

5 Things You Must Know about Studying for the CIMA Qualification Exam

Agenda:

1. CIMA Overview by Lara Davies, IMCA Director of Industry Relations,
ldavies@imca.org
2. 5 Things You Must Know about Studying for the CIMA Qualification Exam,
Shashin G. Shah, CFA, CFP[®], Subject Matter Expert
3. Qualification Exam Review Demo – Renee Robins, IMCA Learning Manager,
rrobins@imca.org
4. Q&A

April 29, 2011

IMCA[®]

investment management consultants association

- IMCA was established in 1985 to deliver the premier investment consulting and wealth management credentials and world-class educational offerings—membership, conferences, research, and publications.
- In addition to organizing cutting-edge educational conferences, IMCA also administers the **Certified Investment Management AnalystSM (CIMA[®])** and **Certified Private Wealth AdvisorSM (CPWA[®])** certification programs.

IMCA By The Numbers

(As of April 2011)

- 8,100 members
- Membership renewal rate of 92% annually
- Membership growth rate of 4% annually
- Percentage of members who are “extremely satisfied” with member benefits rose seven percentage points in 2010
 - Average AUM is \$272M
 - Advisor Firm Type: National Full Service Brokerage (61%); Independent B-D, RIA, or Dually Registered (20%); Regional or Bank B-D (17.2%);
 - Experience: 10+ years experience (77%); 20+ years experience (35%)
- More than 6,400 CIMA certificants
- More than 400 CPWA designees
- 2011 IMCA Annual Conference, May 16-18, The Bellagio Resort, Las Vegas, NV; 5 specialty conferences in 2011
- Almost 4,000 conference attendees in 2010

Source: IMCA/Cerulli Associates Advisor surveys, 2010

IMCA's CIMA Certification

- The American National Standards Institute (ANSI) awarded IMCA accreditation under the ANSI international standard (ISO/IEC 17024) for the Certified Investment Management Analyst certification.
- Since the inception of ANSI's Personnel Certification Accreditation Program in 2003, the Institute has accredited 33 personnel certification bodies for 79 scopes in a range of industry sectors.
- The CIMA certification is the first internationally accredited financial services certification in the United States.



ANSI Accredited Program
PERSONNEL CERTIFICATION
#1005

Steps to Earning the CIMA Certification

The CIMA certification program is the only credential designed specifically for financial professionals who want to attain a level of competency as an advanced investment consultant. The CIMA professional integrates a complex body of investment knowledge to provide objective investment advice and guidance to individuals and institutions. That knowledge is applied systematically and ethically to assist clients in making prudent investment decisions.

The CIMA certification program requires that candidates meet all eligibility requirements, including experience, education, examination, and ethics.

There are five steps you must complete to earn the certification:

1. Submit [CIMA Certification Program Application](#), fee, and undergo background check.
2. Pass the online [Qualification Examination](#).
3. Schedule into and complete education program with [Registered Education Provider](#) - currently The Wharton School, University of Pennsylvania.
4. Submit [Certification Examination Application](#) and fee and pass the online Certification Examination.
5. Sign licensing agreement, submit initial certification fee, and agree to adhere to IMCA's [Code of Professional Responsibility](#), [Standards of Practice](#), and [Rules and Guidelines for Use of the Marks](#).

CIMA Fee Schedule

The CIMA certification program offers a flexible, pay-as-you-go system that allows a candidate to budget accordingly and progress at his/her own pace. The cost for certification can range anywhere from approximately \$7,000 to more than \$8,000, depending on a candidate's preferences. Prices are subject to change, and details regarding current fees are outlined below:

- 1. CIMA Certification Program Application Fee**
 - \$105 current IMCA members; \$500 nonmembers
 - \$500 with IMCA membership (\$395 annual membership, \$105 application fee)
- 2. Qualification Examination Fee**
 - First-time testing fee included in application fee
 - Fee for each retake attempt is \$125 for current IMCA members, \$175 for nonmembers
 - Pre-study resources are available for additional fees, and members receive discount prices
- 3. Registered Education Providers Education Program Fees**
 - The Wharton School—\$6,500 (includes room and board)
- 4. Certification Examination Fee**
 - \$475 current IMCA members; \$675 nonmembers
 - Fee for each retake attempt is \$475 for current IMCA members, \$675 for nonmembers
- 5. Initial Licensing Fee**
 - \$105 current IMCA members; \$500 nonmembers



