Credit

### **Redressal Mechanism**

- Redressal Mechanism for Consumers of Credit
- Matrix of consumer protection
- Banking Ombudsman Scheme

### **Tax Implications of Loans**

- Introduction to Tax Implications of Loans
- Section 24
- Section 80E
- Section 80C

### **Wealth Management Perspective**



## Unit VI — PORTFOLIO MANAGEMENT BY A WEALTH MANAGER

### Course Objective:

The unit would serve as a foundation for understanding of Portfolio Management process of an individual. This unit would cover the fundamental concepts of risk and return and their application in the context of overall portfolio of a client which would help the wealth manager in making efficient asset allocation with respect to client's risk and return objectives. This endeavor of the unit would be to guide the investment professional in drafting the Investment Policy Statement which is one of the most important tool of investment advisory arena. The latter part of the book would feature the various portfolio managing strategies both for Equity as well as Debt.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Understand the concept of investment and its importance.
- Explain the individual investor's Life Cycle
- Describe the process of portfolio management
- Learn the approach of formulating investment strategy
- Understand the concept of Risk
- Learn the different types of risks attached in investment decision making
- Describe the impact of each of the risks and how it can be mitigated
- Understand the concept of return in wealth planning
- Learn the difference between Holding period, simple and Compounded annual rate of return
- Describe the different risk adjusted rate of return measures used in portfolio management
- Understand in brief the tax implications of Long Term Capital Gains in India
- Learn the different measures of risk
- Compute and understand the methodology of calculating the Equity measures of risk i.e. standard deviation, Coefficient of Variation and BETA.
- Compute and understand the methodology of calculating the Debt measures of risk i.e. duration and convexity.
- Understand the concept of diversification
- Describe how diversification can mitigate the risk in the portfolio
- Learn the concept of Time Diversification and its fallacy.
- Understand the Modern Portfolio Theory
- Explain in detail the concept of Efficient Frontier in Portfolio management.
- Learn the Capital Asset Pricing Model (CAPM)
- Understand the theory of Arbitrage Pricing and how it is different from CAPM
- Understand the concept of Asset Allocation in a Portfolio.
- Develop an understanding of Strategic Asset Allocation and its role
- Learn the various steps used in achieving asset allocation
- Understand the concept of Passive and Active management of investing
- Describe the methods of active and passive investing
- Explain different types of other investing techniques.
- Describe the Passive Strategies of Fixed income Portfolio Management
- Learn various Active Strategies of Fixed Income Portfolio Management

- Understand the concept of immunization and its application
- Understand the trade off in portfolio rebalancing
- Define the various costs attached to portfolio rebalancing decision
- Describe the 3 portfolio rebalancing strategies and their application
- Understand the concept of Asset liability management
- Describe how an Asset liability approach can be applied in individual portfolio management
- Explain the difference between Asset Only and Asset Liability Approach to Strategic Asset Allocation

## Detailed Topic List Unit - VI

### **Introduction to Portfolio Management**

- Meaning and Concept of Investment
- Characteristics of investment
- Concept of investment activity
- Individual investor life cycle
- Introduction to portfolio management
- Portfolio Management Process
- Investment Objectives
- Investment Constraints
- Portfolio Optimization
- Performance Measurement

### **Investment Risk**

- Introduction to the Concept of Risk
- Types of Risks
- Interest Rate Risk
- Reinvestment Risk
- Liquidity risk
- Exchange rate risk
- Country risk
- Credit Risk
- Call Risk
- Yield Curve Or Maturity Risk
- Inflation Or Purchasing Power Risk
- Volatility Risk
- Sector Risk
- Prepayment Risk
- Operational Risk
- Model Risk
- Settlement (Herstatt) Risk
- Regulatory Risk
- Legal/Contract Risk
- Tax Risk

