CHARTERED WEALTH MANAGER™

COURSE CURRICULUM – LEVEL 2

UNIT-1 ADVANCED CONCEPTS IN WEALTH MANAGEMENT

COURSE DESCRIPTION: This unit builds upon the foundations in Wealth Management and the knowledge requirements to enable the Wealth Manager to construct a comprehensive Wealth Plan for a client. This unit also covers the strategies to setup a successful Wealth Management practice. **This unit would be taught as a case study based unit.**

Modern Wealth Management Theory

a. Advanced Portfolio Analysis
b. Risk and Diversification
c. Managing Risk
d. Sophisticated Portfolio Management
e. Structured Products
f. Managing and constructing large-scale portfolios
g. Managing inherited wealth

Wealth Management Process

1. Establishing Client - Manager Relationship

a. Explain issues and concepts related to overall wealth management process, as appropriate to the client
b. Explain services provided, the process of wealth planning, documentation required
c. Clarify clients and Wealth Manager Responsibilities

2. Know your client aspirations

a. Obtain information from client through interview/ questionnaire about financial resources and obligations
b. Determine client's personal and financial goals, needs and priorities
c. Assess client's values, attitudes and expectations
d. Determine client's time horizons
e. Determine client's risk tolerance level
f. Collect applicable client records and documents

3. Check the client's resources by analyzing and evaluating the client's information

A. General

a. Current financial status (e.g., assets, liabilities, cash flow, debt management)
b. Capital needs
c. Attitudes and expectations
d. Risk tolerance
e. Risk management
f. Risk exposure

B. Finding client's goals

a. Emergency funds
b. Children's education

c. Children's marriage
d. Buying real assets like home, car, durables, etc.
e. Future lifestyle needs

C. Planning for special situations

a. Divorce / remarriage considerations
b. Charitable planning
c. Adult dependent needs
d. Disabled child needs
e. Education needs
f. Terminal illness planning
g. Entrepreneurial needs planning

D. Risk management

a. Life insurance needs and current coverage
b. Disability insurance needs and current coverage
c. Medical insurance needs and current coverage
d. Long – term care insurance needs and current coverage
e. Homeowners insurance needs and current coverage
f. Auto insurance needs and current coverage
g. Commercial insurance needs and current coverage
h. Other liability insurance needs and current coverage (e.g., umbrella, professional, errors and omissions, directors and officers)

E. Retirement

a. Current retirement plan tax exposures
b. Current retirement plans
c. Retirement strategies

F. Employee benefits

a. Available employee benefits
b. Current participation in employee benefits

G. Investments

a. Current investments
b. Current investment strategies and policies

H. Taxation

a. Tax returns
b. Current Tax strategies
c. Tax compliance status (e.g., estimated tax)
d. Current tax liabilities

I. Estate planning

a. Estate planning documents
b. Estate planning strategies

4. Developing and Presenting the Wealth Management Plan

Developing and preparing a client-specific Wealth Management Plan tailored to meet the goals and objectives of client, commensurate with client's value, temperament, and risk tolerance, covering:

1. Financial position

a. Current statement
b. Projected statement
c. Projected statement with recommendations

2. Cash flow

a. Projections
b. Recommendations
c. Projections with recommendations

3. Capital needs at retirement

a. Projections
b. Recommendations
c. Projections with recommendations

4. Capital needs projections at death

a. Recommendations
b. Projections with recommendations

5. Capital needs: disability

a. Recommendations
b. Projections with recommendations

6. Capital needs: General needs

a. Recommendations
b. Projections with recommendations

7. Capital needs: special needs

a. Recommendations
b. Projections with recommendations

8. Income tax

a. Projections
b. Recommendations
c. Projections with strategy recommendations

9. Employee benefits

a. Projections

10. Asset allocation

a. Statement
b. Strategy recommendations
c. Statement with recommendations

11. Investment

a. Recommendations

b. Policy statement
c. Policy statement with recommendations

12. Risk

a. Assessment
b. Recommendations

13. List of prioritized action items

a. Presenting and reviewing the plan with the client
b. Collaborating with the client to ensure that plan meets the goals and objectives of the client, and revising as appropriate

5. Stress Testing the Wealth Management Plan

- Scenario Analysis
- Monte Carlo simulation
- Stress Testing the Plan- Macro-economic stress testing and Micro Level Stress Testing.