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5 Things You MUST Know About Studying For The CIMA Qualification Exam

Presented by:

Shashin G. Shah, CFA, CFP

Subject Matter Expert



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CIMA Qualification Exam

- **Exam Details**
 - Computer Based given Year Round
 - Two- Hour Exam
 - 50 Scored Questions
 - 10 Non-Scored Questions



5 Takeaways Today

- Core Topics
- Outline of Qualification Exam
- General Prep Time Schedule
- Study Tactics
- Resources for QE Prep

Core Topics

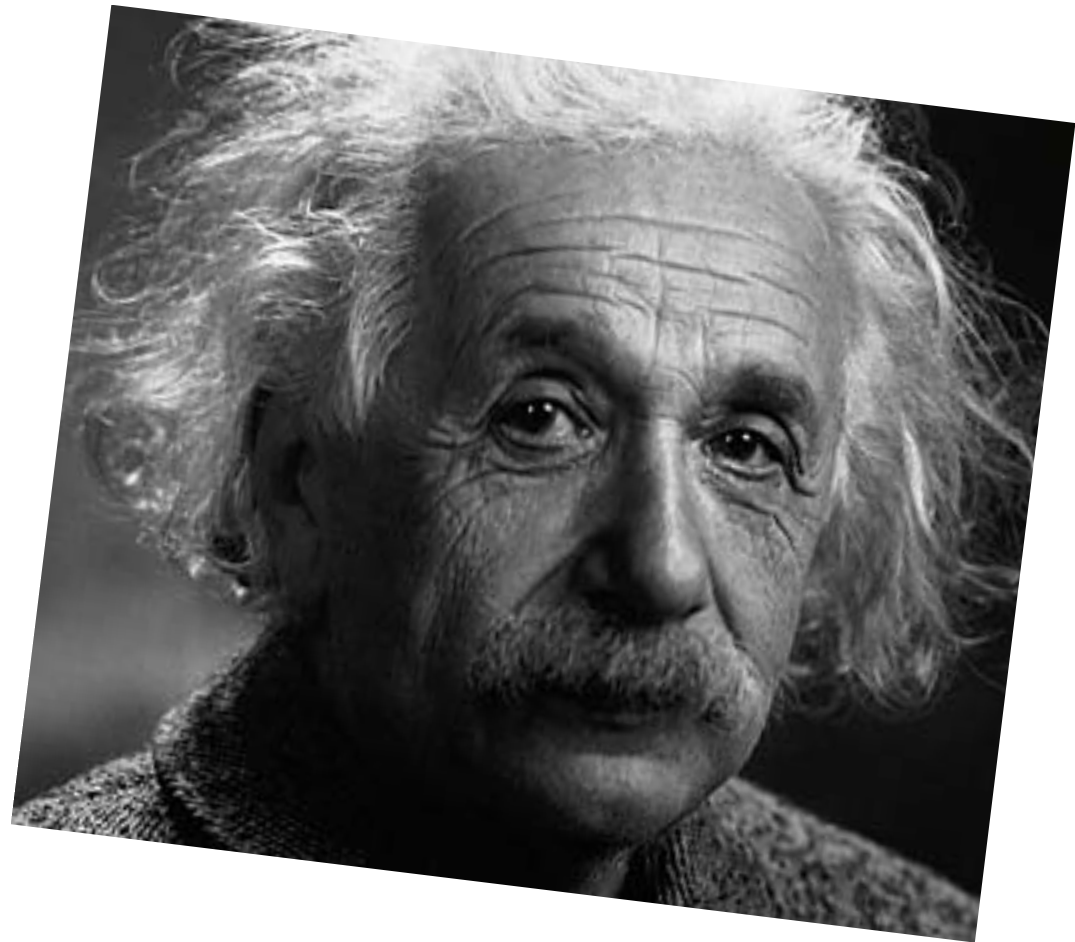
- The burning question for new students:



CAN I DO IT???