### **Types of Investment Returns**

- Introduction to the Concept of Return
- Simple Return vs. Compound Annual Growth Rate
- Post tax returns
- Concept of Risk Adjusted Rate of Return
- Sharpe Measure
- Treynor Performance Index
- Jensen's Alpha
- Yield to Maturity v/s Holding Period Returns
- Long term capital gains tax in India

### **Measures of Risk**

- Introduction to the measures of risk
- Risk Measures for Equity
- Standard Deviation and Variance
- Coefficient of Variation
- BETA
- Risk Measures for Debt
- Full Valuation Approach
- Duration Measures
- Convexity

### **Managing Risk through Diversification**

- Introduction to the concept of Diversification
- Risk and Diversification
- Diversification and the Elimination of Unsystematic Risk
- Time Diversification
- The Fallacy of Time Diversification

### **Asset Pricing Models**

- Markowitz Portfolio Theory
- Capital Market Theory
- Development of Capital Theory
- Capital asset pricing model
- Capital Asset Pricing Model V/s the Arbitrage Pricing Theory

## **Asset Allocation**

- Concept of Asset Allocation & its Importance
- Strategic asset allocation
- Role of strategic asset allocation in relation to systematic risk
- Strategic Asset Allocation v/s Tactical Asset Allocation
- Steps in Asset Allocation

## **Equity Portfolio Management Strategies**

- Introduction to Equity Portfolio Management
- Passive vs. Active Management
- Features of Passive investing
- Features of Active investing
- Methods of Passive Investing
- Methods of Active Equity investing
- Equity Styles
- Other Active Management Styles
- Long – Short Investing

## **Fixed Income Portfolio Management**

- Introduction to Fixed Income Portfolio Management
- Passive Management Strategies
- Active Management Strategies
- Immunization Strategies

## **Rebalancing Strategies**

- Introduction to Portfolio Rebalancing
- Trade-offs in the rebalancing decision
- Costs of Rebalancing
- Types of Rebalancing Strategies
- Buy-and-Hold Strategies
- Constant-Mix Strategies
- Constant-Proportion Strategy

## **Asset Liability Management of Individual Investors**

- Introduction to Asset-Liability Management
- Key Considerations of ALM for Wealth Managers

- Partial Immunization
- Example of ALM of Individuals
- Asset-Only v/s Asset Liability Management Approach

### **Drafting of Investment Policy Statement**

### **Current Scenario of Portfolio Management**



## Unit VII — RELATIONSHIP MANAGEMENT BY A WEALTH MANAGER

### Course Objective:

Relationship management is the back of wealth management business so the concept of Customer relationship management (CRM) is widely implemented by wealth management business outfits for managing relationship and interactions with customers, clients and sales prospects. The unit discusses techniques to find, attract, and win new clients, nurture and retain those the wealth manager already has, entice former clients back into the fold, and reduce the costs of marketing and client service.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Understand the meaning of CRM
- Define the core and non-core providers of a bank
- Describe the issues in CRM
- Understand the different types of CRM on the basis of their characteristics
- Describe the different models of CRM
- Define the meaning of a general relationship
- Understand the phases of portfolio relationships
- Describe in detail the different relationship theories
- Understand the concept of CRM implementation
- Describe the process of CRM implementation
- Learn the various comprehensive stages in each of the processes.
- Define the concept of Customer Value
- Describe the sources of customer value
- Understand the concept of customization
- Learn the different service quality theories
- Define the service level agreements
- Understand the concept of customer portfolio management
- Describe the various disciplines of customer portfolio management
- Learn the customer portfolio models
- Define the concept of customer experience
- Understand the concept of Experience Mapping
- Describe the role of CRM in customer experience
- Learn the CRM software applications which would be useful for customer experience
- Understand the concept of customer life cycle
- Describe the conversion model of Customer Life cycle
- Understand the concept of customer retention
- Assess which customers to retain
- Define the key performance indicators of customer retention programmes
- Understand the concept of Networks in CRM
- Define the principles of network management
- Learn the position of networks in a CRM model
- Describe the owner/investor relationships
- Understand what all changes can be done in the overall CRM model to make it more efficient.

