CFP BOARD

INVESTMENT PLANNING

A total of 72 Principal Knowledge Topics (PKTs) were derived from the 2015 Job Task Analysis. These topics serve as a blueprint for the CFP® Certification Examination and form the curriculum framework for CFP Board's education requirement. Only content that can be tied directly to one of these topics is accepted for continuing education.

How to Use this Document: CE Sponsors are encouraged to use this series of documents as a resource and guide when offering programs or creating self-study courses on any PKT. The stated learning objectives (LOs), along with their level of complexity, when used singularly or in combination, are specific and measurable. They set the learning expectation for the participant and when used as the basis for an assessment will accurately measure learning outcomes.

CFP Board encourages CE Sponsors to periodically review the breakdown of courses by PKT category and consider establishing programs and courses to fill content gaps. That breakdown, which is updated each month, can be found here.

E. Investment Planning	Overview	Intermediate	Advanced
E.33. Characteristics, uses and taxation of investment vehicles			
a. Describe and compare the characteristics, including risk and return, of all asset classes including cash-equivalent securities, individual bonds and stocks, real estate, other tangible assets, all pooled asset categories, and derivatives.	✔		
b. Select the appropriate use for each asset class and investment vehicle based upon its risk/return characteristics and expected cash flows.	✔		
c. Advise clients on the tax implications of holding and disposing of each security type or asset class as well as asset location.		✔	
E.34. Types of investment risk			
a. Identify, measure, and differentiate between types of investments risks including systematic, unsystematic risk, interest-rate risk, liquidity risk, credit risk, inflation risk, operating and financial risk, reinvestment-rate risk, exchange-rate risk, and political risk in a client's portfolio.	✔		
b. Explain the impact of low-probability economic events on clients' welfare.	✔		

	Overview	Intermediate	Advanced
E.35. Quantitative investment concepts			
a. Calculate and interpret statistical measures such as mean, standard deviation, z-statistic, correlation, and r2 and interpret the meaning of skewness, and kurtosis.		✔	
b. Estimate the expected risk and return using the Capital Asset Pricing Model for securities and portfolios.	✔		
c. Calculate Modern Portfolio Theory statistics (such as Alpha, Beta and R-squared) in the assessment of securities and portfolios.	✔		
d. Explain the use of return distributions in portfolio structuring.		✔	
e. Identify the pros and cons of, and apply advanced analytic techniques such as forecasting, simulation, sensitivity analysis and stochastic modeling.		✔	
E.36. Measures of investment returns			
a. Identify, measure, and interpret investment returns including after-tax, holding period return, effective annual rate, annual percentage rate, time- and dollar-weighted returns, geometric and arithmetic returns.	✔		
b. Calculate and interpret risk-adjusted performance measures such as the Sharpe, Jensen, and Treynor ratios.	✔		
E.37. Asset allocation and portfolio diversification			
a. Construct an optimal client portfolio by the allocation of wealth amongst risky assets and the risk free security.		✔	
b. Develop and communicate to a client a portfolio rebalancing strategy.	✔		
c. Recommend an asset allocation strategy consistent with a client's risk tolerance.	✔		
E.38. Bond and stock valuation concepts			
a. Value a bond using discounted cash flow and explain how interest rates affect bond values.	✔		
b. Estimate the value of a stock using discounted cash flow, the CAPM, and price multiples.	✔		
c. Differentiate between fundamental and technical analysis.	✔		

	Overview	Intermediate	Advanced
E.39. Portfolio development and analysis			
a. Assist a client in identifying his/her investment objectives, time horizons, and risk tolerances.	✔		
b. Select an appropriate benchmark for assessing the value of portfolio management services.	✔		
c. Develop and communicate an appropriate Investment Policy Statement (IPS) for a client.	✔		
d. Apply duration and convexity in construction of fixed income portfolios.		✔	
e. Construct a tax-efficient diversified portfolio meeting the goals, risk-preferences and time horizon of a client.		✔	
f. Measure and communicate a client's portfolio performance using different risk and return measures.		✔	
E.40. Investment strategies			
a. Explain and apply investment strategies such as buy-and-hold, immunization, core and satellite, passive (indexed) and active management techniques such as tactical allocation, market timing, and sector rotation.		✔	
b. Evaluate the use options and futures for investment risk management purposes.		✔	
E.41. Alternative investments			
a. Define and describe what qualifies as an alternative investment.	✔		
i. Explain asset class and describe the basic differences between the traditional asset classes and alternative asset classes	✔		
ii. Explain the primary rationale and uses for alternative asset classes	✔		
iii. Explain the primary differences between traditional investment strategies and alternative investment strategies including the potential advantages and disadvantages of utilizing alternative investment strategies	✔		
iv. Explain how the incorporation of alternatives asset classes in a traditional asset portfolio structure can potentially improve both absolute and risk-adjusted portfolio returns	✔		

This is a product of the Council on Education as part of CFP Board's CE Quality Initiative.

We encourage you to review *Guidelines for Developing a Quality Live Program or Online Course* and other helpful documents found under Resources for CE Sponsor.

For more information or questions email CESponsor@cfpboard.org or call **(202) 379-2258.**