



Certified International
Investment Analyst

Complete Examination Syllabus

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Key readings can be found in the CIIA reference list.

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¹ All subjects described in the book are done in an international framework. The book is mostly descriptive, only little mathematics are given.

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Examination Syllabus

Part 2

Equity Valuation and Analysis

Equity Markets and Structures
Understanding the Industry Life Cycle
Analysing the Industry Sector and its Constituent Companies
Understanding the Company
Valuation Model of Common Stock

Key readings can be found in the CIIA reference list

Common Knowledge Base	Reference book	
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Part 3 Bond Valuation and Analysis

Financial Markets and Instruments

Fixed Income: Corporate and Government

Financial Markets and Instruments

Time Value of Money

Bond Yield Measures

Term Structure of Interest Rates

Bond Price Analysis

Risk Measurement

Credit Risk

Bonds with Warrants

Investment Characteristics

Value of Warrants

Convertible Bonds

Investment Characteristics

Value of Conversion Benefits

Callable Bonds

Investment Characteristics

Valuation and Duration

Floating Rate Notes

Investment Characteristics and Types

Valuation Method

Mortgage-Backed Securities

Types of Mortgages

Types of Securities

Factors Affecting Market Price

Valuation Methodologies

Fixed Income Portfolio Management Strategies

Active Management

Passive Management

Portfolio Construction based on a Factor Model

Computing the Hedge Ratio: the Modified Duration Method

Key readings can be found in the CIIA reference list.

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8.4 Computing the hedge ratio: the modified duration method		Fi



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Part 4

Derivative Valuation and Analysis

Financial Markets and Instruments

Derivatives Markets

Futures Markets

Related Markets

Analysis of Derivative and Other Products

Futures

Options

Asset-backed Securities

Key readings can be found in the CIIA reference list.

Common Knowledge Base	Reference books	
1. Financial markets and Instruments		
1.1 Derivatives markets 1.1.1 Fixed income derivatives 1.1.1.1 Interest rate options 1.1.1.2 Interest rate futures 1.1.1.2.1 Delivery options 1.1.1.2.2 Conversion factors 1.1.1.2.3 Cheapest-to-deliver bonds 1.1.1.3 Custom interest rate agreements (interest swap, IRA, cap, floor and swaptions) 1.1.2 Equity derivatives 1.1.2.1 Options on individual stocks 1.1.2.2 Stock index futures and options	HULL(i) Ch. 3, The determination of forward and futures prices Delivery options, p 70 Stock index futures, p 60-64 HULL (i) Ch5, Interest-rate futures Some preliminaries, p 106-113 Treasury bond and treasury note futures, p 115-121 HULL (i) Ch7, Mechanisms of options markets Specifications of stock options, p 176-179 BKM Ch19, Options markets: introduction 19.1 The option contract Interest rate options, p 610 BKM Ch22, Future and swaps: a closer look 22.1 Stock index futures, p 714-723 22.3 Interest rate futures, p 729-731 22.5 Swap, p 736-743 FAB Ch21, Interest-rate futures contracts Currently traded interest-rate futures contracts, p 482-489 FAB Ch22, Interest rate options Types of interest-rate options, p 508-509 Exchange-traded futures options, p 509-511 FAB Ch23, Interest rate swap and agreements Interest-rate swaps, p 549-568	Fo/Fi
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2.2.2.9 Binomial option pricing model	HULL(i) Ch10, An introduction to binomial	Fo/Fi

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<p>2.2.5 Exotic options</p>	<p>HULL(o)² Ch18, Exotic options</p> <p>18.1 Types of exotic options, p 457-469</p> <p>18.4 Lookback options, 474-476</p> <p>18.5 Barrier options, p 476-479</p> <p>18.6 Options on two correlated assets, p 480-482</p> <p>BKM Ch19, Options markets: introduction</p>	Fi

² Hull(o) = Hull, J., 3rd edition, (1997), *Options, futures, and other derivatives*