- Understand the service profit chain
- Define the origin of CRM technology
- Understand the technological application of various components of CRM
- Understand the concept of strategic and Tactical Marketing Planning for Wealth Management Firms
- Explain how wealth manager create value for their clients
- Describe the key skills required by wealth manager for successful client meetings

## Detailed Topic List Unit - VII

### **Introduction to CRM**

- Introduction to CRM
- Core Providers
- Non-Core Providers
- Seeing Real Return on CRM Investment

### **Types of CRM**

- Type of CRM Dominant characteristic
- Strategic CRM
- Operational CRM
- Analytical CRM
- Collaborative CRM
- Models of CRM

### **Understanding Relationships**

- What is a relationship?
- Five Phases of Portfolio Relationships
- Case: Customer Lifetime Value (CLV) in the Banking Industry
- Relationship Management Theories

### **CRM Implementation**

- Introduction to CRM implementation
- Develop the CRM strategy
- Build the CRM project foundations
- Specify needs and select partner
- Implement project
- Evaluate performance

### **Creating Value for Customers**

- Understanding Value
- Sources of Customer Value
- Customization
- Value from Service
- Service Quality
- Service-Level Agreements

- The Complaints Management Process
- Value from Physical Evidence
- Value from channels

### **Customer Portfolio Management**

- What is a portfolio?
- Basic disciplines for CPM
- Market Segmentation
- Sales Forecasting
- Activity-Based Costing
- Customer Lifetime Value Estimation
- Data Mining
- Customer Portfolio Models

### **Customer Relationship Management and Customer Experience**

- What is meant by customer experience?
- Experience Mapping
- Process Mapping
- Experiential Marketing Strategies and Tactics
- Customer experience and the role of CRM
- Features of CRM Software Applications

### **Managing Customer Life Cycle - Customer Acquisition**

- Introduction to Customer Lifecycle
- Who is a new customer?
- The Conversion Model
- Prospecting
- Advertising

### **Managing Customer Life Cycle - Customer Retention**

- Introduction to Customer Retention
- Manage Customer Retention or Value Retention?
- Which Customers to Retain?
- Social Bonds
- Structural Bonds
- Key Performance Indicators of Customer Retention programs

### **Managing Networks for Customer Relationship Management Performance**

- Introduction to Networks of CRM
- Network Position
- Business Networks and CRM
- Principles of Network Management

### **Managing Investor and Employee Relationships**

- Understand Owner and Investor Relationships
- Educate Current Investors
- Go Private
- Employees
- Internal marketing
- Empowerment
- The Service–Profit Chain

### **Information Technology for Customer Relationship Management**

- Origins of CRM Technology
- The CRM Ecosystem
- Customer and Product Management
- Marketing
- Sales
- Service and Support

### **Advanced Selling Skills**

- Strategic Marketing Planning for Wealth Management Firms
- Tactical Marketing Planning for Wealth Management Firms
- Creating Value of advice for Clients
- 3 Critical Skills for Client Meetings



## Unit VIII — INTERNATIONAL TAXATION AND TRUST PLANNING

### Course Objective:

The unit would help the financial market and investment management professional in assessing the applicability of various taxation aspects for an individual investor before deciding on the portfolio allocation of the client in the international space. The unit would cover the tax structures in few of the prominent investment zones across the globe like US, UK, Singapore and Mauritius. The latter part of the unit would make an investment professional understand in requisite detail the implications of Tax treaties applicable for an Indian client with respect to these investment centers. Lastly the unit would throw some light on the taxation for NRI clients and on tax planning through trust for clients.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Understand the concept of International Taxation in detail.
- Describe the essential tax principles applicable in international environment
- Understand the Tax Planning techniques in MNCs
- Understand the Taxation structure in US
- Describe the key features of Taxation Structure in UK
- Explain the Structure of Taxation in Singapore
- Explain the concept of Double Taxation in India
- Understand the Double Taxation Avoidance Agreements in India
- Describe the double taxation relief when no DTA agreements are entered into
- Describe the details of Double Taxation Avoidance Agreement of India with US
- Explain the Double Taxation Avoidance Agreement of India UK
- Define the important Articles covered under DTAA with Singapore ,Mauritius and UAE
- Understand in detail the concept of Transferring Pricing
- Compute the Arms length Price in a Transfer Pricing transaction
- Explain the advance pricing agreement in India
- Describe the trends of Transfer Pricing in India
- Understand who exactly is Non Resident Individual as per IT Act.
- Learn the personal income tax structure for NRIs.
- Describe the various tax exempted investments for NRIs
- Understand the concept of Trust and their purposes.
- Describe the legalities involved in forming and managing a International Trust
- Learn about how tax planning can be done through the formation of Trust

