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 investment industry and 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 today in 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 qualitative and quantitative due diligence in selecting and/or terminating investment managers, and tracks and evaluates manager performance.

EQUITY ANALYST
Covers industries and companies, 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
Identifies and implements financial models and investment ideas by applying statistical techniques, using data-sets/quantitative tools to analyze and predict market movements and exploit market anomalies, develops and implements investment ideas by applying statistical techniques, using data-sets/quantitative tools to analyze and predict market movements and exploit market anomalies.

DATA SCIENTIST
Analyzes 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 to relevant teams within the organization (including investment teams) and develops tools and dashboards to improve the investment process.

2. PERFORMANCE ANALYST

EQUITY ANALYST
Measures and analyzes performance, undertakes attribution analyses, 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 developments. 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 integrations.

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

3. ADVISORY ROLES

MERCHANTS AND ACQUISITIONS (M&A)
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 trusts on which managers and funds, and processes evaluation and selection of external managers and risk management across portfolios.

4. RISK AND OVERSIGHT ROLES

RISK MANAGER
Optimizes portfolios through the modeling of asset management, provides risk warnings, undertaking analyses (e.g. stress testing, scenario analysis). Identifies and integrates risk models to maximize risk-adjusted returns or minimize risk exposure.

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

PRIVATE WEALTH MANAGER
Analyzes and values businesses, undertakes due diligence, negotiates the purchase/sale of companies, conducts financial due diligence, improves operational performance, and undertakes asset management.

SALES
Sales, distribution, and placement of financial securities and funds through value-driven, relationship-based client engagement to portfolio 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.

5. FOUNDATIONAL

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
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.

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.

**EQUITY ANALYST**

What do they do?
Analyze 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 analysis of 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

**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

**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

**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.

**Is an investment decision-maker role right for me?**
Practitioners typically go into investment decision-making 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.

**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.