**YES YOU
CAN!!!**

*(And you don't
have to be a
Genius!)*



Top 3 Core Topics

- 38%- Make portfolio recommendations based on modern portfolio theory and post-modern portfolio theory
- 24%- Analyze and recommend specific investments
- 16%- Analyze ethical and legal implications

Core Topic 1

- 38% - Make portfolio recommendations based on modern portfolio theory and post-modern portfolio theory
 - Analyze the components of returns (8%)
 - Recommend asset selection and allocation (18%)
 - Formulate and recommend tax-efficient strategy (12%)

Core Topic 2

- 24% - Analyze and recommend specific investments
 - Assess fixed-income markets (12%)
 - Assess equity markets (12%)

Core Topic 3

- 16% - Analyze ethical and legal implications
 - Apply ethical considerations, including IMCA's Code of Professional Responsibility
 - Identify legal considerations, including fiduciary responsibilities

Qualification Exam Outline

- 38% - Make portfolio recommendations based on modern portfolio theory and post-modern portfolio theory
- 24% - Analyze and recommend specific investments
- 16% - Analyze ethical and legal implications
- **10% - Develop and recommend an investment policy for a client (individual or institutional)**
- **12% - Analyze performance measurement and recommend the selection of managers**

Outline Detailed

- **38% - Make portfolio recommendations based on modern portfolio theory and post-modern portfolio theory**
 - Analyze the components of returns (8%)
 - **Recommend asset selection and allocation (18%)**
 - **Formulate and recommend tax-efficient strategy (12%)**
- **10% - Develop and recommend an investment policy for a client (individual or institutional)**
 - Explain the components of an investment policy statement (IPS)
- **12% - Analyze performance measurement and recommend the selection of managers**
 - Analyze performance measurement and attribution
- **24% - Analyze and recommend specific investments**
 - **Assess fixed-income markets (12%)**
 - **Assess equity markets (12%)**
- **16% - Analyze ethical and legal implications**
 - Apply ethical considerations, including IMCA's Code of Professional Responsibility (Not Given)
 - Identify legal considerations, including fiduciary responsibilities (Not Given)

Qualification Exam Study Time

- CIMA Website- Self Study
 - 10-15 Hours per week
 - 15 weeks
 - 225 Hours
- Study Time with QE Review
 - 75 to 125 hours

Study Strategy

- Successful Study Strategy-
 - Step 1: Break Down your Calendar
 - Step 2: Schedule your Exam
 - Step 3: Decide on Self Study/Review

Study Tactics

- **Ready, Set, Go!**
 - Breakdown material by highly tested items first
 - Score questions by section
 - Plan on studying your “tough areas” 2-3 times
 - Be prepared for calculations and comfortable with your calculator
 - Get your hands on lots of questions!
 - Be prepared for anything- New QE questions

IMCA 2011 Annual Conference

Join Us for the Pre-Conference Workshop
*Studying for the CIMA Qualification Exam:
Ready, Set, Go!*,

- 4 Hours of CIMA Breakdown
- Sample Questions
- Sample Calculations
- Study Strategies
- See you there!



Demo & Additional Resources

- Renee Robins, IMCA Learning Manager
 - Demo of Qualification Exam Review online test prep
- Additional information on study resources and IMCA will be emailed to participants.

Studying for the Qualification Exam

Study Resources

- Study materials should be purchased in the open marketplace, i.e. bookstores, Amazon.com, etc.
- IMCA specifies topics to be covered by the Registered Education Providers and topics to be tested, but it cannot require specific texts to be used. A number of textbooks that may be helpful can be found here:
<http://www.imca.org/main/do/CIMASelfStudyTexts>.
- Additional texts have been used to reference exam item answers can be found here:
http://www.imca.org/cms_images/file_1043.pdf.
- It is recommended that candidates begin studying topics listed on the “Detailed Content Outline” in the Candidate Handbook:
<http://www.imca.org/main/do/CIMAHandbook>

Studying for the Qualification Exam

The following are resources that could be helpful. They are listed only as a representative sample of texts available and are not to be considered as recommendations. It is suggested that all texts be well-respected college-level texts.

