



# UCT Collective Investment Schemes (CIS) Short Course

*Powered by the ASISA Academy*



## I. Vision & Context

The ASISA Academy creates and delivers high quality solutions to meet the skills development needs of South African Savings, Life Assurance and Investment Management organisations. Our learning solutions are informed by and responsive to industry realities, delivered in an academically sound and practitioner-led manner. The Academy has been accredited as a learning provider by the BANKSETA since 2008.

The Academy resulted from the need for a fresh approach to developing investment management skills and achieving broader, more rapid transformation of the industry. The intention is take candidates' learning beyond that of their tertiary studies using an approach that responds to industry realities and is delivered by industry experts in an academically sound manner.

The Academy operates at three levels:

1. With those employed in the industry and their stakeholders to ensure that the skills base within our industry allows us to compete with the best in the world.
2. With young people entering or considering a career in the industry to bridge the gap between the theory learned at university and the realities of the work environment so that students can become work-ready while still studying.
3. With existing and potential consumers as well as retirement fund trustees to raise the levels of their financial literacy.

Almost 4800 people in the Southern African financial services sector have learned with the ASISA Academy since 2008 with more than 400 industry presenters involved. Programmes that have been successfully implemented include Investment Management Professional Induction (IMPI) programme, Equity Analysts' Bootcamps, Investment Management Administration & Client Servicing (IMACS) course, Collective Investment Schemes (CIS) course, Ethics Workshops for Investment Managers & Retirement Fund Trustees, CFA Level One Exam Readiness Workshops, Long term Insurance Underwriter course, Claims Assessor course, FAIS Regulatory Exam Readiness Workshops and our first university Partner in Learning, TSiBA Education. We have also introduced Blitzcamps such as Derivatives, Compliance Monitoring & Reporting, Financial Services Industry Overview and Life Insurance Business Overview.

## 2. The ASISA Academy in partnership with UCT

Since 2010 the Academy has been working in partnership with TSiBA Education to pioneer an investment administration stream for students at undergraduate level. Through this successful partnership we have seen the immense benefit of an independent industry body working with a university to ensure that curricula are relevant and that a pipeline of work-ready graduates is being developed for industry employers. The ASISA Academy has been exploring similar partnerships with a number of other universities and has now signed a strategic partnership with UCT with a view to scaling up these collaborative efforts. In 2013 UCT officially endorsed the following four of the Academy's existing Bootcamps and Programmes as UCT Short Courses which, from 2014, the Academy will be running as official non-credit bearing UCT short courses:

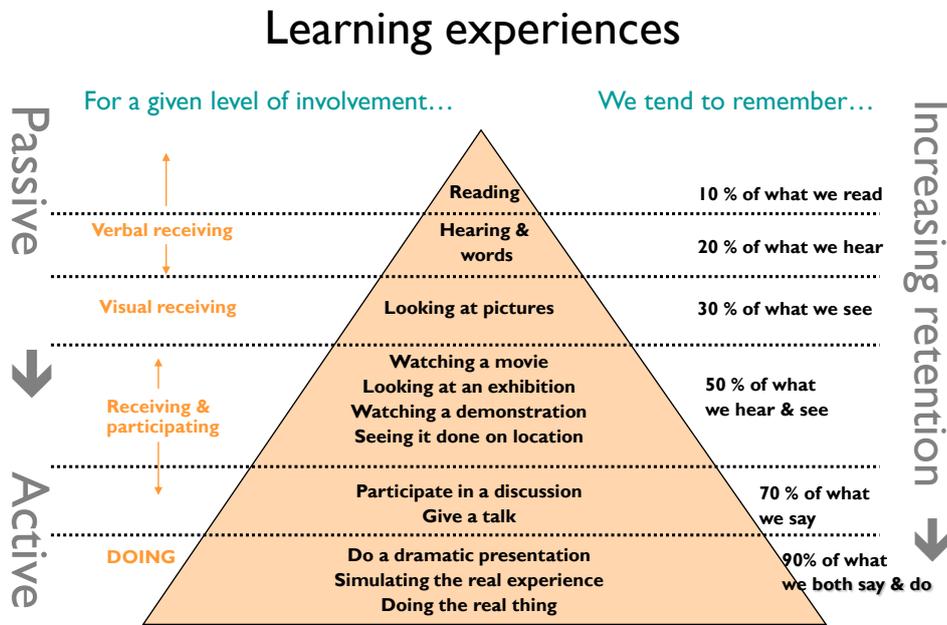
1. Life Insurance Underwriters' Short Course
2. Life Insurance Claims Assessor Short Course
3. Investment Management Administration & Client Servicing (IMACS) Short Course
4. Collective Investment Schemes (CIS) Short Course

Candidates on each of these courses will need to pass the assessments to be awarded the UCT graduate certificate. The number and complexity of the assessments will vary depending on the course.