	19.7 Exotic options, p 640-641 ESM Ch23, Advanced topics in currency and interest rate risk management Exotic Options, p 799-803	
2.2.6 Options strategies 2.2.6.1 Covered call 2.2.6.2 Protective put 2.2.6.3 Spreads 2.2.6.4 Straddles 2.2.6.5 Strangles	HULL(i) Ch9, Trading strategies involving options Strategies involving a single option and a stock, p 217-219 Spreads, p 219-227 Combinations, p 227-230 Other payoffs, p 230-231 HULL(i) Ch14, Hedging positions in options and the creation of options synthetically Naked and covered positions, p 306-307 A stop-loss strategy, p 307-309 BKM Ch19, Options markets: introduction 19.3 Option strategies, p 617-627 SAB Ch19, Options 19.9 Portfolio Insurance, p 637-641	Fi
2.3 Asset-based securities 2.3.1 Types of underlying assets 2.3.1.1 Instalment contract 2.3.1.2 Revolving lines of credit 2.3.1.3 Other assets 2.3.2 Cash flow characteristics 2.3.3 Credit enhancement 2.3.4 Valuation methodologies	FAB Ch13, Asset-backed securities Issuers of collateral for asset-backed securities, p 315-316 Cash-flow of asset-backed securities, p 316-318 Credit risk, p 318-319	Fo/Fi



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Part 5 Corporate Finance

Fundamentals of Corporate Finance

Goals of Corporate Finance

The Finance Function and the Firm's Objectives

Role of Financial Managers

Principles of Valuation

Discounted Cash Flows

Capital Budgeting

Long-Term Finance Decision

Investment Decision

Project Evaluation

Liquidation and Reorganisation

Short-Term Finance Decision

Short-Term Financing

Cash Management

Short-Term Lending and Borrowing

Capital Structure and Dividend Policy

Leverage and the Value of the Firm

Dividend Policy

Mergers and Acquisitions

Valuation Issues

Forms of Acquisitions

Strategies for the Acquirer

Defensive Strategies

International Corporate Finance

International Capital Budgeting for Multinational Firm

Asset and Project Finance

Key readings can be found in the CIIA reference list..

	Rosenburg & Rudd: The corporate uses of beta (in JS & DC) Kothari & Shanken: In defence of beta (in JS & DC)	
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2.2 Project evaluation 2.2.1 Method for ranking investment proposals 2.2.2 Capital resource rationing 2.2.3 Common pitfalls (eg. Sunk costs, depreciation)	BM, Ch 5, Why net present value leads to better investment decisions than other criteria 5-1 A review of the basics 85 5-2 Net present value's competitors 87 5-3 Payback 88 5-4 Average return on book value 90 5-5 Internal rate of return 97	Fo/Fi
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<p>4.2 Dividend policy 4.2.1 Types of dividend (cash dividend, stock dividend, and splits) 4.2.2 Repurchase of stock 4.2.3 Irrelevance Theorem 4.2.4 Clientele effect 4.2.5 Signalling model 4.2.6 Dividend policy in local market</p>	<p>BM, Ch 16, The dividend controversy 16-1 How dividends are paid 418 16-2 How do companies decide on dividend payments 420 16-3 Controversy about dividend policy 422 16-4 The rightists 427 16-5 Taxes and the radical left 430 16-6 Middle of the roaders 434</p>	<p>Fo/Fi</p> <p>Fo/Fi Fi</p>
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<p>6.2 Asset and Project finance 6.2.1 Asset-backed securities 6.2.2 Leasing 6.2.3 Project evaluation 6.2.4 Lender's evaluation of the project 6.2.5 Syndication</p>		<p>Fi</p>



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Part 6

Financial Accounting and Financial Statement Analysis

Financial Reporting Environment

Business Activities and Principal Financial Statements

Financial Reporting Issues

Framework for the Preparation and Presentation of Financial Statements

Statement of Cash Flows

Rationale for the Statement of Cash Flows

Relation between Income Flows and Cash Flows

Generally Accepted Accounting Principles: Income Recognition

Accrual Basis

Generally Accepted Accounting Principles: Assets, Liabilities and Shareholders Equities