6. Implementing & Executing the Wealth Plan

a. Assist the client in implementing and recommendations
b. Coordinate as necessary with other professionals, such as accountants, attorneys, real estate agents, investment advisors, stock brokers and insurance agents

7. Monitoring the Wealth Management Plan

a. Monitor and evaluate soundness of recommendations
b. Review the progress of the plan with the client
c. Discuss and evaluate changes in client's personal circumstances, (e.g., birth/ death, age, illness, divorce, retirement)
d. Review and evaluate changing tax law and economic circumstances
e. Make recommendations to accommodate new or changing circumstances

Issues in managing your Wealth

1. Real Estate Investment
   a. Rent or Buy
   b. Buying with Mortgage
   c. Shopping for a Housing Loan
   d. The second house- Do you need it?
2. Building a Pension
   a. Use of small saving schemes in building pension
   b. Life insurance pension plans
   c. New Pension Scheme
   d. Reverse Mortgage
   e. Rental Income as pension
3. Building wealth through equity
   a. Building an equity portfolio
   b. Maintaining an equity portfolio
   c. Equity Allocation at different life cycle stages.

   d. Protecting the equity portfolio
4. Building wealth through Fixed Income Portfolio
   a. Building a Debt Portfolio
   b. Balancing between Current and Capital Income
   c. Use of Duration in Bond Portfolio
   d. Bond Portfolio Immunization

UNIT-2: RELATIONSHIP MANAGEMENT BY A WEALTH MANAGER

Course Objective: Customer relationship management (CRM) is a widely implemented strategy for managing Wealth Managers interactions with customers, clients and sales prospects. It discusses techniques to find, attract, and win new clients, nurture and retain those the wealth manager already has, entice former clients back into the fold, and reduce the costs of marketing and client service

1. **Interpersonal relationship and wealth management**
   a. The interpersonal relationship
   b. The wealth manager and his client: the relationship interpretation model
   c. Interdependence and expectations in the wealth manager-to-client relationship
   d. Effectiveness and efficiency in relationship management
2. **Generation, accumulation and preservation of wealth through different cultures**
   a. The idea of wealth
   b. The club of the wealthy
3. **A review of the common understanding of wealth**
   a. In western Christian culture (the Roman Catholic legacy, the Protestant legacy)
   b. In non-European cultures (Middle East and the Arab world, Far East)
4. **Private wealth and the community: Social Positioning of the wealthy in the cultural environments**
   a. The wealthy and his social consideration and status
   b. Wealth and power: a multicultural review
   c. The moral meaning and the social impact of a loss of wealth
5. **Effective management of the client relationship**
   a. Information as a strategic resource for the wealth manager
   b. Sources of information and their critical evaluation-The client as a primary source of information
   c. Data mining techniques
   d. Organizing and using information: the customer database
   e. Structuring your customer database
   f. Criteria for an effective database segmentation
6. **Drawing and implementing a viable customer relationship development Strategy.**
   a. Setting objectives
   b. Planning actions
   c. Verifying achievements
7. **The daily handling of the relation**
   a. Person to person
   b. Telephone
   c. Internet related media
8. **Communication and negotiation**

a. Customer first: learn to listen
b. Negotiating with your customer: the art of consensus building
c. Flexible negotiation method: the transactional analysis
d. Deciphering your customer: The problem of semantics in a multicultural business milieu
e. Communicating unpleasant news
f. Time may come to say “Enough”

UNIT-3 USE OF BEHAVIORAL FINANCE IN WEALTH MANAGEMENT

Course Objective: The course is focused on behavioral factors influencing financial markets and corporate world. This course targets the link between the peculiarities of human behavior and aspects of financial and investment management, as well as Corporate and risk management. In addition, the course puts various "behavioral mechanisms" into more basic psychological framework spanning the mechanisms of information perception, emotions, memory, and attention.