<http://www.imca.org/main/do/CIMASelfStudyTexts>

- A text on investments (e.g., Bodie, Kane, and Marcus, *Essentials of Investments* or Gitman and Joehnk, *Fundamentals of Investing*)
- A text on behavioral finance (e.g., Nofsinger, *The Psychology of Investing*)
- A text on asset allocation. (e.g., Gibson, *Asset Allocation*)
- A text on investment management consulting (e.g., Shein, *Investment Planning Answer Book*)
- Readings or textbook chapters on regulations (e.g., Haas and Howard, *Investment Adviser Regulation in a Nutshell*; Hazen, *Securities Regulation in a Nutshell*; Hallman and Rosenbloom, *Private Wealth Management*; IMCA's *Code of Professional Responsibility*)
- Financial Math Formula Sheet (IMCA Web site, plus texts necessary to describe formula application if the formulas are not familiar to the candidate)
- Text/chapters on investment policy development
- Text/chapters on manager search and selection
- Text/chapters on performance measurement

CIMA Study Guide for Qualification Exam

CIMA Certification Study Guideline for Qualification Examination (10–15 hours per week)

<u>Week</u>	<u>Subject</u>	<u>Suggested Resources</u>
1	Financial math	Financial Math Formula Sheet (IMCA Web site), math tutorials, text books
	Analyze components of returns	Investment text
2-3	Recommend asset selection and allocation	Asset allocation text
4-5	Formulate and recommend tax-efficient strategies	Investment text with tax discussions
6-7	Components of investment policies	Investment policy text/readings
8-9	Performance measurement and manager selection	Financial math, investment text/calculator tutorials
10-14	Investment recommendations and analysis	Investment texts
	Fixed income	
	Equities	
15	Legal and ethical implications	IMCA <i>Code of Professional Responsibility</i> , specialty texts
	Review	
Take the Qualification Examination		

CIMA Study Guide for Certification Examination

CIMA Certification Study Guideline for Certification Examination (10–15 hours per week)

Table #1

The Certification Examination is cumulative and requires review of all previously studied materials as well as classroom lecture material and exercises. Subjects listed in the “Detailed Content Outline” in the *Candidate Handbook* should be studied carefully as the topics listed below are summaries.

<u>Week</u>	<u>Subject</u>	<u>Suggested Resources</u>
1	Analyze components of returns	Review previously studied material
	Effects of taxes and transaction costs on returns	Investment text/tax references
2-3	Analyze risk and beta	Investment text, financial math
4-5	Recommend asset selection and allocation	
	Forecast expected returns	Investment texts
	Analyze and recommend efficient portfolio selection	Asset allocation text/investment text
6-7	Formulate and recommend tax-efficient strategies	Investment text
	Apply behavioral finance	Behavioral finance text

CIMA Study Guide for Certification Examination

CIMA Certification Study Guideline for Certification Examination (10–15 hours per week)

Table #2

The Certification Examination is cumulative and requires review of all previously studied materials as well as classroom lecture material and exercises. Subjects listed in the “Detailed Content Outline” in the *Candidate Handbook* should be studied carefully as the topics listed below are summaries.

<u>Week</u>	<u>Subject</u>	<u>Suggested Resources</u>
8-9	Components of investment policies	Investment policy text/readings
	Investment policy preparation and recommendation	Investment policy statement books/readings
10-11	Performance measurement and manager selection	Texts/readings that cover manager selection
	Analyze risk-adjusted measures	Investment texts
	Analyze benchmarks	Investment and asset allocation texts
	Perform attribution analysis	Investment texts
12-14	Investment recommendations and analysis	
	Analyze uses of duration and convexity	Investment texts, fixed income texts
	Alternative investments and derivatives	Investment texts, specialty texts
14	Legal and ethical implications	IMCA Code of Professional Responsibility, specialty texts
15	Review	

Take the CIMA[®] Certification Examination

CIMA Qualification Exam Study Resources Provided by IMCA

- 1. CIMA Qualification Examination Online Review Course** \$395 (members), \$595 (nonmembers)
- 2. Essentials of Investment Consulting Online Certificate Program** \$595 (members), \$795 (nonmembers), discount pricing available for groups
- 3. Introduction to CIMA Certification Program Self-Study Texts** \$95 (members), \$145 (nonmembers)
- 4. Online and Geographic Study Groups through LinkedIn:** free for members only

Other review providers, books, and educational resources are available online. IMCA's resources are designed to help candidates focus their study, but they are not meant to provide exhaustive coverage of all topics on the Qualification and Certification Examinations. Candidates are also encouraged to review college-level texts on investments, behavioral finance, asset allocation, regulations, investment policy development, manager search and selections, and performance measurement. It is also recommended candidates familiarize themselves with the CIMA Candidate Handbook, the IMCA Code of Professional Responsibility, IMCA's Standards of Practice, and the financial math formula sheet. <http://www.imca.org/main/do/CIMAqualification>