Assets: Recognition, Valuation and Classification

Liabilities

Shareholders' Equities

Business Combination

Mergers and Acquisitions
Consolidated Financial Statements

Foreign Currency Transactions

Foreign Currency Transaction
Financial Statements of Foreign Operations

Financial Reporting and Financial Statement Analysis

Income Flow vs Cash Flow
Quality of Earning, Earnings Management
Earnings per Share
Segment Reporting
Interim Financial Statements

Analytical Tools for Gaining Financial Statement Insights

Balance Sheet
Income Statement

Analytical Tools for Assessing Profitability and Risk

Profitability Analysis
Risk Analysis
Break-even Analysis
Pro Forma Financial Statements

Key readings can be found in the CIIA reference list.

Common Knowledge Base	Reference books	
1. Financial reporting environment		
1.1 Financial statements 1.1.1. Balance sheet 1.1.2. Income statement 1.1.2.1 Presentation formats 1.1.2.2 Classification of expenses (by nature or by function) 1.1.3 Statement of cash flows 1.1.4 Statement of changes in equity 1.1.4.1 The comprehensive income 1.1.5 Notes to financial Statements 1.1.6 Relation between business activities and financial statements	IAS 1 PENMAN Chapter 2 & 8	Fo/Fi
1.2 Financial reporting issues 1.2.1 Uses of financial statements 1.2.1.1 Equity investment 1.2.1.2 Credit extension 1.2.1.3 Competition 1.2.1.4 Merger & Acquisition 1.2.2 International differences in accounting 1.2.2.1 International differences in accounting 1.2.2.1 Market – oriented accounting systems 1.2.2.2 Bank – oriented accounting systems 1.2.2.3 The IASB and the IFRSs	PHB – Chapters 2, 3 & 14 ABJ – Chapters 2 & 3	Fo/Fi
2. Framework for the preparation and presentation of financial statements	IASB Framework IAS 1 ABJ – Chapters 2 & 3	Fo/Fi
2.1 Objective of financial statements 2.2 Accounting conventions (going concern, accrual Basis, etc) 2.3 Criteria for accounting recognition 2.4 Fundamental definitions (asset, liability, equity, revenue, expense)	PHB- Chapter 3	
3. The cash flow statement	IAS 7	
3.1 Rationale for the cash flow statement 3.2 Relation between income and cash flow	ABJ – Chapter 22 PENMAN-Chapter 10	Fo/Fi

3.3	Presentation of the cash flow statement		
3.3.1	The direct method		
3.3.2	The indirect method		
4.	The income statement: Revenue recognition		
4.1.	Criteria for revenues recognition	IAS 18 ABJ-Chapter 17 PHB – Chapter 6	Fo/Fi
4.1.1	Sales of goods		
4.1.2	Rendering of services		
4.2	Measurement of revenues		
4.3	Construction contracts		
4.3.1	Percentage of completion method	IAS 11 ABJ – Chapter 15	
4.3.2	Completed contract method		
4.4	Accounting for stock – options and similar benefits	IFRS 2	
4.4.1	Classification of share- based payments		
4.4.2	Equity – settled share- based payments		
4.4.3	Cash-settled share- based payments		
5.	Assets, Liabilities and Shareholders Equity		
5.1	Assets		Fo/Fi
5.1.1	Property, plant and equipment	PHB – Chapter 4 IAS 16	
5.1.1.1	Measurement at cost		
5.1.1.2	Measurement at fair value	ABJ-Chapter 12	
5.1.2.	Investment property		
5.1.2.1	Measurement at cost	IAS 40	
5.1.2.2	Measurement at fair value	ABJ – Chapter 12	