## Detailed Topic List Unit - VIII

### **Introduction to International Taxation**

- Introduction to International Taxation
- Essential Concepts in international taxation
- Tax principles in an International environment
- Tax planning in Multinational Groups of Companies
- Tax Administration
- Role of Supra-National Organizations
- Cross-border Enforcement of Taxes
- Recognition of foreign legal entities

### **Income Tax Structure in Different Countries**

- Taxation Structure in US
- Taxation Structures in UK
- Taxation Structure in Mauritius
- Taxation Structure in Singapore
- Taxation Structure in UAE

### **Double Taxation in India**

- Introduction to the Concept of Double Taxation
- Capital Gain Tax Rates
- Salient Features of DTA agreements between India & others
- Taxation of Business Profits under DTA agreement

### **Major Tax Treaties in India**

- Introduction to Models of Tax Avoidance Agreements
- Double Taxation Avoidance Agreement with US
- Double Tax Avoidance Agreement with UK
- Double Tax Avoidance Agreement with Singapore
- Double Tax Avoidance Agreement with Mauritius
- Double Tax Avoidance Agreement with UAE

### **Transfer Pricing in India**

- Introduction to Transfer Pricing
- Computation of Arms Length Price
- Documentation (Sec 92d)



- Penalties
- Circumventing the Law for Tax Abuse
- Incorporation of Advance Pricing Agreement in India
- Trends of Transfer Pricing in India

### **Taxation of NRIS**

- NRI definition under the Income-Tax Act, 1961
- Long / Short term capital gain on sale of shares, debentures & securities
- Long Term Capital Gain from Specified Assets
- Capital Gain Arising From Sale of Residential Property
- Long Term Capital Gains of Immovable Property & Other Assets
- Investment Income from Specified Assets
- Tax free income for NRIs under I.T. Act. 1961

### **Tax Planning Through Trust**

- Introduction to the Concept of Trust
- Trusts and Trustee responsibilities
- Purposes of Trusts
- Types of Trusts
- Role of Trusts in Wealth Management
- Tax Planning through creation of Private Family Trust
- Tax planning for different Family Structures
- Off Shore Trust



## Unit IX — WEALTH MANAGEMENT PLANNING

### Course Objective:

This unit covers the different aspects of wealth management business across the globe. It focuses on analyzing and studying the various key profitability drivers like Clients, Products, Distribution and Organization of any wealth management business and how each of the drivers can impact the efficiency of the business. The unit would also feature the wealth management landscape in India and with specific focus on different business models

