

CFP® Certification Examination Topics List Correlation Table

INVESTMENT PLANNING (19%)	<i>Tools and Techniques of Investment Planning (2nd Ed.)</i>	Supplemental Reading
34. Characteristics, uses and taxation of investment vehicles		
A. Cash and equivalents		
1. Certificates of deposit	Chapter 1, "Cash and Cash Equivalents"	Tax Facts on Investments (2009): Q 1154-1160
2. Money market funds	Chapter 1, "Cash and Cash Equivalents"	Tax Facts on Investments (2009): Q 1154-1160
3. Treasury bills	Chapter 2, "U.S. Government Securities"	Tax Facts on Investments (2009): Q 1092-1094
4. Commercial paper	Chapter 1, "Cash and Cash Equivalents"; Chapter 3, "Corporate Bonds"; Chapter 8, "Promissory Notes"	
5. Banker's acceptances	Chapter 1, "Cash and Cash Equivalents"	
6. Eurodollars	Chapter 1, "Cash and Cash Equivalents"	
B. Individual bonds		
1. U.S Government bonds and agency securities		
a. Treasury Notes and Bonds	Chapter 2, "U.S. Government Securities"	Tax Facts on Investments (2009): Q 1098-1101
b. Treasury STRIPs	Chapter 2, "U.S. Government Securities"; Chapter 6	
c. Treasury inflation-protection securities (TIPS)	Chapter 2, "U.S. Government Securities"	Tax Facts on Investments (2009): Q 1107
d. Series EE, HH, and I bonds	Chapter 2, "U.S. Government Securities"	Tax Facts on Investments (2009): Q 1139-1144
e. Mortgage-backed securities	Chapter 23, "Asset-Backed Securities"	Tax Facts on Investments (2009): Q 1145-1148
2. Zero-coupon	Chapter 43, "Taxation of Investment Vehicles"; Chapter 7, "Zero-Coupon Bonds"	Tax Facts on Investments (2009): Q 1134
3. Municipal		
a. General Obligation	Chapter 43, "Taxation of Investment Vehicles"; Chapter 5, "Municipal Bonds"	Tax Facts on Investments (2009): Q 1123-1132
b. Revenue	Chapter 43, "Taxation of Investment Vehicles"; Chapter 5, "Municipal Bonds"	Tax Facts on Investments (2009): Q 1123-1132

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4. Corporate bonds		
a. Mortgage bond	Chapter 3, "Corporate Bonds"; Chapter 23	Tax Facts on Investments (2009): Q 1095-1097, 1102-1106
b. Debenture	Chapter 3, "Corporate Bonds"	Tax Facts on Investments (2009): Q 1095-1097, 1102-1106
c. Investment grade	Chapter 3, "Corporate Bonds"	Tax Facts on Investments (2009): Q 1095-1097, 1102-1106
d. High-yield	Chapter 3, "Corporate Bonds"	Tax Facts on Investments (2009): Q 1095-1097, 1102-1106
e. Convertible	Chapter 4, "Convertible Securities"	Tax Facts on Investments (2009): Q 1105-1106
f. Callable	Chapter 3, "Corporate Bonds"	Tax Facts on Investments (2009): Q 1095-1097, 1102-1106
5. Foreign bonds	Chapter 3, "Corporate Bonds"	
C. Promissory notes	Chapter 8, "Promissory Notes"	
D. Individual stocks		
1. Common	Chapter 10, "Common Stock"	Tax Facts on Investments (2009): Q 1001-1032
2. Preferred	Chapter 11, "Preferred Stock"	Tax Facts on Investments (2009): Q 1001-1032
3. American Depositary Receipts (ADR)	Chapter 29, "American Depositary Receipts"	
E. Pooled and managed investments		
1. Exchange traded funds	Chapter 17, "Exchange-Traded Funds"	Tax Facts on Investments (2009): Q 1176
2. Unit investment trusts	Chapter 16, "Mutual Funds"; Chapter 17, "Exchange-Traded Funds"	Tax Facts on Investments (2009): Q 1178
3. Mutual funds	Chapter 16, "Mutual Funds"	Tax Facts on Investments (2009): Q 1161-1174
4. Closed-end investment companies	Chapter 16, "Mutual Funds"; Chapter 17, "Exchange-Traded Funds"	Tax Facts on Investments (2009): Q 1175
5. Index securities	Chapter 16, "Mutual Funds"; Chapter 17, "Exchange-Traded Funds"	
6. Hedge funds	Chapter 16, "Mutual Funds"	Tax Facts on Investments (2009): Q 1177