5.1.3 Intangible assets 5.1.3.1 Criteria for recognition 5.1.3.2 Accounting for research and development costs	IAS 38 ABJ-Chapter 13	Fo/Fi
5.1.4 Inventories 5.1.4.1 Measurement 5.1.4.2 Cost formulas(FIFO, LIFO, weighted average Cost) 5.1.5 Financial instruments 5.1.5.1 Classification 5.1.5.2 Measurement at fair value 5.1.5.3 Measurement at amortized cost 5.1.5.4 Hedge accounting 5.1.6 Impairment of assets 5.1.6.1 Measuring the recoverable amount 5.1.6.2 Impairment tests	IAS 2 ABJ – Chapter 15 IAS 32 IAS39 ABJ – Chapter 16 IAS 36 ABJ – Chapter 13	Fo/Fi
5.2 Liabilities 5.2.1 Bonds 5.2.1.1 Accounting for bond discounts/premiums 5.2.2 Hybrid securities 5.2.2.1 Convertible debt securities 5.2.2.2 Debt issues with detachable warrants	PHB – Chapter 5 IAS 39	Fo/Fi
5.2.3 Leases 5.2.3.1 Operating leases 5.2.3.2 Finance leases	IAS 17 ABJ – Chapter 14	Fi
5.2.4 Borrowing costs 5.2.4.1 Conditions for capitalization 5.2.4.2 Costs that may be capitalized	IAS 23 ABJ – Chapter 12	Fi
5.2.5 Retirement benefits 5.2.5.1 Pensions 5.2.5.2 Post-retirement benefits other than pensions	IAS 19 ABJ – Chapter 20	Fo/Fi
5.2.6 Income Taxes 5.2.6.1 Temporary differences 5.2.6.2 Deferred taxes 5.2.7 Provisions 5.2.7.1 Conditions for the recognition of provisions 5.2.7.2 Contingent liabilities	IAS 12 ABJ – Chapter 19 IAS 37 ABJ – Chapter 18	Fo/Fi
5.3 Shareholders' Equities 5.3.1 Issuance of capital stock 5.3.2 Acquisition and reissue of treasury stock 5.3.3 Cash, property and stock dividends 5.3.4 Accounting 5.3.5 Other changes in retained earnings	IAS 32 IAS 39	Fo/Fi

6.	Business combination		
6.1	Mergers and acquisitions		Fi
6.1.1	Acquisitions	IFRS 3	
6.1.1.1	Asset valuation in acquisitions	PHB – Chapter 15	
6.1.1.2	Accounting for goodwill		
6.1.2	Mergers		Fi
6.1.2.1	Pooling of interests method		
6.1.2.2	Purchase method		
6.2	Consolidated financial statements		Fi
6.2.1	The scope of consolidation	IAS 27	
6.2.2	Consolidation methods	IAS 28	
6.2.3	The difference arising from consolidation	IAS 31	
6.2.4	Uses of each method	IFRS 3	
6.2.5	The consolidation procedure	IAS 36	
6.2.6	Analysis of the difference arising from initial consolidation	ABJ – Chapter 24 & 13	
6.2.7	Impairment of goodwill		
7.	Foreign currency transactions		
7.1	Foreign currency transactions		Fo/Fi
7.1.1	Initial recognition	IAS 21	
7.1.2	Reporting at subsequent B/S daily	ABJ – Chapter 25	
7.1.3	Recognition of exchange differences		
7.2	Translation of financial statements of foreign operations		
7.2.1	Classification of foreign operations		
7.2.2	Translation to the presentation currency	IAS 21	
		ABJ – Chapter 25	
8.	Financial reporting and financial statement analysis		
8.1	Income vs. cash flows		Fo/Fi
8.1.1	Relation between net income and cash flows from operating activities	WSF Ch4 139-198, Foundations of ratio and financial analysis	
8.1.2	Net income and cash flows in various stages of life cycle		
8.2	Quality of earnings, earnings management		
8.2.1	Data issues in analyzing financial statements	ABJ – Chapter 23	
8.2.1.1	Non-recurring income items	PENMAN - Chapter 18	
8.2.1.2	Income, gains and losses from discontinued operations	PHB – Chapter 3	
8.2.2	Accounting changes		
8.2.2.1	Changes in accounting estimates		
8.2.2.2	Changes in accounting policies		
8.3.2.3	Adjustments to prior financial statements	IAS 8	Fi
		ABJ – Chapter 23	
8.3	Earning per share		Fo/Fi
8.3.1	Basic earnings per share	IAS 33	
		ABJ – Chapter 23	

