

Number	Mnemonic Topic	Mnemonic
1	Problems and Constraints for the Emerging Market Investor	
2	The Investment Process	
2A	General Investment Strategies	
3	Key Components of the Investor Policy Statement	
3A	Components of the Investor Policy Statement (specific)	
4	Risk Objectives	
5	Return Objectives	
6	Investor Constraints	
7	Behavioral Finance Issues	
8	Asset Allocation Strategies	
9	Strategic Asset Allocation strategy	
10	Components of Trading Costs	
11	Steps to implement a dynamic hedge	
12	Evaluating an Investment Manager	
13	Basic approaches to calculating VaR	
14	Corporate Risk Management	
15	Performance Attribution	
16	Qualities of a Benchmark	
17	GIPS topical areas	
18	Common characteristics of Hedge Funds	
19	Sources of Excess Return for Bond Portfolio	
20	Disclosure requirements under GIPS ®	
21	Problems in economic forecasting	

Number	Mnemonic Topic	Mnemonic
1	Problems and Constraints for the Emerging Market Investor	THRIVE PLCC
2	The Investment Process	OIMAM
2A	General Investment Strategies	SAP
3	Key Components of the Investor Policy Statement	RROIC
3A	Components of the Investor Policy Statement (specific)	ACTIVAS
4	Risk Objectives	M AW S
5	Return Objectives	M DN S
6	Investor Constraints	RUTTLL
7	Behavioral Finance Issues	DREAM RAP BLOC
8	Asset Allocation Strategies	IS IT
9	Strategic Asset Allocation strategy	B MOP
10	Components of Trading Costs	COITSS
11	Steps to implement a dynamic hedge	FVIR
12	Evaluating an Investment Manager	VARTLL
13	Basic approaches to calculating VaR	HMV
14	Corporate Risk Management	BC MOLL
15	Performance Attribution	SAS
16	Qualities of a Benchmark	AO MAUI
17	GIPS topical areas	MC DIP
18	Common characteristics of Hedge Funds	C SLED
19	Sources of Excess Return for Bond Portfolio	MC SOD
20	Disclosure requirements under GIPS ®	FFF WAC CLAMS
21	Problems in economic forecasting	SLIM GERM C

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1		Problems and Constraints for the Emerging Market Investor	THRIVE PLCC
	T	Taxes	(Study Session 5, page 8)
	H	Historical data	
	R	Repatriation of Funds	
	I	Information	
	V	Volatility	
	E	Economic	
	P	Political	
	L	Liquidity	
	C	Costs	
	C	Currency	
2		The Investment Process	OIMAM
	O	Objective	(Study Session 6, page 3)
	I	Implementation	
	M	Monitoring	
	A	Adjusting	
	M	Measurement / Attribution	
2A		General Investment Strategies	SAP
	S	Semi-active (enhanced indexing)	(Study Session 9, page 4)
	A	Active (growth, value, small cap, market-oriented)	
	P	Passive (buy and hold, indexing)	
3		Key Components of the Investor Policy Statement	RROIC
	R	Risk and	(Study Session 9, page 9)
	R	Return	
	O	Objectives, and	
	I	Investor	
	C	Constraints	
3A		Components of the Investor Policy Statement (specific)	ACTIVAS
	A	Advice from professionals (tax, legal)	(Study Session 9, page 34)
	C	Cash reserve required (liquidity)	
	T	Turnover strategies (to minimize taxes)	
	I	Inflation impacts (risk, return)	
	V	Volatility (risk, return)	
	A	Appreciation or preservation of capital (risk, return)	
	S	Stages of life (risk, return)	

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4		Risk Objectives	M AW S
	M	Measurement	(Study Session 9, page 9)
	AW	Ability and Willingness	
	S	Specific	
5		Return Objectives	M DN S
	M	Measurement	(Study Session 9, page 9)
	DN	Desired / Needed	
	S	Specific	
6		Investor Constraints	RUTT L
	R	Regulatory / Legal	(Study Session 9, page 9)
	U	Unique Circumstances	
	T	Taxes	
	T	Time Horizon	
	L	Liquidity	
7		Behavioral Finance Issues	DREAM RAP BLOC
	D	Decision framing	(Study Session 9, page 33)
	R	Reference dependence	
	E	Expectations (biased and rational)	
	A	Asset segregation	
	M	Mental accounting	
	R	Regret	
	A	Agency friction	
	P	Prospect theory	
	B	Behavioral Asset Pricing Model	
	L	Loss aversion	
	O	Overconfidence	
	C	Cognitive errors	
8		Asset Allocation Strategies	IS IT
	I	Integrated	(Study Session 11, page 10)
	S	Strategic (see mnemonic 9)	
	I	Insured	
	T	Tactical	
9		Strategic Asset Allocation strategy	B MOP
	B	Buy and Hold	(Study Session 11, page 10)
	M	Constant Mix	