1. Introduction to Behavioral Finance

a. Conventional finance and challenges to market efficiency.
b. Investment Decision Cycle: Judgment under Uncertainty
c. Utility/ Preference Functions: Expected Utility Theory [EUT]
d. Brief History of Rational Thought: Pascal-Fermat to Friedman-Savage
e. Paradoxes (Allais and Others)
f. Prospect Theory

2. Heuristics and Biases

a. Anchoring and adjustment
b. Availability heuristic
c. Representativeness heuristic
d. Naïve diversification
e. Escalation of commitment
f. Loss aversion
g. Disappointment
h. Status quo bias
i. Gambler's fallacy
j. Self-serving bias
k. Money illusion

3. Anomalies (economic behavior)

a. Disposition effect
b. Endowment effect
c. Inequity aversion
d. Reciprocity
e. Inter temporal consumption
f. Present-biased preferences
g. Momentum investing
h. Greed and fear
i. Herd behavior
j. Sunk-cost fallacy

4. Anomalies (market prices and returns)

a. Equity premium puzzle
b. Efficiency wage hypothesis

c. Price stickiness
d. Limits to arbitrage
e. Dividend puzzle
f. Fat tails
g. Calendar effect

5. Specific behavior of individual investors

a. Hope maximization or how good can things get?
b. Regret minimization or how bad can things get?
c. Investor's objectives, risk tolerance and decision making process
d. Self attribution bias

6. Group Behavior:

a. Conformism
b. Herding
c. Fatal attractions

7. Investing Styles and Behavioral Finance

UNIT-4: WEALTH MANAGEMENT PLANNING

Course Objective: This unit covers the techniques and processes which a Wealth Manager should follow to manage the wealth of their clients. Excellent Planning of Wealth and creating a workable Wealth Plan is essential skills that a Wealth Manager should acquire.

1. **Structuring the wealth management process**
   a. Needs analysis
   b. Personal asset and liability management
   c. Investor's profile
   d. Optimal asset allocation and Security Selection
   e. Documentation, reporting and evaluating the investment advice
2. **Basic concept**
   a. Comparing outcomes of investments
   b. Utility functions and indifference curves
   c. Expected utility approach
   d. Expected utility and the mean-variance framework
3. **Assets and Liabilities Categories**

   3.1. Asset Categories

   a. Stocks and stocks funds
   b. Bonds and bonds funds
   c. Real estates and real estate funds
   d. Alternative assets and hedge funds
   e. Cash and money market funds
   f. Pension fund
   g. Human capital
   h. Investor profile and human capital
   i. Definition and calculation of the FCF and NPV derived from human activity
   j. Correlation between human capital and assets classes
   k. Role of life insurances

   3.2. Liabilities categories

   a. Mortgages
   b. Operational liabilities
   c. Consumption needs
   d. Financial needs
   e. Other liabilities

4. **Client's profiles**

   4.1. Various Basis of Profiling

   a. Setting return objectives
   b. Risk Assessment
   c. Time horizon
   d. Liquidity need
   e. Taxes

f. Updating the profile

4.2. Client's assets and liabilities assessment

a. Pro forma financial statements
b. Ratios Used To Analyze Financial Statements
c. Base currency
d. Assets description
e. Liabilities description
f. Revenue and evolution of the revenue
g. Consumption and evolution of the consumption (operational liabilities)
h. Surplus calculation
i. Taxation- Marginal Tax Rate.
j. Financial Analysis

5. Optimal Asset Allocation and Security Selection

a. Expected return, expected volatilities, expected correlations of the assets categories
b. Client constraints
  a. Situational constraints (liquidity needs, real estate, marginal tax rate, expected free cash flows)
  b. Non-situational constraints (value at risk local and global, minimum and maximum positions for a specific asset, level of debts)