8.3.2	Diluted earnings per share		
8.3.3	Using EPS to value firms		
8.3.4	Criticisms of EPS		
8.4	Segment reporting	IAS 14 ABJ – Chapter 23	Fi
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8.4.1.1	Industry segments		
8.4.1.2	Geographical segments		
8.4.2	Disclosure requirements		
8.4.3	Using segment information		
8.5	Interim financial statements		Fi
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9.1	Balance sheets	WSF Ch 4	Fi
9.1.1	Common size analysis	Common-size statements 144 - 149	
9.1.2	Time series analysis		
9.2	Income statement	REES Ch4 117-147, Time-series analysis and forecasting	
9.2.1	Common size analysis		
9.2.2	Time series analysis		
10.	Analytical tools for assessing profitability and risk	WSF Ch 4, 150 – 198 Foundation of Ratio and Financial Analysis REES, Ch3 p.83-114: Ratio analysis methods and issues	
10.1	Profitability analysis	WSF Ch4, Profitability analysis 165 – 172	Fo/Fi
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10.2.1.3	Operating cash flow to current liabilities	WSF Ch18 p983-1025: Accounting- and finance-based measures of risk	
10.2.1.4	Working capital activity ratio		
10.2.1.5	Operating cash flow to cash interest cost		
10.2.2	Long term solvency risk	WSF Ch. 4, p. 160 – 165 Long term debt and solvency analysis	Fo/Fi
10.2.2.1	Debt ratio		
10.2.2.2	Interest coverage ratio		
10.2.2.3	Operating cash flow to total liabilities		
10.2.2.4	Operating cash flow to capital expenditure		
10.2.3	Financial distress risk	WFS Ch18 p992-1000, The prediction of bankruptcy	Fi
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		REES Ch9 p291-317: Corporate failure prediction and credit evaluation	
10.3	Break even analysis	BM, p 234-248	Fi
10.4	Pro format financial statements	BENNINGA & SARIG, (1997), Corporate Finance, Ch4 p109-131	Fi
10.4.1	Steps in preparing pro format financial statements		

10.4.2 Conditions when common size percentage, growth rates, and turnover provide the best projections of financial statements amounts		
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Part 7 Economics

Macroeconomics

Measuring National Income and Price
Equilibrium in the Real Market
Equilibrium in the Money Market
Equilibrium in Economy and Aggregate Demand
Aggregate Supply and Determination of Price of Goods/Services

Macro Dynamics

Inflation
Economic Growth
Business Cycles

International Economy and Foreign Exchange Market

Open Macroeconomics
Foreign Exchange Rate
Central Bank and Monetary Policy

Key readings can be found in the CIIA reference list.

