

Module Outline

ECF on Retail Wealth Management (RWM)

Module 5 “Investment and Asset Management: Product Solutions”

Benchmarked HKQF Level:	5
No. of Credits:	20
Total Notional Learning Hours:	200
a) Class contact hours:	15 hours (3-hour per session x 5)
b) Self-study hours:	182.5 hours
c) Assessment hours:	2.5 hours
Pre-requisite:	NA

Module Objective

The module aims to provide candidates with working knowledge of investment management theory and practice. This module will use investment product solutions to demonstrate practical application of investment strategy and techniques in managing client assets.

Module Intended Outcomes (MIOs) and Units of Competencies (UoCs)

Upon completion of the Module 5, candidates should be able to:

MIOs	Intended Outcomes / Competence	*Unit of Competencies (UoCs)
MIO-1	Examine various banking services and practices and explain the special features of different investment products as well as fundamental principles in investments.	107310L5 109172L5 107518L4 107519L4
MIO-2	Evaluate different techniques and principles related to fund and asset management to propose suitable strategies to customers.	107520L4

**Note: For the details of the UoCs, please refer to the Specification of Competency Standards (SCS) of [Retail Banking](#) and [Corporate & Commercial Banking](#) which were developed by HKCAAVQ.*

Assessment

Examination duration:	2.5 hours
Examination format:	Multiple Choice Questions (MCQ) with 80 questions
Pass mark:	60%

Syllabus

Chapter 1: Fixed Income Investments	
1.1	Money Market Instruments
1.1.1	- Characteristics of Money Market Instruments
1.1.2	- Non-securitised Money Market Instruments
1.1.3	- Securitised Money Market Instruments
1.2	Bonds
1.2.1	- Straight Bonds
1.2.2	- Complex Bonds
1.2.3	- Bond Valuation
1.2.4	- Bond Pricing and Yield
1.2.5	- Term Structure of Interest Rate
1.3	Risk of Investing in Bonds
1.3.1	- Credit Risk
1.3.2	- Interest Rate Risk
1.3.3	- Reinvestment Risk
1.3.4	- Liquidity Risk
1.3.5	- Currency Risk
1.3.6	- Event Risk
Chapter 2: Equity Securities Investments	
2.1	Equities
2.1.1	- Ordinary Shares
2.1.2	- Preference Shares
2.1.3	- Depositary Receipts
2.1.4	- Primary Equity Market
2.2	Risks of Investing in Stocks

2.3	Share Margin Financing and Its Risk
2.3.1	- What is Share Margin Financing?
2.3.2	- Risks of Share Margin Financing
2.3.3	- Advantage of Share Margin Financing
2.4	Corporate Actions
2.4.1	- Dividends
2.4.2	- Rights Issue
2.4.3	- Stock Split and Reverse Split
2.5	Equity Analysis
2.5.1	- Fundamental vs Technical Analysis
2.5.2	- Top-down vs Bottom-up Approach
2.5.3	- Macroeconomic Analysis
2.5.4	- Industry Analysis
2.5.5	- Company Analysis
2.5.6	- Financial Statement Analysis
2.6	Equity Valuation
2.6.1	- Discounted Cash Flows Valuation Approach
2.6.2	- Share Parameters
2.6.3	- Relative Valuation Approach
2.7	Equity index
2.7.1	- Uses of a Market Index
2.7.2	- Considerations in Constructing an Index
2.7.3	- Weighting Methodology in Constructing an Index
Chapter 3: Foreign Exchange	
3.1	Exchange Rate Regimes
3.1.1	- Hard Peg-based Exchange Rate System
3.1.2	- Soft Peg-based Exchange Rate System
3.1.3	- Floating Exchange Rate System
3.2	The Foreign Exchange Market
3.2.1	- Organisation of the Market
3.2.2	- Market Participants

3.2.3	- Currency Traded and Currency Codes
3.3	Spot Foreign Exchange
3.3.1	- Base and Counter Currency
3.3.2	- American and European Terms
3.3.3	- Cross Rates
3.4	Forward Foreign Exchange
3.4.1	- Features of Outright Forward FX Contracts
3.4.2	- Forward Rate Determination
3.4.3	- Uses of Forward FX Contracts
3.4.4	- Non-deliverable Forwards
3.5	Short-term Drivers of Exchange Rates
3.5.1	- Economic and Political News
3.5.2	- Market Sentiment
3.5.3	- Hot Money
3.5.4	- Technical Analysis
3.5.5	- Government Intervention
3.5.6	- Carry Trade
3.6	Long-term Drivers of Exchange Rates
3.6.1	- Economic Performance
3.6.2	- Interest Rate Level & Monetary Policy
3.6.3	- External Trade
3.6.4	- Foreign Investment
3.6.5	- Inflation
3.6.6	- Government Policies
Chapter 4: Derivatives	
4.1	Overview of Financial Derivatives
4.1.1	- What Are Financial Derivatives?
4.1.2	- Major Categories of Financial Derivative
4.1.3	- The Uses of Financial Derivatives
4.1.4	- Risks of Derivatives Use
4.2	Financial Futures