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7. Limited partnerships	Chapter 27, "Limited Partnerships"	Tax Facts on Investments (2009): Q 1189-1217; 1285-1300
8. Privately managed accounts	Chapter 16, "Mutual Funds"	
9. Separately managed accounts	Chapter 16, "Mutual Funds"	
F. Guaranteed Investment Contracts (GICs)	Chapter 9, Guaranteed Investment Contracts (GICs)	
G. Real estate		
1. Investor managed	Chapter 20, "Real Estate"	Tax Facts on Investments (2009): Q 1219-1239
2. Real Estate Investment Trust (REIT)	Chapter 21, "REITS (Real Estate Investment Trusts)"	Tax Facts on Investments (2009): Q 1179-1181
3. Real estate limited partnerships (RELPs)	Chapter 20, "Real Estate"; Chapter 27, "Limited Partnerships"	Tax Facts on Investments (2009): Q 1219-1239; Q 1189-1217; 1285-1300
H. Alternative Investments		
1. Derivatives		
a. Puts	Chapter 13, "Stock Options"	Tax Facts on Investments (2009): Q 1047-1064
b. Calls	Chapter 13, "Stock Options"	Tax Facts on Investments (2009): Q 1047-1064
c. Long-term Equity Anticipation Securities (LEAPS®)	Chapter 13, "Stock Options"	Tax Facts on Investments (2009): Q 1219-1239
d. Futures	Chapter 14, "Financial Futures"; Chapter 15, "Commodity Futures"	Tax Facts on Investments (2009): Q 1072-1076
e. Warrants and Rights	Chapter 12, Stock Warrants and Rights"	Tax Facts on Insurance & Employee Benefits (2009): Q 1033-1035
2. Tangible assets		
a. Collectibles	Chapter 26, "Collectibles"	Tax Facts on Investments (2009): Q 1185-1188
b. Natural resources	Chapter 24, "Oil and Gas"	Tax Facts on Investments (2009): Q 1240-1263
c. Precious Metals	Chapter 25, "Gold and other Precious Metals"	Tax Facts on Investments (2009): Q 1182-1184
35. Types of investment risk		
A. Systematic/market/nondiversifiable	Chapter 30, "Investment Risk"; Chapter 36, "Asset Pricing Models"	
B. Purchasing power	Chapter 30, "Investment Risk"	
C. Interest rate	Chapter 30, "Investment Risk"	

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D. Unsystematic/nonmarket/diversifiable	Chapter 36, "Asset Pricing Models"	
E. Business	Chapter 30, "Investment Risk"	
F. Financial	Chapter 30, "Investment Risk"	
G. Liquidity and marketability	Chapter 30, "Investment Risk"	
H. Reinvestment	Chapter 30, "Investment Risk"	
I. Political (sovereign)	Chapter 30, "Investment Risk"	
J. Exchange rate	Chapter 30, "Investment Risk"	
K. Tax	Chapter 30, "Investment Risk"	
L. Investment manager	Chapter 30, "Investment Risk"	
36. Quantitative investment concepts		
A. Distribution of Returns		
1. Normal distribution	Chapter 31, "Measuring Investment Risk"	
2. Lognormal distribution	Chapter 31, "Measuring Investment Risk"	
3. Skewness	Chapter 31, "Measuring Investment Risk"	
4. Kurtosis	Chapter 31, "Measuring Investment Risk"	
B. Correlation coefficient		
C. Coefficient of determination (R^2)	Chapter 31, "Measuring Investment Risk"	
D. Coefficient of variation		
E. Standard Deviation	Chapter 31, "Measuring Investment Risk"	
F. Beta	Chapter 31, "Measuring Investment Risk"	
G. Covariance	Chapter 31, "Measuring Investment Risk"	
H. Semi-variance	Chapter 31, "Measuring Investment Risk"	
37. Measures of investment returns		
A. Simple vs. compound return	Chapter 33, "Measuring Investment Returns"	
B. Geometric average vs. arithmetic average return	Chapter 33, "Measuring Investment Returns"	
C. Time-weighted vs. dollar weighted return	Chapter 33, "Measuring Investment Returns"	
D. Real (inflation-adjusted) return	Chapter 33, "Measuring Investment Returns"	

