

HOW DOES THE CFA PROGRAM SUPPORT MY DEVELOPMENT?

CFA Institute has conducted extensive research with its global network of practitioners. We have developed a 'competency framework' that describes job roles and related competencies throughout the industry and from around the world. The CFA Program competency framework is continually refreshed and then integrated into the CFA Program to ensure the curriculum and the exam remain relevant in today's financial landscape. The following are the job roles currently incorporated into our competency framework.

1. ANALYTICAL ROLES CREDIT ANALYST

Analyses debt issuers and structured credit products, undertakes valuations, and seeks investment opportunities in order to promote trade ideas to portfolio managers; determines the balance of risk vs reward involved in extending credit.

EQUITY ANALYST

Covers industries, collects industry/ company data, analyses companies, and builds single company earnings models to conduct valuations culminating in recommendations to trade mispriced equity securities to portfolio managers.

QUANTITATIVE ANALYST

Identify, test and implement financial models and investment ideas by applying statistical techniques, using data-sets/quantitative tools to analyze and predict market movements and exploit market anomalies, develop efficient decision making tools to support the investment process.

ECONOMIST

Applies economic analysis to conduct macroeconomic, financial market, and sector specific research. Evaluates data, constructs proprietary models, analyses economic indicators (e.g. rates, currencies), and advises portfolio managers on asset allocation decisions.

INVESTMENT STRATEGIST

Macro market commentator/advisor and insight generator who analyses economic indicators (e.g. rates, currencies), and advises portfolio managers on strategic and tactical asset allocation and trading strategies.

PERFORMANCE ANALYST

Measures and analyses performance, undertakes attribution analysis, and communicates absolute and relative fund performance data to both portfolio managers and clients via performance evaluation reports and presentations.

CORPORATE DEVELOPMENT AND STRATEGY

Internal strategy consultants at corporations, overseeing and planning both organic and inorganic corporate development. This can include decisions on projects, whether to enter new markets, and 'voice of the customer' work, as well as deal due diligence, negotiation of term sheets and post-merger integration.

DATA SCIENTIST

Analyses data-sets, often from new or alternative sources, applies coding/programming skills and modern analytical techniques to databases to seek meaningful patterns and insights, and communicates relevant findings to key stakeholders. Provides support/advice to relevant teams within the organization (including investment teams) and develops tools and dashboards to improve the investment process.

2. INVESTMENT DECISION-MAKING ROLES CHIEF INVESTMENT OFFICER (CIO)

Develops and communicates investment strategy and policies, inputs into business strategy, manages and develops the investment team, supervises and oversees the investment process, establishes processes to ensure investment policies are followed, and makes decisions on asset allocation, selection of external managers and risk management across portfolios.

MANAGER OF MANAGERS

Analyses and identifies professional investment managers to manage aspects of client funds

through the creation of 'fund of funds' and/or multi-manager strategies; conducts qualitative/ quantitative due diligence in selecting, monitoring and/or terminating investment managers, and tracks and evaluates manager performance.

DANE

Executes security and derivative transactions with use of market data tools, seeking best execution and minimizing market impact to trade portfolio manager strategies and/or execute proprietary or algorithmic strategies.

PORTFOLIO MANAGER

Devises and implements investment strategies and processes to meet client goals and constraints, constructs and manages portfolios, makes decisions on what and when to buy/ sell investments, and reports on investment performance.

3. ADVISORY ROLES

MERGERS AND ACQUISITIONS (MANDA)

Advisory role, pitching on and assisting companies with equity and debt capital raising, mergers, acquisitions and restructuring.

INSTITUTIONAL INVESTMENT CONSULTANT

Advises asset owners, pension funds, and trustees on which managers, funds, asset classes, and countries to invest into as part of the investment strategy, asset allocation, manager selection and portfolio construction process. Researches funds and investment managers and coordinates selection processes.

INVESTOR RELATIONS

Manages planned and ad hoc communications and meetings between public corporates and investors to assist with understanding, analysis and valuation of securities. Coaches C-suite to interact with company stakeholders, anticipates and answers key questions, and provides investor feedback to the board.