6. Asset Mix Techniques and Rebalancing

7. Portfolio Performance Appraisal

Construction of the efficient frontiers

(A) With situational constraints, with and without taxes

(B) With situational and non-situational constraints, with and without taxes Determination of the optimal portfolio and the corresponding asset allocation with the client

- Optimal portfolio for a given level of expected return
- Optimal portfolios for a given level of risk
- Optimal portfolios for a given level of value at risk

(C) Choice of the management style

(D) Tactical considerations regarding the implementation of the optimal portfolio

8. Products choice

a. Criteria that a product must satisfy
b. Tax considerations
c. Insurance-linked products
d. Integration of the products

9. **Funds selection**

a. Advantages and disadvantages of mutual funds
b. The fund selection process

c. Tax considerations

10. Managing Investments & Creating Portfolios

11. Investment Policy and Performance Measurement

12. Ongoing control

a. Intervention criteria
b. Use of new information to modify strategies
c. Assessment of the intervention and documentation

UNIT-5: EQUITY ANALYSIS

Course Objectives: The Securities Analysis unit focuses at introducing the students about the various aspects of securities analysis. The unit covers the technical analysis techniques and the fundamental analysis techniques.

1. Equity Valuation and Analysis

1.1. Equity markets and structures

Types of equity securities
Indices

1.2. Fundamental Analysis

Economic Analysis
Industry Analysis: Porters theory of competitive advantage
Company Analysis: Non- Financial
Company Analysis: Financial- Ratio Analysis, Common Size Statements, Trend Analysis.

1.3. Valuation model of common stock

Dividend discount models
Free cash flow model
Measures of relative value

1.4. Technical Analysis:

Basis of technical Analysis
History Tends to repeat itself
Benefits of Technical Analysis
Fundamental vs Technical
Dow Theory
What is Trend

1.5. Charts

Line Chart, Bar Chart and Candlestick Chart
Patterns- Bullish Patterns Bearish Patterns Neutral Patterns Reversal Patterns Other Chart Patterns
Support and resistance Trading Range Trend Lines Double Top pattern Double bottom pattern Head and Shoulder Flags and pennants

1.6. Technical Indicators:

Moving Average Simple and Exponential Moving Averages Moving Average Conversion and Diversions Relative Strength Index Stochastic Oscillator On Balance Volume William % R Bollinger Bands Parabolic Sar Gap and Gaps Analysis

1.7. Other Indicators

Aroon Average True Range Demand Index Ease of Movement Ichimoku Kinko Hyo Intraday Momentum Index Kagi MACD Mass Index Money Flow Index Renko Three Line Break Alpha Omega Simple Daryl Guppy MMA RMO Trade Model

Elliot Wave Theory
Fibonacci Numbers
Golden Rules of Trading and Technical Analysis

2. Derivative Valuation and Analysis

2.1 Futures and forward contracts

Basic characteristics of forward and futures contracts
Mechanics of trading in futures markets
Examples of various futures contracts
Futures valuation and analysis
Introduction to hedging strategies using futures

2.2. Options

Basic characteristics of options contracts
Options valuation
Option pricing models
Binomial pricing model
Sensitivity analysis of options premiums

UNIT-6: PORTFOLIO MANAGEMENT STRATEGIES

Course Objective: This unit includes introduction to Investment Management. The process followed by a Wealth Manager to manage investments and it incorporates the building blocks of knowledge required to manage investments. The later part of the unit discusses various methods of portfolio analysis, portfolio evaluation and portfolio management techniques.