Common Knowledge Base	Reference books	
1. Macroeconomics		
1.1 Measuring national income and price 1.1.1 National income accounting 1.1.1.1 Concept of national income	BLANCHARD, Ch2, 20-24, GDP, Value added, and income. Nominal and real GDP. Ch18, 354, GDP versus GNP Appendix 1, 549-A1-A5, An introduction to national income and product accounts.	Fo/Fi
1.2 Equilibrium in the real market 1.2.1 Consumption 1.2.1.1 Consumption function 1.2.2 Investment 1.2.2.1 Investment function 1.2.3 Government expenditure 1.2.3.1 Government revenue and expenditure 1.2.3.2 Effect of government expenditure and tax on national income 1.2.3.3 Government expenditure and crowding-out effect 1.2.4 Equilibrium relationship in the good/service market: IS curve	BLANCHARD, Ch3, 42-46, The composition of GDP. Ch3, 52-54, Investment equal saving: an alternative way of thinking about goods-market equilibrium. Ch5, 80-83, The goods market and the IS relation.	Fo/Fi
1.3 Equilibrium in the money market 1.3.1 Demand for money 1.3.2 Equilibrium relationship in the monetary market: LM curve	BLANCHARD, Ch4, 60-64, The demand for money. Ch5, 83-86, Financial markets and the LM relation.	Fo/Fi
1.4 Equilibrium in economy and aggregate demand 1.4.1 Aggregate demand	BLANCHARD, Ch5, 86-93, The IS-LM model. Ch7, 128-129, Aggregate demand.	Fo/Fi
1.5 Aggregate supply and determination of price of goods/service 1.5.1 Aggregate supply	BLANCHARD, Ch7, 126-128, Aggregate supply. 130-133, Equilibrium output in a short and medium run.	
2. Macro Dynamics		
2.1 Inflation 2.1.1 Unemployment and inflation rate 3.1.2.2 Tradeoff between unemployment and inflation 3.1.2.3 Natural rate of unemployment hypothesis and expected inflation	BLANCHARD, Ch8, 149-165, The Phillips curve. Ch6, 116-120, The natural rate of unemployment.	Fo/Fi

<p>exchange rates</p> <p>3.2.2.1 Monetary approach</p> <p>3.2.2.2 Asset approach</p> <p>3.2.2.3 Overshooting model</p> <p>3.2.2.4 Portfolio balance approach</p> <p>3.2.3 Government intervention and foreign exchange policy</p> <p>3.2.3.1 Government intervention</p> <p>3.2.3.2 Foreign exchange rate and foreign exchange policy in local market</p> <p>3.2.4 Foreign exchange risk and risk management</p> <p>3.2.4.1 Risk hedging with currency derivatives</p> <p>3.2.4.2 Growth of currency derivatives markets</p> <p>3.2.5 Historical movement and forecasting of foreign exchange rate</p> <p>3.2.5.1 Historical analysis of foreign exchange rate</p> <p>3.2.5.2 Forecasting of foreign exchange rate</p> <p>3.2.5.3 Impact of foreign exchange rate change on security prices</p>	<p>foreign bonds. 390-393, Fixed exchange rate. 406-409, Exchange rate crises.</p> <p>Ch21, 409-412, Choosing between exchange rate regimes. 415-418, Exchange rate movements. 418-419, Monetary policy, interest rates, and exchange rates.</p> <p>Ch26, 508-509, Monetary aggregates. 511-512, The instruments of monetary policy.</p>	<p>Fo/Fi</p>
<p>3.3 Central bank and monetary policy</p> <p>3.3.1 Monetary policy</p> <p>3.3.1.1 Target of monetary policy</p> <p>3.3.1.2 Instruments of monetary policy</p> <p>3.3.2 Transmission effect of monetary policy on real economy</p> <p>3.3.3 Central bank operations in major countries</p> <p>3.3.4 Effect of monetary policy on security markets</p>	<p>KO Ch17, Fixed exchange rates and foreign exchange intervention</p> <p>Central bank intervention and the money supply 491-196</p> <p>How the central bank fixes the exchange rate 496-499</p> <p>KO Ch18, The international monetary policy, 1870-1973,</p> <p>Macroeconomic policy goals in an open economy 535-540</p> <p>International macroeconomic policy under the gold standard 540-544</p> <p>The interwar years, 1918-1939</p> <p>The Bretton Woods system and the international monetary fund 548-551</p> <p>KO, Ch9, Macroeconomic policy and coordination under floating exchange rates</p> <p>The case of floating exchange rates 572-576</p> <p>The case against floating exchange rates 576-587</p> <p>A two-country model of macroeconomic interdependence under a floating rate 587-589</p>	<p>Fi</p>