PRIVATE EQUITY

Analyses and values businesses, undertakes due diligence, negotiates the purchase/sale of companies, conducts financial engineering, improves operational performance, and undertakes asset management.

PRIVATE WEALTH MANAGER

Advise private clients (high net worth) and families on how to invest their portfolios and plan their finances to meet their objectives, and do so through high quality relationship management and client service.

SALES

Promotion, distribution and placement of financial securities and funds through ideadriven, relationship-based client engagement to portfolio managers, private wealth managers, and other investment decision-makers.

RELATIONSHIP MANAGER

First point of contact for clients, with responsibility for pro-actively understanding and responding to their needs, articulating the products and services of the firm, and identifying appropriate investment solutions to support them.

4. RISK AND OVERSIGHT ROLES

COMPLIANCE

Ensures firm adherence to the applicable local, national and global laws, regulations and standards of practice across jurisdictions, sets up systems to train staff, detect infractions and addresses compliance issues that arise.

RISK MANAGER

Optimizes portfolios through the modelling of historic asset returns and covariances, undertaking analysis (e.g. stress-testing, scenario analysis) and suggests trades to maximize risk-adjusted returns or minimize risk exposure.

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EXPLORING ROLES AND UNDERSTANDING CAREERS WITHIN THE INVESTMENT MANAGEMENT PROFESSION

The investment sector and roles within it are complicated to navigate. This handout is designed to give you guidance on:

- 1. The different **types of organization** that operate in the investment sector
- 2. Examples of the types of **job role** for which the CFA Program is developed
- 3. The **competencies** needed to be successful in your career and how the CFA Program supports you in developing your skills

TYPE OF ORGANISATION

Different types of organizations operate in the investment management sector. This includes asset managers, asset owners, insurance companies, hedge funds, private wealth managers, and private equity firms. These firms are typically referred to as being on the 'buy-side', because in order to operate efficiently they often buy in research and trading services. Investment banks and brokerage firms are often referred to as being on the 'sell-side' as they offer research and trading services to the buy-side.

TYPE OF JOB ROLES

A wide range of job roles exist within these different types of organizations. For front office investment decision making roles, these broadly separate into analytical roles (e.g. equity analyst), investment decision-making roles (e.g. portfolio manager), and advisory roles (e.g. corporate finance). An increasing number of roles can then be found in middle office roles (e.g. risk and oversight). The chart to the right provides more detail about three different types of front office roles.

ADVISORY ROLES

- Business Development
- Corporate Finance Advisory
- Financial Advisor
- Financial Planner
- Investment
- Consultant Merger and
- Acquisition Advisory
- Pension Fund Consultant
- Private Banker
- Private Equity Limited Partner
- Private Wealth Manager
- Relationship Manager
- Sales
- Stockbroker

ANALYTICAL ROLES

- Capital Markets
- · Commodity Analyst Credit Analyst
- Currency Analyst
- Data Analyst
- Data Scientist
- Economist
- Equity Analyst
- Equity Strategist
- Fund Analyst
- FX Strategist
- Macro Strategist Ouantitative Analyst

INVESTMENT DECISION-MAKING ROLES

RISK AND

OVERSIGHT

Laundering Officer

· Compliance Manager

Compliance Officer

Fund Accountant

· Risk Analyst

Risk Manager

Trustee

ROLES

Anti Money

Auditor

- Chief Investment Officer
- Discretionary Manager
- ETF Manager
- Fund of Fund Manager
- Hedge Fund Manager
- Multi-Asset Manager
- · Portfolio Manager
- Proprietary Manager Real Estate Manager
- Sales Trader

THREE FRONT OFFICE ROLES COMPARED

EQUITY ANALYST

What do they do?

Analyse industries and companies, undertake financial analysis, build financial models, undertake valuations and make recommendations to trade mispriced equity securities to portfolio managers.

Other types of analytical roles

There are an increasingly wide number of analytical roles involved in the investment management process. Some focus on macroeconomic analysis, some on valuation, some on analysing relevant data and implementing relevant algorithms, and others on analysing and attributing investment performance.

