

Discretionary investment management

Purpose

At the end of this unit, candidates should be able to demonstrate an understanding of:

- the behaviour, performance, risk profile and correlation of key investment types;
- discretionary and non-discretionary portfolio management;
- the principles of performance measurement, financial analysis and ratio analysis;
- the principles of performance management and portfolio theory.

Summary of learning outcomes	Number of questions in the examination*
1. Understand how to establish and meet a client's investment objective	4
2. Understand the behaviour, performance, risk profile and correlation of key investment types	8
3. Understand the role of the investment manager	6
4. Understand discretionary and non-discretionary portfolio management	5
5. Understand investment fund objectives and approaches	2
6. Understand the fundamentals of economics applicable to investment management	5
7. Understand how investment returns are related to investment risk	7
8. Understand the principles and limitations of modern portfolio theory	7
9. Understand indices and performance measurement	12
10. Understand data and regression	2
11. Understand the principles of basic financial mathematics	2
12. Understand accounts and their interpretation	7
13. Understand information sources and disclosure obligations and bias thereof	3
14. Apply the principles of performance measurement and portfolio theory	Case study based questions †
15. Analyse, interpret and compare financial information and financial ratios	Case study based questions †

* The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

† 20 case study based questions from learning outcomes 14 and 15.

Important notes

- Method of assessment: 70 multiple choice questions and 4 case studies, each comprising 5 multiple response questions. 2 hours are allowed for this examination.
- This syllabus will be examined from 1 September 2026 to 31 August 2027.
- Candidates will be examined on the basis of English law and practice in the tax year 2026/2027 unless otherwise stated.
- It should be assumed that all individuals have long-term UK residence status unless otherwise stated.
- This PDF document has been designed to be accessible with screen reader technology. If for accessibility reasons you require this document in an alternative format, please contact us on online.exams@cii.co.uk to discuss your needs.

- 1. Understand how to establish and meet a client's investment objective**
 - 1.1 Explain the steps taken to identify a client's investment objectives and needs.
- 2. Understand the behaviour, performance, risk profile and correlation of key investment types**
 - 2.1 Identify the main features, characteristics and risks of the main asset classes and individual product types.
 - 2.2 Identify the main tax features and characteristics of the principal ways of holding investments and investment tax wrappers.
- 3. Understand the role of the investment manager**
 - 3.1 Describe the key stages of the investment management process.
- 4. Understand discretionary and non-discretionary portfolio management**
 - 4.1 Describe the main principles and rules that apply to discretionary and advisory portfolio management.
- 5. Understand investment fund objectives and approaches**
 - 5.1 Describe the objectives of investment funds and the approaches used by fund managers to meet the fund's objectives.
- 6. Understand the fundamentals of economics applicable to investment management**
 - 6.1 Explain how economic factors affect investment portfolio decisions.
- 7. Understand how investment returns are related to investment risk**
 - 7.1 Identify the main types of risk and their impact on investment performance.
- 8. Understand the principles and limitations of modern portfolio theory**
 - 8.1 Explain the fundamental principles and limitations of modern portfolio theory.
- 9. Understand indices and performance measurement**
 - 9.1 Describe the differing methods of analysing and assessing investment performance.
- 10. Understand data and regression**
 - 10.1 Describe the sources, benefits and limitations of analytical data.
 - 10.2 Perform basic calculations with portfolio performance data.
- 11. Understand the principles of basic financial mathematics**
 - 11.1 Calculate compound interest in relation to portfolio returns.
- 12. Understand accounts and their interpretation**
 - 12.1 Explain the use, benefits and limitations of accounting principles in relation to investment management.
 - 12.2 Explain the different types and uses of equity ratio analysis.
- 13. Understand information sources and disclosure obligations and bias thereof**
 - 13.1 Describe the importance and requirements of regulatory reporting.
 - 13.2 Explain the different sources of information that could impact investment decisions and their limitations.
- 14. Apply the principles of performance measurement and portfolio theory**
 - 14.1 Apply the principles of performance measurement in order to assess risk and return.
 - 14.2 Apply the principles of portfolio theory in order to construct and/or evaluate portfolios.
- 15. Analyse, interpret and compare financial information and financial ratios**
 - 15.1 Analyse and interpret a range of financial information and draw reasonable conclusions.
 - 15.2 Analyse, interpret and compare financial ratios and draw reasoned conclusions.

Additional resources

The following resources may assist you with your studies.

Note: The examination will test the syllabus alone.

Supporting information for the syllabus can be found on the unit page via the CII website. The resources found here: www.cii.co.uk/learning will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

Additional reading material can also be found referenced in an appendix within the study text.

Exam preparation

Exam preparation guidance and supporting exam documentation are available via the CII website: <https://www.cii.co.uk/learning/qualifications/assessment-information>.

Learning support

Investment principles and risk. London: CII. Study text R02.

Discretionary investment management. London: CII. Study text J10.

Supporting exam documents

Tax tables which are provided in your exam can be found here: www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/supporting-exam-documents/

Assessment information

Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:

1. Visit www.cii.co.uk/qualifications
2. Select the appropriate qualification
3. Select your unit from the list provided
4. Select qualification update on the right hand side of the page

Examination guide

The examination guide is available on the unit page via the CII website.

If you have a current study text enrolment, the current examination guide is included and is accessible via **RevisionMate** (www.cii.co.uk/login). Details of how to access RevisionMate are on the first page of your study text.

It is recommended that you study from the most recent versions of the examination guide.