RO2 LEARNING OUTCOME 7

Chapter 9- The Investment advice process (Learning outcome 7)

THE INVESTMENT ADVICE

- Determine client's requirements
- Analyse client's financial position
- Formulate a strategy to meet objectives
- Produce recommendations and implement
- Revisit investments, objectives and strategy

KEY CLIENT INFORMATION

- Personal Information
- Needs and objectives
- Assets and liabilities
- Income and expenditure
- Priorities
- Attitude to risk

IA FRAMEWORK FOR RESPONSBILE INVESTMENT

- Firm-level: Stewardship, ESG integration, Exclusions
- Fund-level: Sustainability focus, impact investing

CLIENT OBJECTIVES

- Return requirements
- Risk tolerance

INVESTMENT OBJECTIVES

- Capital preservation
- Capital appreciation
- Current Income
- Total return

RISK CLASSES

- No risk
- Low risk
- Medium risk
- Medium-high risk
- High risk

CONSTRAINTS THAT IMPACT INVESTMENTS IN THE PORTFOLIO

- Time horizon
- Liquidity
- Tax
- Legal and regulatory factors
- Unique needs and preferences

SUSTAINABLE AND ESG INVESTMENT APPROACHES

- Positive selection
- Negative exclusions
- Responsible ownership (stewardship) activity