Other Analytical roles include:

- Data Scientist
- Economist
- Investment Strategist
- Performance Analyst
- · Quantitative Analyst

Key skills and competencies needed for success as an Equity Analyst and in many other analytical roles:

- Data analysis
- Industry and company analysis
- Financial analysis
- Financial modelling
- Valuation

Is an analytical role right for me?

If you have analytical skills and enjoy developing investment ideas, undertaking detailed analysis, applying your programming or modelling skills and your critical judgement to undertake valuations and make stock calls, this type of role may suit you. Personal and business skills such as communication and report writing are critical for these roles. You need to make sure your views are heard and your research is read.

Lifestyle and Rewards

Analytical roles vary significantly dependent on the area of focus and the organization. For example, sell-side equity analysts cover fewer stocks than those on the buy-side but in far more depth. The rewards can be significant.

Sell-side roles often require very long hours and the need to be 'on call' to respond to fund manager questions. Buy-side analysts' lifestyles are more consistent with those of the portfolio manager.

PORTFOLIO MANAGER

What do they do?

Devise and implement investment strategies and processes to meet client goals and constraints, construct and manage portfolios, decide what investments to buy/sell, and report on investment performance.

Other types of investment decision-making roles

Whether you are working for a traditional asset manager, an insurance company, hedge fund, in private equity, or a wealth manager, these are the ultimate investment decision makers determining what to buy and sell and when. Some work in managing portfolios in single securities, others invest directly into funds, and some focus within structures (such as hedge funds) which allow a wide range of investment strategies to be undertaken. Investment decision-makers have often started their career in analytically focused roles.

Other Investment decision-making roles include:

- Manager of Managers
- Private Equity
- Trader

Key skills and competencies needed for success as a Portfolio Manager and in investment decision-making roles:

- Investment strategy and process
- Portfolio construction and execution
- Performance measurement and risk management

Is an investment decision-maker role right for me?

Practitioners typically go into investment decisionmaking roles after several years working as an analyst. If you like generating investment ideas, developing and implementing investment strategy, can manage risk, and can remain resilient and decisive when faced with the stress that comes from potential underperformance and poorly performing markets, this role could be for you.

Lifestyle and Rewards

Resilience and the ability to deal with stress are critical. But if you can perform well the rewards can be significant. Investment decision-makers tend to be early starters, but week to week activities are fairly consistent and typically office hours are reasonable.

PRIVATE WEALTH MANAGER

What do they do?

Advise private clients (high net worth) and families on how to invest their portfolios and plan their finances to meet their objectives, and do so through high quality relationship management and client service.

Other types of advisory roles

There is variety in these roles but managing and leveraging client relationships to identify and deliver on business development opportunities are critical skills for all of them. Some focus on advising institutional clients and pension funds, some on retail/private clients, and others on corporations. A deep level of technical knowledge is often required, and in some instances, advisors may also be involved in aspects of both the analytical and investment decision-making processes.

Other Advisory roles include:

- Relationship Manager
- Sales
- · Investment Consultant

Key skills and competencies needed for success as a Private Wealth Manager and in advisory roles:

- Client profiling
- Financial planning
- Wealth and risk management

Is an advisory role right for me?

If you enjoy building and managing relationships, an advisory-style role could be right for you. You will need to develop client relationships, profile your clients, develop business opportunities, and make investment recommendations. Sales skills and the ability to deal with rejection will be key. But these roles offer the ability to build long lasting client relationships, develop deep technical skills, and understand the breadth of services offered by the firm.

Lifestyle and Rewards

There are a wide range of different advisory roles. For those working with private clients, the focus early in a career is often on building the client base, and business development. Later on, advisors may choose to work for themselves, allowing more flexibility in work-life balance. This is a flexibility that does not typically exist for analytical and investment decision-making roles.

analysts, other professionals involved in the investment decision-making process, and finance students who want to work in the investment management profession. The chart to right examines the activities undertaken by three specific roles. We examine how the skill sets developed in these areas have application to other investment-decision making, analytical, and advisory jobs.

CFA PROGRAM, COMPETENCIES AND JOB ROLES

The good news is that whatever type of organization you join, there are similarities in the requirements. For example, there are some similarities in

The CFA Program is developed for portfolio managers, wealth managers,

the skills needed by those working in analytical roles across a range of areas.