Introduction to Investment Management

1. **Investment management process and steps**
   - Specification of investment objectives & constrains
   - Choice of the asset mix
   - Formulation of portfolio strategy
   - Selection of securities
   - Portfolio Execution
   - Portfolio Revision
   - Performance Evaluation
2. **Investment risk**
   a. Definition of risk
   b. Types of risk
      Market risk
      Reinvestment risk
      Interest rate risk
      Purchasing power risk
      Liquidity risk
      Political risk
      Exchange rate risk
3. **Measuring risk**
   a. Standard deviation
   b. Beta
4. **Managing risk**
   a. Diversification
      Diversifiable and un-diversifiable risk
      Product diversification
      Time diversification
   b. Hedging
5. **Returns**
   a. Relationship between risk and return
   b. Compounding

Types of returns
CAGR
Total returns
Risk-adjusted returns
Post-tax returns
Tax on capital gains
Tax on income
Holding period return
Yield to maturity

6. **Investment portfolio**
   a. Risk and return on a portfolio
   b. Measuring portfolio risk
   c. Effect of diversification on portfolio risk and return
7. **Pricing Models:**
   a. Capital Asset Pricing Models
   b. Modern Portfolio Theory
   c. Arbitrage Pricing Model
8. **Asset Allocation**
   a. Importance of Asset Allocation
   b. Strategic Asset Allocation
   c. Tactical Asset Allocation
9. **Rebalancing Techniques:**
   a. Buy and Hold.
   b. Constant Mix Strategy.
   c. Constant Proportion Portfolio Insurance.
10. **Investment Strategies:**
   a. Active Strategies
   b. Passive Strategies
   c. Value Investing
   d. Investing for Growth
   e. Momentum Trading
   f. Contrarian Investing
11. **Asset/liability-analysis and management**
   a. Introduction
   b. Modeling liabilities
   c. Modeling assets
   d. Surplus and funding ratios
   e. Integrated optimization

f. Implementation of strategies

12. Practical portfolio management

a. Derivatives in portfolio management
b. International investments

UNIT-7: LOAN AND DEBT MANAGEMENT

Course Objective: The objective of the unit is to enable the student to understand the various types of secured and unsecured loans, benefits of loans and best practices in Debt Management.

Describe Credit

Various methods of availing Credit;

- Limits and Term Loans
- Secured and Unsecured Loans

Credit facilities available to an Individual:

Unsecured Credit Facilities:

- Credit Card
- Personal Loan

Secured Credit Facilities:

- Home Loan
- Auto Loan

Education Loan: Secured and Unsecured.

Main features of the following credit agreements:

- Hire purchase
- Credit sale
- Credit cards
- Mortgage
- Credit unions
- Other types of credit agreement

Determining which type of credit agreement is the most appropriate in a given set of circumstances. The role of Credit in the life of a consumer:- Benefits and dangers in using credit Understanding consumer rights and obligations

Credit Disbursal Process:

Assessing the Creditworthiness of an Individual

- Credit Evaluation:-
  - The 7 C's of Credit:-
  - Character
  - Capacity
  - Capital
  - Collateral
  - Credit History
  - Conditions
  - Common Sense

- Consumer Assessments:-
  - Gathering Information
  - Credit Applications & Credit Agreements
  - (Open accounts, cash loans & installment)
  - (Which information is asked for & why)
  - Credit Bureau – CIBIL, Credit Score
  - (include the role of the bureau and consumer information)

Securing an Account

- Theory of Securities - Role of securities
  - Securities available
  - Documentation required
  - Cost in taking securities
  - Value of security when taken
- Practical application of securities - Value of security when needed
  - Maintaining securities
  - Perfecting securities
  - Limitations of Securities
- Insurance -
  - Debtors
  - Goods

Issues of Life Cycle in Debt Management

Financial Mathematics of a Loan:

- Different Rates used in Loans
- Fixed vs Floating
- Flat Vs. Reducing
- Calculation of Principal Outstanding
- Calculation of Interest Paid
- Calculation of EMI
- Tax Benefits of Loan:
- Income Tax Benefits u/s 24, 80 C and 80E

UNIT-8: USE OF ALTERNATIVE PRODUCTS IN WEALTH MANAGEMENT

Course Objective: Explains the importance of alternative assets and discusses the sources of return to this asset class in terms of beta and alpha drivers. Describes various hedge fund strategies, explains their sources of risk and return and provides historical data showing their distributional characteristics. Discusses the role of incentive fees in the performance of hedge funds and analyzes several cases involving hedge fund liquidations. Discuss the role and structure of Managed futures, Private equity and Collateralized Debt Obligations.