Number		Mnemonic Topic	Mnemonic		
	O	Option based portfolio insurance			
	P	Constant Proportion			
10	Components of Trading Costs		COITSS		
	C	Commissions, Fees and Taxes	(Study Session 11, page 26)		
	O	Opportunity Costs			
	I	Market Impact			
	T	Timing			
	S	Subjective Costs			
	S	Spreads (such as the bid – ask spread)			
	Make the distinction between <b>implicit</b> and <b>explicit</b> trading costs				
11			Steps to implement a dynamic hedge		FVIR
			F	Choose a floor value	(Study Session 12, page 13)
			V	Evaluate volatility	
			I	Set the initial hedge position	
			R	Rebalance and monitor	
12	Evaluating an Investment Manager		VARTLL		
	V	Volatility	(Study Session 14, page 22)		
	A	Approach			
	R	Return Expected			
	T	Trust			
	L	Liquidity			
	L	Legal Issues			
13	Basic approaches to calculating VaR		HMV		
	H	Historical Simulation	(Study Session 15, page 16)		
	M	Monte-Carlo Simulation			
	V	Variance / Co-Variance Method			
14	Corporate Risk Management		BC MOLL		
	B	Business Risk	(Study Session 15, page 25)		
	C	Credit Risk			
	M	Market Risk			
	O	Operational Risk			
	L	Legal Risk			
	L	Liquidity Risk			
15	Performance Attribution		SAS		
	S	Strategy	(Study Session 16, page 14)		
	A	Allocation			

Number		Mnemonic Topic	Mnemonic
	S	Selection	
16	Qualities of a Benchmark		AO MAUI
	A	Specified in Advance	(Study Session 16, page 15)
	O	Reflective of Opinion	
	M	Measurable	
	A	Appropriate	
	U	Unambiguous	
	I	Investable	
17	GIPS topical areas		MC DIP
	M	Calculation Methodology	(Study Session 17, page 14)
	C	Composite Construction	
	D	Disclosures	
	I	Input Data	
	P	Presentation and Reporting	
18	Common characteristics of Hedge Funds		C SLED
	C	Concentration	(Study Session 8, page 17)
	S	Shorting	
	L	Leverage	
	E	Execution	
	D	Derivatives	
19	Sources of Excess Return for Bond Portfolio		MC SOD
	M	Market	(Study Session 7, page 22)
	C	Currency	
	S	Sector	
	O	Outside the Benchmark	
	D	Duration Management	
20	Disclosure requirements under GIPS ®		FFF WAC CLAMS
	F	Definition of “ <u>f</u> irm” used to determine the firm’s total assets and firm-wide compliance	(Study Session 17, page 18)
	F	Whether results are calculated gross or net of investment management <u>f</u> ees and other client fees	
	F	Inclusion and percentage of non- <u>f</u> ee paying portfolios in the composites	
	W	Treatment of the <u>w</u> ithholding taxes on dividends, interest income and capital gains	
	A	Total firm <u>a</u> ssets for each period	

Number		Mnemonic Topic	Mnemonic
	C	The <u>c</u> urrency used to express performance	
	C	<u>C</u> onflicts between local laws and GIPS ® requirements	
	L	Use of <u>l</u> everage / derivatives, to identify risks	
	A	<u>A</u> vailability of complete list and description of firm composites	
	M	<u>M</u> inimum asset level for inclusion in composites	
	S	If <u>s</u> ettlement date valuation is used	
21		Problems in economic forecasting	SLIM GERM C
	S	Simultaneity	(Study Session 4, page 4)
	L	Linear perception	
	I	Implausible results	
	M	Messenger syndrome	
	G	Group think	
	E	Errors in data	
	R	Robustness	
	M	Data mining	
	C	False causation	