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E. Total return	Chapter 33, "Measuring Investment Returns"	
F. Risk-adjusted return	Chapter 33, "Measuring Investment Returns"	
G. Holding period return	Chapter 33, "Measuring Investment Returns"	
H. Internal Rate of Return (IRR)	Chapter 33, "Measuring Investment Returns"	
I. Yield-to-maturity	Chapter 33, "Measuring Investment Returns"	
J. Yield-to-call	Chapter 33, "Measuring Investment Returns"	
K. Current yield	Chapter 34, "Measuring Yield"	
L. Taxable equivalent yield (TEY)	Chapter 34, "Measuring Yield"; Chapter 44, "Tax-Efficient Investment Strategies"	
38. Bond and stock valuation concepts		
A. Bond duration and convexity	Chapter 34, "Measuring Yield"	
B. Capitalized earnings	Chapter 35, "Security Valuation"	
C. Dividend growth models	Chapter 35, "Security Valuation"	
D. Ratio analysis		
1. Price/earnings	Chapter 35, "Security Valuation"	
2. Price/free cash flow	Chapter 35, "Security Valuation"	
3. Price/sales	Chapter 35, "Security Valuation"	
4. Price/Earnings/Growth (PEG)	Chapter 35, "Security Valuation"	
E. Book value	Chapter 35, "Security Valuation"	
39. Investment Theory		
A. Modern portfolio theory (MPT)	Chapter 36, "Asset Pricing Models"	
1. Capital market line (CML)	Chapter 36, "Asset Pricing Models"	
a. Mean-variance optimization	Chapter 36, "Asset Pricing Models"	
b. Efficient frontier	Chapter 36, "Asset Pricing Models"	

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2. Security market line (SML)	Chapter 36, "Asset Pricing Models"	
B. Efficient market hypothesis (EMH) or theory (EMT)	Chapter 38, "Asset Allocation and Portfolio Construction"	
1. Strong form	Chapter 38, "Asset Allocation and Portfolio Construction"	
2. Semi-strong form	Chapter 38, "Asset Allocation and Portfolio Construction"	
3. Weak form	Chapter 38, "Asset Allocation and Portfolio Construction"	
4. Anomalies	Chapter 38, "Asset Allocation and Portfolio Construction"	
C. Behavioral finance	Chapter 38, "Asset Allocation and Portfolio Construction"	
40. Portfolio development and analysis		
A. Fundamental Analysis	Chapter 39, "Investment Strategies"	
1. Top-down analysis	Chapter 38, "Asset Allocation and Portfolio Construction"; Chapter 39, "Investment Strategies"	
2. Bottom-up analysis	Chapter 38, "Asset Allocation and Portfolio Construction"; Chapter 39, "Investment Strategies"	
3. Ratio analysis	Chapter 39, "Investment Strategies"	
a. Liquidity ratios	Chapter 39, "Investment Strategies"	
b. Activity ratios efficiency	Chapter 39, "Investment Strategies"	
c. Profitability ratios	Chapter 39, "Investments Strategies"	
d. Debt ratios solvency	Chapter 39, "Investment Strategies"	
B. Technical Analysis	Chapter 39, "Investment Strategies"	
1. Charting	Chapter 39, "Investment Strategies"	
2. Sentiment indicators	Chapter 39, "Investment Strategies"	
3. Flow of funds indicators	Chapter 39, "Investment Strategies"	
4. Market structure indicators	Chapter 39, "Investment Strategies"	

