RO2 LEARNING OUTCOME 8 & 9

Chapter 10- The principles of investment planning (Learning outcome 8&9)

FEATURES OF PLATFORMS

- ✓ Reduced paperwork and administration
- ✓ Choice of funds
- ✓ Tax Wrappers
- ✓ Allocation across tax wrappers
- ✓ Consolidated statements
- ✓ Portfolio rebalancing

PLANNING WITH TAX WRAPPERS

- ✓ Collectives
- ✓ ISAs
- ✓ Personal pensions/ SIPPs
- ✓ UK qualifying life policies
- ✓ UK investment bonds
- ✓ Offshore investment bonds
- ✓ VCTs, EISs and SEISs

THE MAIN CRITERIA IN FUND SELECTION

- ✓ Fund objective
- ✓ Costs and charges
- ✓ Strength and reputation of individual fund manager
- ✓ Type and structure of fund
- ✓ Environmental, social and governance (ESG) criteria

FUND MANAGEMENT STYLES

- ✓ Value
- ✓ GAARP
- ✓ Momentum
- ✓ Contrarianism

PORTFOLIO CONSTRUCTION

- ✓ Top-down investment management
- ✓ Bottom-up investment management
- ✓ Combined approaches

ASSUMPTIONS IN PORTFOLIO OPTIMISATION

- ✓ Risk
- ✓ Historic data
- ✓ Forecasts
- ✓ Costs
- ✓ Implementation

APPROACHES TO ASSEST ALLOCATION

- ✓ Theoretical approach – modern portfolio theory
- ✓ Pragmatic approach
- ✓ Combining approaches