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Briefly explain the concept of Wealth Management
- Give an overview of all the aspects Wealth Management in the Current Era
- Understand the dynamics of wealth management market in India
- Describe in detail the various competitive players in the Indian Market
- Explain the regulatory aspects of the Indian market
- Understand in detail how global wealth managers have been in fallen in the profitability trap.
- Describe the reasons which have hampered the revenue generation of wealth managers post 2007.
- Understand the key profitability drivers in the wealth management business
- Explain how each one of them can be identified and answered
- Understand how clients act as profitability driver for a wealth management firm
- Explain the key characteristics of clients
- Describe the various aspect of client management like client segmentation, client acquisition and client development.
- Understand how products acts as a profitability driver
- Describe the various products and services offered by the wealth management firms
- Explain the ways in which the various products and services can be sourced by the wealth management firms
- Highlight the different pricing models used by the wealth management firms
- Understand the different distribution channel used in the wealth management business
- Describe the trend in distribution in wealth management
- Explain the new and emerging channels in distribution
- Understand how organizational structure affects the profitability of wealth management business
- Describe the trends of organizational set up in the wealth management business.
- Explain how Technology and Operations act as a profitability drivers
- Describe the principles of achieving operational efficiency in wealth management space
- Understand the various aspects of outsourcing of operating activities
- Understand the analysis of the 10 practical business operating model
- Evaluate the salient features of the losers and winners in the business models post 2007
- Describe the transformation of various model has taken place post the financial crisis 2007
- Describe the various wealth management models operating in India
- Comparing & analyzing the differences between the working mechanism of these models
- Summarize how client needs have changed and evolved over the years and making way for changes in the business models
- Understand the key challenges which wealth management firms need to address.

## Detailed Topic List Unit - IX

### **Wealth Management in Current Era**

- Introduction to Wealth Management
- Aspects of Wealth Management
- Wealth Management Institutions

### **Wealth Management Landscape and Outlook in India**

- Current Scenario in the Indian Wealth Management (WM) Segment
- Competition and Players in the Market
- Products and services
- Demographics
- Regulation
- Snapshot of Wealth Management Firms in India

### **Profitability Trap of Wealth Managers**

- Introduction to the Concept
- Wealth Managers Profitability Trap
- Hindrances in Revenue Generation

### **Key Profitability Drivers**

- Identifying key profitability drivers
- Eight Progressive Profitability Drivers
- Enhancers or Demolishers of Wealth Manager's Profitability

### **Clients as Profitability Driver**

- Introduction to Clients as Profitability Driver
- Key Characteristics of Clients
- Client Segmentation
- Client Acquisition
- Client Development
- Client Retention

### **Products as Profitability Driver**

- Introduction
- Margin disadvantage for traditional in-house products
- Lack of scale of low margin market tracking products
- Cost-effective charging of extended services

- New products and services
- Product sourcing and management
- Pricing

### **Distribution Channels as Profitability Driver**

- Introduction to distribution channels
- Other Traditional Channels
- New and Emerging Channels
- Multichannel Management
- Wealth Management Business Study Findings

### **Organisation Structure as Profitability Driver**

- Introduction to Organization Structure as a Profitability Driver
- Organizational Structure In Wealth Management
- Asset Management
- Key Organizational Trends

### **Technology and Operations as Profitability Driver**

- Introduction
- Operational disciplines in wealth management
- Smart operational sourcing
- Lean operations
- Technology transformation
- Risk and return with outsourcing

### **Business Operating Models**

- Introduction to Business Operating Models
- Identifying the Champions
- Winning models
- Catching-up models
- Struggling models
- Stagnant models
- Degrees of resilience across different models
- Transformation of business models
- Conclusion of the Analysis

### **Wealth Management Models in India**

- Kotak Wealth Management Model
- Citibank Wealth Management Model
- MotilalOswal Wealth Management Model
- Standard Chartered Wealth Management Model
- Analysis and Conclusion

### **Conclusion of Wealth Management Business Models**

- Winner in Wealth Management
- AUM –Just a sub set of a Service Model
- Need for Dynamic, Needs-Based Services
- Needs of Current Customers
- Creating the Right Service Model for Each Client
- Selecting a Service Approach and Practice Model
- Technology Framework to Support Dynamic Service Delivery
- Technical Challenges and Implications
- Conclusion

## Unit X — ADVANCED WEALTH MANAGEMENT

### Course Objective:

This unit builds upon the foundations in Wealth Management concepts covered under CWM®. The unit would provide an excellent platform to the wealth manager for constructing a comprehensive Wealth Plan for his client with specific focus on each of the 6 steps of the wealth management process covered in Level 1. This unit would make the investment professional understand the application of the each of the earlier units through different enriching live case lets.