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C. Investment policy statements	Chapter 37, "Portfolio Management & Measurement"	
D. Appropriate benchmarks	Chapter 37, "Portfolio Management & Measurement"	
E. Time- vs. dollar-weighted rate of return	Chapter 33, "Measuring Investment Return"	
F. Probability analysis, including Monte Carlo	Chapter 49, "Asset Allocation and Portfolio Construction"	
G. Tax efficiency		
1. Turnover	Chapter 44, "Tax-Efficient Investment Strategies"	Tax Facts on Investments (2009): Q 1161-1172
2. Timing of capital gains and losses	Chapter 44, "Tax-Efficient Investment Strategies"	Tax Facts on Investments (2009): Q 1420
3. Wash sale rule	Chapter 43, "Taxation of Investment Vehicles"	Tax Facts on Investments (2009): Q 1029-1031
4. Qualified dividends	Chapter 43, "Taxation of Investment Vehicles"	Tax Facts on Investments (2009): Q 1420
5. Tax-free income	Chapter 44, "Tax-Efficient Investment Strategies"	
H. Performance Measures		
1. Sharpe ratio	Chapter 37, "Portfolio Management & Measurement"	
2. Treynor ratio	Chapter 37, "Portfolio Management & Measurement"	
3. Jensen ratio	Chapter 37, "Portfolio Management & Measurement"	
4. Information ratio	Chapter 37, "Portfolio Management & Measurement"	
41. Investment strategies		
A. Market timing	Chapter 39, "Investment Strategies"	
B. Passive investing (indexing)	Chapter 39, "Investment Strategies"	
C. Buy and hold	Chapter 39, "Investment Strategies"	
D. Portfolio immunization	Chapter 40, "Formula Investing"	
E. Swaps and collars	Chapter 41, "Hedging and Option Strategies"	
F. Formula investing		

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a. Dollar-cost averaging	Chapter 40, "Formula Investing"	
b. Dividend reinvestment	Chapter 40, "Formula Investing"	Tax Facts on Investments (2009): Q 1015-1016
c. Bond ladders and barbells	Chapter 40, "Formula Investing"	
G. Use of Leverage (margin)	Chapter 42, "Leveraging Investment Assets"	
F. Hedging and option strategies	Chapter 41, "Hedging and Option Strategies"	Tax Facts on Investments (2009): Q 1042-1069
42. Asset allocation and portfolio diversification		
A. Strategic asset allocation		
1. Application of client lifecycle analysis	Chapter 37, "Portfolio Management & Measurement"	
2. Client risk tolerance measurement and application	Chapter 37, "Portfolio Management & Measurement"	
3. Asset class definition and correlation	Chapter 49, "Asset Allocation and Portfolio Construction"	
B. Rebalancing	Chapter 38, "Asset Allocation and Portfolio Construction"	
C. Tactical asset allocation (re-balancing strategies)	Chapter 38, "Asset Allocation and Portfolio Construction"	
D. Control of volatility	Chapter 38, "Asset Allocation and Portfolio Construction"	
E. Strategies for dealing with concentrated portfolios	Chapter 38, "Asset Allocation and Portfolio Construction"	
43. Asset pricing models		
A. Capital Asset Pricing Model (CAPM)	Chapter 36, "Asset Pricing Models"	
B. Arbitrage pricing theory (APT)	Chapter 36, "Asset Pricing Models"	
C. Black-Scholes option valuation model	Chapter 36, "Asset Pricing Models"	
D. Binomial option pricing	Chapter 36, "Asset Pricing Models"	
E. Other	Chapter 36, "Asset Pricing Models"	

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