4.2.1	- Market Structure
4.2.2	- Types of Futures Contract
4.2.3	- Contract Specification
4.2.4	- Margin System
4.2.5	- Pricing of Futures Contracts
4.2.6	- Differences Between Forward and Futures Contracts
4.3	Swaps
4.3.1	- Features of Swaps
4.3.2	- Interest Rate Swap and its Application
4.3.3	- Cross Currency Interest Rate Swap and its Applications
4.3.4	- Credit Default Swap and its Applications
4.3.5	- Equity Swap
4.4	Options
4.4.1	- Option Basics
4.4.2	- Factors Affecting Option Premium
4.4.3	- Naked Option Trading Strategies
4.4.4	- Option Trading with Underlying Assets
4.4.5	- Exotic Options
4.5	Warrants
4.5.1	- What Are Warrants?
4.5.2	- How Do Derivative Warrants Work?
4.5.3	- How Are Derivative Warrant Holders Different from Shareholders?
4.5.4	- Factor Affecting the Price of a Derivative Warrant
4.5.5	- Risks of Trading in Derivative Warrants
4.6	Callable Bull / Bear contracts
4.6.1	- What are Callable Bull / Bear Contracts (CBBC)?
4.6.2	- Risks of Trading CBBC
Chapter 5: Investment Funds and Unit Trusts	
5.1	Overview Of Investment Funds
5.1.1	- Features of Investment Funds
5.1.2	- Open vs Closed End Funds

5.1.3	- Net Asset Value
5.1.4	- Fees and Charges
5.1.5	- Advantages and Disadvantages of Unit Trusts and Mutual Funds
5.2	Types of Fund
5.2.1	- Funds by Management Style
5.2.2	- Funds by Asset Class
5.2.3	- Funds by Market
5.2.4	- Funds by Investment Style
5.2.5	- Funds by Sector Investments
5.2.6	- Asset Allocation Funds
5.3	Understanding a Fund Fact Sheet
5.3.1	- Fund Fact Sheet Analysis
5.3.2	- Investment Objective
5.3.3	- Features, Constraints, and Investment Strategy
5.3.4	- Performance Analysis
5.3.5	- Holding Analysis
5.3.6	- Investment Expenses
5.3.7	- Investment and MPT Statistics
5.3.8	- Basis Fund Data
5.3.9	- Morningstar Rating tm
5.4	Understanding an Audit Report on a Fund
5.4.1	- Auditors' Opinion
5.4.2	- Detecting Red Flags in an Audit Report
5.4.3	- Leverage
Chapter 6: Asset Allocation of Investment Fund Portfolio	
6.1	Client Investment Objectives and Fund Investment Objectives
6.1.1	- Understanding Risk
6.1.2	- Asset Mix
6.1.3	- Correlation and Diversification
6.1.4	- Develop an Investment Policy Statement (IPS)
6.1.5	- Implementing an Investment Plan

6.2	Asset Allocation Strategies in Fund Portfolio
6.2.1	- Strategic Allocation
6.2.2	- Tactical Allocation
6.2.3	- Dynamic Allocation
6.2.4	- Implementing Strategies
6.2.5	- Case Study I - A Growth Portfolio
6.2.6	- Case Study II - A Balanced Income Portfolio
6.2.7	- Market Outlook and Macroeconomic Factors on Asset Allocation

Recommended Readings

Essential Readings:

1. HKIB Study Guide of ECF-RWM: Module 5 Investment and Asset Management: Product Solutions. (2025).

Supplementary Readings

1. E-Learning on HKIB Website: Equity Markets
2. E-Learning on HKIB Website: Fixed Income Markets
3. E-Learning on HKIB Website: Foreign Exchange Markets
4. E-Learning on HKIB Website: Futures and Forwards
5. E-Learning on HKIB Website: Money Markets
6. E-Learning on HKIB Website: Options
7. E-Learning on HKIB Website: Swaps

Further Readings

1. Constantinides, G. M. (2015). *Financial Derivatives: Futures, Forwards, Swaps, Options, Corporate Securities, and Credit Default Swaps*. World Scientific Publishing.
2. Fabozzi, F. J. (2018). *The Handbook of Financial Instruments*. Wiley.
3. Pirie, W. L. (2017). *Derivatives*. John Wiley & Sons.
4. Tyson, E. (2022). *Mutual Funds for Dummies* (8th Ed.). Wiley.
5. Shahidi, A (2021). *Balanced Asset Allocation: How to Profit in Any Economic Climate*. Wiley.
6. Bodie, Z, Kane, A, and Marcus, A. *Investments* (12th Ed.). McGraw Hill.