The unit also covers method of classification and inferring the pay off of a Structured Product

1. **Alternative Assets**
    a. What is an Alternative Asset Class?
    b. Why Alternative Assets are Important
    c. Super Asset Class
    d. The Beta Continuum
    e. Alpha versus Beta
    f. Beta and Alpha Drivers
    g. The Calculus of Active Management- Information Ratio, Information Co-efficient and Breadth, t-statistic and information ratio, transfer co-efficient.
2. **Hedge Funds**
    a. Introduction to Hedge Funds
    b. Types of Hedge funds
    c. Structure of a Hedge Fund
    d. Investment Strategies of a Hedge Funds
    e. Establishing a Hedge Fund Investment Program
    f. Due Diligence for Hedge Fund Managers
    g. Risk Management Part I: Hedge Fund Return Distributions
    h. Risk Management Part II: More Hedge Fund Risks
    i. Hedge Fund Benchmarks and Asset Allocation
    j. Hedge Fund Incentive Fees and the Free Option
    k. Hedge Fund Collapses
3. **Commodities and Managed Futures**
    a. Introduction to Commodities
    b. Investing in Commodity Futures
    c. Commodity Futures in a Portfolio Context
    d. Managed Futures
    e. Trend Following and Discretionary Trading Strategies
4. **Private Equity**
    a. Introduction to Venture Capital
    b. Introduction to Leveraged Buyouts
    c. Debt as Private Equity Part I: Mezzanine Debt
    d. Debt as Private Equity Part II: Distressed Debt

e. Trends in Private Equity
f. The Economics of Private Equity

5. Credit Derivatives

a. Introduction to Credit Derivatives
b. Collateralized Debt Obligations
c. Risks and New Developments in CDOs
d. Explain factors impacting the growth (or contraction) in the collateralized debt
    - Obligation (CDO) market.
    - Compare and contrast the structure of:
    - Balance sheet CDOs with arbitrage CDOs.
    - Cash funded CDO with synthetic CDOs.
    - Cash flow CDO with market value CDOs.
    - Funded with unfunded CDOs.
e. Explain how special purpose vehicles work in the CDO market.
f. Describe the structure of a cash funded balance sheet CDO.
g. Calculate the net gain (or loss) of a synthetic balance sheet CDO using a total return swap to the bank sponsoring a credit loan obligation (CLO) trust.
h. Explain why synthetic CDOs using credit default swaps (CDSs) are often called correlation products. Identify key benefits to banks from CLOs.
i. Compare and contrast cash flow arbitrage CDOs to market value arbitrage CDOs.
j. Describe synthetic arbitrage CDOs.
k. Calculate the profits from an arbitrage CDO trust.
l. Describe three phases of most arbitrage CDOs.

6. Commodities

a. Key Concepts in Commodity Market Analysis
b. Role of Commodities in Asset Allocation
c. Methods of Delivering Long Commodity Exposure
d. Methods of Delivering Commodity Alpha
e. Commodity Indices
f. Investment Vehicles and Asset Allocation

7. Structured Products

a. Defining a Structured and Synthetic Product
b. Types of Structured Products
c. Types of Risks in a Structured Products
d. Managing Risk of a structured Product
e. Anatomy of a Structured Product
f. Characteristics of a Structured Product: Capital Guaranteed, Participation Rate, hard and soft protection.
g. Structured Products versus other Investment Strategies.

8. Alternative Investments portfolio management and risk mitigation

UNIT-9: REAL ESTATE VALUATION AND ANALYSIS

Course Objective: The purpose of the courses is to gain an understanding of the economic forces that drive real estate value in the market. Students will learn the concepts, tools, and techniques for evaluating individual real estate assets, based on the application of economic theory and principles of urban economics, for the purpose of real estate valuation.