### 3. Approach to Learning

Every learning session takes the form of an interactive workshop interspersed with engaging tasks or other learning activities. The course will draw deeply on the expertise of some of the most experienced professionals in the industry. The candidates on recent courses engaged with twenty five industry expert presenters making for an immensely rich learning experience.

The following diagram captures the Academy approach to learning. We aim to achieve the bulk of our learning at the bottom two levels of the triangle.



Source: National Training Laboratories, Maine

The CIS Short Course class sizes are limited to fourteen per course which allows for a very supportive learning environment in which no committed candidate gets left behind. An online learning environment is used where all the presenter resources can be accessed from anywhere at any time. Candidates will be required to bring a laptop in order to make full use of the online learning environment during the sessions.

### 4. Background to the CIS Short Course

The CIS Short Course (previously called the CIS Bootcamp) was borne out of the very successful IMACS (Investment Management Administration Client Services) Bootcamp which specialised in the investment administration and trading environment but there was still a need to provide a similar course geared for the CIS industry which has its own characteristics and business practices.

It was designed in collaboration with a group of industry professionals in order to support staff who have recently joined the industry - it bridges the gap between the theory learned at university and the realities of the workplace, and/or those that have worked in a single environment/ department for a few years where they are not exposed to other areas of the business/ industry. This would help with a better understanding of not only their products and market developments but also their own organisations. We believe it will also contribute towards service delivery because delegates will better understand their clients and industry needs and expectations. As with previous courses, delegates from multiple companies and various roles will be on the course and in line with the Academy vision, the majority of the sessions will be presented by industry practitioners resulting in a richer learning experience for all.

The Bootcamp format has proved to be successful, and demand has grown substantially. The Academy regularly runs courses in Cape Town and Johannesburg.

## 5. CIS Curriculum

The following table summarises each session topic and content in the form of learning outcomes covered during the programme. Please note that sessions may deviate slightly depending on the approach taken by the particular industry presenter.

### 5.1 Module One – The Financial Services Landscape

This Module focuses on providing an overview of the Financial Services industry and more particularly the Collective Investment Scheme industry to enable candidates to contextualise their working and learning experience.

Learning Areas	Learning Outcomes - Participants should be able to:
Overview of financial industry products & vehicles	<ol style="list-style-type: none"> <li>1. Follow the Rand – Describe the high level flow of funds in the economy from individuals, corporates and government into savings products</li> <li>2. Discuss the need for Financial Industry Regulation focusing on the CIS environment.</li> <li>3. Explore the investment landscape and identify the options available to investment managers</li> <li>4. Deliberate the CIS industry bodies and their roles, covering the regulatory/ industry supervision and controls as well as the investment environment/s</li> </ol>
Role players and industry bodies	<ol style="list-style-type: none"> <li>1. Show the differences between Linked Investment Service Providers, Fund of Funds, Single Fund Managers and Multi Managers</li> <li>2. Draw a diagram showing the related parties to a Collective Investment Scheme including a definition of the roles each party fulfils and contractual arrangements between these parties e.g. trustees</li> <li>3. Describe the relationships and responsibilities of Trustees &amp; Custodians/ STRATE</li> <li>4. Show your understanding of the role of the Press/ Media and comment on the significance of industry recognition and awards</li> </ol>
The financial markets	<ol style="list-style-type: none"> <li>1. Describe the investment management process</li> <li>2. Show the fundamental differences in approaches to calculating Investment Performance and that of the Unit Trust performance and also the benchmarks used in each case</li> <li>3. Describe the concept of Performance Attribution</li> <li>4. Apply the Global Investment Performance Standards (GIPS) to the CIS environment</li> <li>5. List the primary reporting requirements including the stakeholders needing to receive reports, the nature of the reports and any mandatory disclosures that are required</li> <li>6. Describe the administrative process, including the role-players and regulated</li> <li>7. Explain the characteristics of Outsourcers and White-labellers in the investment and retail and institutional space</li> </ol>

## 5.2 Module Two – The Regulatory Framework

Learning Areas	Learning Outcomes - Participants should be able to:
The role of the regulator and the regulations it enforces	<ol style="list-style-type: none"> <li>1. Identify all the Acts passed into law that impacts the CIS industry and discuss the significance of them at a high level</li> <li>2. Provide an overview of the key features of the CIS Control Act</li> <li>3. Explain the role and responsibilities of the Financial Services Board (FSB) and who it reports to</li> <li>4. Describe the regulatory process as it pertains to the CIS environment pertaining the Management (Manco), Investment and Fund environments</li> <li>5. Show the impact of the limits on investments set out in Regulation 28 to the Pension Funds Act</li> <li>6. Draw up a checklist of reporting requirements to be submitted to the FSB and the South African Reserve Bank</li> </ol>
How to set up and close down a fund and/or a Manco	<ol style="list-style-type: none"> <li>1. Describe the Manco and fund application and process</li> <li>2. Contrast the Trust Deed, Supplementary Deed and Fund Mandate</li> <li>3. Obtain and critique an exemplar application pack</li> <li>4. Explore the requirements of a new Unit Trust member application</li> <li>5. Discuss the process of converting an open fund to a closed one, and that of closing down, or transferring (or merging with another) a fund</li> <li>6. Explain the process to shut down a CIS Manco</li> </ol>
Governance & Ethics	<ol style="list-style-type: none"> <li>1. Define the roles and responsibilities of the Manco</li> <li>2. Describe the role that the compliance function fulfils</li> <li>3. Discuss at a high level the key features of ASISA's Codes of Practice for: 1) Advertising of Collective Investment Schemes in Securities 2) Investor Communication 3) Corporate Governance 4) Ethics 5) Standards &amp; Guidelines</li> </ol>