The unit would also provide handful tools drafted by AAFM India(Performa for Portfolio Review) which can be used by a investment professional right from the start till the end of the wealth management process.

### Learning Outcome Statements

#### After studying this Unit, you should be able to:

- Understand the process of identifying and assessing the current financial situation
- Explain how environment can affect wealth management business
- Describe the roles and responsibilities of Trusted Wealth Manager
- Understand the process of Establishing Goals.
- Describe the steps in Life Cycle Planning
- Explain the mechanism through which a wealth manger can gather data from the client
- Enumerate the questions that form a part of a Risk Questionnaire
- Understand the various aspects through practical cases.
- Understand the mechanism of evaluating the client’s financial issues and opportunities
- Describe how to compute the different measures of deterring the financial worthiness of the client.
- Highlight few of the practical cases covering the various aspects of analyzing process
- Understand the application of different investment strategy for different clients
- Explain in detail the various types of investments which a wealth manager can suggest to his clients.
- Describe the concept of wealth plan which needs to be presented to the client for investment strategy
- Understand the implementation step of the wealth management process
- Explain in detail how to monitor and review a portfolio as per different requirements
- Describe the intricacies involved in rebalancing a portfolio
- Use a sample review template for portfolio revision

## Detailed Topic List Unit - X

### **Understanding the Wealth Management Process**

#### **Identify and Clarify the Current Situation**

- Introduction
- Identify and clarify the current situation
- CWM Tool-Professional Service Contract
- CWM Tool -Disclosure Notice
- The Planning Environment
- Ethical Considerations for Trusted Wealth Managers
- Using Reporting to Supervise A Successful Client Communication Strategy
- Service Model Supporting Life Outcomes
- Changing the Revenue Mix
- Different Ways to Make Your Clients Feel Good

#### **Identify Goals and Objectives**

- Introduction
- Establishing the Financial Goals
- CWM Tool - Personal Financial Goals Worksheet
- CWM Tool - Goal-Setting Worksheet
- The Life Cycle of Wealth Planning
- Case Study - Identifying the financial goals at the start
- Case Study - Criteria for SMART Goals
- Major Life Events
- Case Study - How to Plan for the Life Stage
- Data Gathering
- CWM Tool - Data Gathering Sheet
- Risk Profiling
- CWM Tool - Risk Profiling Questionnaire
- Case study - When Risk isn't Bad
- Case study - How much Risk One Can Afford?

#### **Analyze Financial Issues and Opportunities**

- Introduction
- Wealth planning gap analysis
- Personal SWOT analysis



- Detailed evaluation of financial issues and opportunities
- Current status of client
- Risk management
- Case Study - Rationale for Insurance
- Retirement Planning
- Case Study - Psychological Aspects of Retirement Planning
- Determining Financial Net Worth of Client
- CWM Tool - Personal Balance Sheet
- Knowing the Difference between Bad Debt and Good Debt
- Wealth Preservation/Asset Protection

### **Developing the Wealth Management Plan**

- Introduction
- Investment Strategy
- Develop a Plan for Achieving Goals
- Present the plan to the Client
- Model Portfolios
- Case Study - The Importance of Asset Allocation
- Factors in the Choice of Investments
- Types of Investment Risks
- Understanding the Primary Investments
- Case study - Investment Avenues during Inflationary Times
- Case study - An Investor in Panic Mode
- Format of a Written Wealth Plan
- CWM Tool-Sample Wealth Plan

### **Implementation and Review of the Wealth Management Plan**

- Introduction to the Concept
- Implement The Client's Wealth Planning Recommendations
- Monitoring and Review of Portfolio
- Rebalancing the Portfolio
- Rebalancing Disciplines
- Wealth Management Index
- Portfolio Review Template by AAFM INDIA

### **Case Studies on different Aspects of Wealth Management**