Upon completion of the course, students should have a broad understanding of how market dynamics, constrained by the geographic, physical and legal parameters, determine values of individual assets in the market. (In short, at the end of the course, if someone points to any property and asks, "what is it worth?" or "how much should we pay for it?" you will know how to determine an answer.)

1. **Introduction:** Concept and meaning of Real Estate, Important Features of Real Estate Investment, Difference between Real Estate with Security Investments, Characteristics which distinguish Real Estate investment from other investments, Advantages, Disadvantages and attraction of Real Estate Investment,

2. **Categories of Real Estate:** Different categories and forms of real estate investment, Residential House, Other Forms of Real Estate, Features and attraction for investment in agricultural land, farmhouse, urban land., Features of Real Estate Market. Real Estate Industry - Micro and Macro aspects

3. **Real Estate Financing:** Introduction: equity and debt in real estate investment, Financial structure of real estate investors: debt and equity, Housing Loans, Features of Housing Loans, Types of Home Loans, Mortgage contract features, Mortgage valuation and pricing, Market for mortgage debt, Eligibility for Home Loans, Documentation requirements - pre-approval. Documentation requirements - post-approval/ disbursal stage, Repayment Period, Collateral Securities, Mortgage Math, Interest rate calculation, Fixed and Floating/ Adjustable rate of Interest, Fees and Charges, Tax Benefits and Guidelines for buying Flat.

4 **Real Estate Appraisal Profession:** Ethics, Certification, Licensing, Accreditation, etc.

5. **Real Estate Valuation:**

   A. Determinates of Real Estate Value, Five decision making factors in prioritizing selection of property for investment, Financial Evaluation of Investment in Real Estate for purpose of Renting, Valuation methods, Real estate indices

   B. Compared to price, Present Market Value, Present Value Analysis, The Valuation Process

   C. Real **Estate Markets and Market Analysis:** Types of Markets, Market Analysis, Conducting Market Research, Urban Market Forces and Highest and Best Use a. Market Forces in Cities b. Land Rent of Land Use Patterns c. Land-Use Control, Site Analysis and Improvement Analysis

   D. Money Markets and Capital Markets & Interest in Real Property

   E. Data Collection and Analysis: Factors that affect property values, Defining Properties and Organization of Market Data, Application of Economic Theory and Principles, Property Law, 5. Physical and Economic Factors

F. Cost Approach to Value: Land Value, Replacement Cost, Depreciation, Cost Manuals, City Properties, Buildings and Improvements, Apartment Complexes,

G. Capitalized Income Approach to Value: Introduction, Budgets, Projections, Performa's, Commercial Leases, Discounted Cash Flow Analysis, Ratio Approaches, Discount rates and returns, Typical operators, Leasehold and Residuals, Capitalization Rates, Annual versus Perpetuity enterprises, Income Approach: Comparing the Models

H. Sales Comparison Approach

I. Other issues: Reconciliation of Value, Highest and Best Use Analysis: Additional Topics, Site Valuation: Additional Topics, Market Value Versus Investment Value, Debt-Equity Models, Cap Rate Topics: Loading the Cap Rate and Capital Reserves, Partial Interest Valuation

6. **Integration of the real estate in the mixed-asset portfolio:** Return and risks of real estate, Correlation between the returns on various asset classes, determining the share of real estate in optimal portfolios
7. **Innovation in Real Estate Investments:** Real Estate Investment Trust (REIT), Features of REIT and its eligibility. The salient features of SEBI's draft guidelines dictate that. Real Estate Mutual Fund (REMF)
8. **Real Estate Valuation and Analysis**

8.1 Valuation and indices of real estate

Valuation methods
Real estate indices

8.2 Integration of the real estate in the mixed-asset portfolio

Return and risks of real estate
Correlation between the returns on various asset classes
Determining the share of real estate in optimal portfolios

8.3. Financing of real estate

Introduction: equity and debt in real estate investment
Market for mortgage debt
Financial structure of real estate investors: debt and equity
Mortgage contract features
Mortgage valuation and pricing

UNIT-10: INTERNATIONAL TAXATION AND TRUST PLANNING

Course Objective: Globalization of economies, signing and review of free trade agreements, increase in the number of cross border transactions, mergers, acquisitions, tax treaties, transfer pricing etc. have added to the complexities of various taxation laws. While appreciating these increasing complexities in the area of International Taxation, we try through this unit to understand these complexities.