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CIMA Qualification Exam Independent Review Providers

- **Pierre Lemaire, ABD, CAIA[®]**
Beta Educational Services, LLC
856.866.1555
www.betaeducation.com/CIMA
- **John Nersesian, CIMA[®], CIS, CPWA[®], CFP[®]**
<http://www.nuveen.com/WealthManagement/CIMARegistration/IntroCIMA.aspx>

CIMA Renewal Requirements

The CIMA certification must be renewed every two years. By successfully completing IMCA's certification renewal requirements, CIMA professionals demonstrate to the public that they are individuals who have voluntarily agreed to meet high standards of professionalism.

Steps for Renewal:

1. Complete and report a minimum of 40 hours of continuing education (CE) credit, including two ethics hours.
2. Pay a certification renewal fee for your next two-year certification renewal period.
3. Sign and submit the compliance disclosure and agree to continued adherence to *IMCA's Code of Professional Responsibility, Standards of Practice, and Rules and Guidelines for Use of the Marks*.

IMCA Member Benefits

IMCA is the community for advanced investment consulting and wealth management professionals. IMCA members receive a significant return on their \$395 annual investment.

Subscriptions to IMCA's world-class, peer-reviewed educational content:

- *Investments & Wealth Monitor*, a bi-monthly educational magazine;
- *IMCA Research Quarterly*, featuring proprietary, in-depth research analyzed and reported in collaboration with Cerulli Associates;
- *Journal of Investment Consulting*, an academic publication focused on empirical, graduate-level research;
- *IMCA Case Study Connections*, an electronic publication presenting an institutional or high-net-worth client situation along with two potential solutions written by advisors and consultants;
- *Legislative Intelligence*, an electronic newsletter providing updates and information on legislation and regulations;
- *IMCA Insight*, a bi-weekly e-newsletter featuring industry news and educational content.

IMCA Member Benefits

- **Subscription to *BusinessWeek* magazine**
- **Substantial discounts on education and certification offerings**, including conference registration, application and relicensing fees, and *IMCA Audio Broadcasts*.
- **Members-only access to premier Web-based content and resources**, including model RFP forms, customizable questionnaire templates, and hundreds of online peer-reviewed articles.
- **Networking opportunities through IMCA's LinkedIn group**
- **Affinity programs with online content or software providers**, including Horsemouth.com, premium subscription to Roubini.com, and IPS AdvisorPro[®].

IMCA Conferences

- **IMCA 2011 New York Consultants Conference**, Attendance–800
February 7-8, 2011, New York, NY
- **IMCA 2011 Spring Specialty Conference**, Attendance–250
March 7-8, 2011, Aventura, FL
- **IMCA 2011 Annual Conference**, Approximate Attendance–1,600 – 2,000
May 16-18, 2011, Las Vegas, NV
- **IMCA 2011 Advanced CIMA® Workshop: The Best of Wharton**, Approximate Attendance–225
July 18-19, 2011, Philadelphia, PA
- **IMCA 2011 Advanced Wealth Management Conference**, Approximate Attendance–450
October 10-11, 2011, Chicago, IL
- **IMCA 2011 Winter Specialty Conference**, Approximate Attendance–200
December 5-6, 2011, Vail, CO

In a recent survey, the majority of IMCA members rated IMCA conferences “better” or “much better” than other industry events.

Best of IMCA Advanced IMCA Content Delivered Locally

New this year, IMCA is offering “Best of IMCA” workshops in addition to its national and specialty conferences. This series of six one-day seminars was created in collaboration with top finance faculty of The Wharton School, University of Pennsylvania and leading investment and wealth advisory practitioners. Best of IMCA seminars are approved for up to 6 hours of CIMA[®], CPWA[®] and CFP[®] (pending approval) continuing education credit.

Six locations have been selected for the 2011 series launch and include:

- **Toronto, Ontario, Canada** – *April 12*
- **Vienna, VA (Washington, DC area)** – *April 27*
- **Irvine, CA (Los Angeles, CA area)** – *June 1*
- **Dallas, TX** – *June 23*
- **Houston, TX** – *Date TBD*
- **San Francisco, CA** – *Date TBD*

www.bestofimca.org

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