What is Intl. Taxation? Why we study International Taxation? Features and Principles, Importance

Main trends and evolution of model conventions: Tax Treaties: General, Need & Purpose of Tax Treaties, Effect of Tax Treaties, Overview of the Tax Treaties, Scope of Treaties i.e., Article 1 & 2, How Treaties enter into force and how they are terminated protocols etc., Section 90,90A & 91 and its implications

Historical Overview, Main Trends and Evolution of Various model conventions: Work prior to the league of Nations, League of nations work, Mexico Model Convention, London Model Convention, OECD Work, United Nations Work, Other Regional Level Work, Conclusion

Principles of International and Comparative taxation:

Interpretation of Treaties including Tax Treaties: Dual Nature of Treaties, Various rules of interpretation, Nature of such Rules: A note of caution, Integrated Approach, Context, Supplementary means of interpretation, Authority of interpret, Discretionary Aids and Recognized Maxims, Principle of contemporaneity, Liberal Construction, Treaty as a whole, Broad Approach, Position summarized, Multilingual treaties, Extrinsic Aids to tax treaty interpretation, Use of the OECD Commentaries, Article 3(2) of OECD model Ambulatory V, Fixed Approach Permanent Establishment Article 5, Business Income including Force of Attraction, Attribution of Profits to a PE, Non – Discrimination, Recovery of taxes on behalf of other states and Mutual agreement procedure and exchange of information, Royalties and Fees for Technical Services and most Favored nation (MFN) related to such payment

Independent Personal Services: Tax implications attaching expatriates, Dependent Personal Services, Incoming & Outgoing, Dual employment, Secondment, Relevancy of visa permits, Taxation of ESOPs, Concept of Residence in Tax Treaties i.e., Article 4, Taxation of Income from Shipping and Air Transport services, Interest / Dividend / Capital Gain, Income from Immovable Properties

International Tax Planning for Multinational Enterprises, Tax Incentives for Developing Countries and International Taxation

Double Taxation Avoidance Agreements:

Authority for Advance Ruling, Elimination of Double Taxation including tax sparing, Taxation of Entertainers and Athletes, Other income under tax treaties, Deduction of tax at source u/s. 195 & DTAA, Agent of non Resident Partnerships under the law of Tax Treaties

Triangular Cases, Beneficial ownership under tax Treaties, Vienna Convention on Laws & Treaty

Tax Haven Countries

Cross – Border Mergers & Acquisitions – Tax consideration, International Estate & Trust Transaction, Concept of controlled foreign corporation, Thin Capitalization, Hybrid/Financial Instruments

Transfer pricing:

Introduction to transfer Pricing, Principles of Transfer Pricing, International Transaction, Associated Enterprises, Arm's Length Price, Computation of Arm's Length Price, Documentation,

Transfer Pricing: Intangibles and intra-group Finance, Transfer Pricing of Business Restructurings

E C Treaties – Parent Subsidiary Directives – Interest and Royalty Directives, Current controversial issues in transfer pricing

Tax Laws of Asia Pacific countries:

Electronic Commerce and Taxation, Tax Laws of Asia Pacific Countries, Principles and Provisions of International Taxation in the Domestic

Tax laws of United States and EU countries:

Law of the following Countries United States, UK, Japan, Singapore, Australia, Cyprus - Comparative Analysis of Holding Co. Jurisdiction, EU Direct Corporate Taxation, Corporate Taxation- International and EU Aspects, Introduction to European Value Added Tax- Selected Issues, Taxation of Holding Companies in Europe

How to read the tax treaty:

(i) India – U.K. DTAA
(ii) India – UAE Treaty and Protocol
(iii) India – Singapore India – Netherlands Treaty
(iv) India – Mauritius Treaty