## 5.3 Module Three – Unit Trust Products

Learning Areas	Learning Outcomes - Participants should be able to:
Product types	<ol style="list-style-type: none"> <li>1. List and explain the ASISA categories/classifications e.g. domestic fixed income</li> <li>2. Explore Unit Trusts, as investment vehicles' underlying other product layers, e.g. within Retirement Annuities, Preservation funds, in endowments, etc.</li> <li>3. Contrast packaged products e.g. fund of funds, tracker funds, multi manager unit trusts etc. and explore the market appetite for these products</li> <li>4. Describe the nature and properties of ETF's</li> <li>5. Discuss the characteristics of REIT's</li> <li>6. Explain, at a high level what Sharia' law is (pertaining to investments) and it's characteristics</li> </ol>
Target markets	<ol style="list-style-type: none"> <li>1. Draw comparisons of Direct, Platform and Institutional clients including the application of mandates where applicable</li> <li>2. Examine the channels of investment e.g. intermediary, direct, LISP, etc.</li> <li>3. Discuss the challenges and obstacles of getting new clients/ growing the market</li> </ol>
Fund structure	<ol style="list-style-type: none"> <li>1. Define and explore the terms of a Mandate (fund objective, investment universe, benchmark)</li> <li>2. Show the relationships between a management company "Manco" and the funds it manages</li> </ol>

	<ol style="list-style-type: none"> <li>3. Investigate investment philosophies/ strategies per product type</li> <li>4. Debate the Investments Limits that investment managers have to adhere to</li> <li>5. Explore the difference between the cash held in an investment bank account and that held in the Manco bank account</li> <li>6. Deliberate industry developments</li> </ol>
Tax	<ol style="list-style-type: none"> <li>1. Show the tax implications of a variety of asset choices and explain the difference in investment/ portfolio tax implications vs. the unit holder</li> <li>2. Discuss the tax implications of a unit trust on direct investors vs. institutional vs. a wrapper type of investment</li> </ol>

#### 5.4 Module Four – Unit Trust Mechanics

Learning Areas	Learning Outcomes - Participants should be able to:
Fund Pricing & Liquidity	<ol style="list-style-type: none"> <li>1. Explore, at a high level, pricing policies and calculation of prices, pricing errors and rectification of positions-fund level</li> <li>2. Describe the term declaration and payment date</li> <li>3. Define the terms Units and Unit Holding</li> <li>4. Show the relationship between Unit Holding, Pricing and Valuation</li> <li>5. Describe the process for publishing prices</li> <li>6. Show how interest income flows into a fund and the impact thereof on pricing</li> <li>7. Show how dividend income flows into a fund and the impact thereof on pricing</li> <li>8. Describe the impact of creations &amp; cancellations and demonstrate this by way of a worked example</li> <li>9. Describe the term liquidity and what it means in the context of a CIS</li> </ol>
Costs fees & charges	<ol style="list-style-type: none"> <li>1. List and define the various types of fee classes and rebates relating to a CIS (e.g. initial, exit, fixed, variable, on-going, performance fees)</li> <li>2. Show the differences between costs, fees and charges and provide examples of each</li> <li>3. Show by way of a process flow diagram who receives fees, the stage in the process at which they are levied and the services to which they relate</li> <li>4. Explain what TER is and how it's calculated</li> </ol>
Unit Trusts as a product	<ol style="list-style-type: none"> <li>1. Describe the purpose of the main deed &amp; supplemental deed</li> <li>2. Deliberate the compliance requirements that are applicable to Unit Trusts and the responsibilities of the various role players</li> <li>3. Contrast how the Front, Middle &amp; Back Office differ between Institutional Asset Management and Retail Sales</li> <li>4. Define the concepts of funds “On Balance Sheet” and “Off Balance Sheet” and provide examples of each within the CIS arena</li> </ol>
Unit Trust trade cycle	<ol style="list-style-type: none"> <li>1. Illustrate the CIS retail investment trade cycle, it's considerations, company policy requirements, the role players and role players</li> </ol>

## 5.5 Module Five – Client Engagement

Learning Areas	Learning Outcomes - Participants should be able to:
Who are CIS clients and how do we engage them?	<ol style="list-style-type: none"> <li>1. Describe the client reporting process which varies for different types of clients</li> <li>2. Explain at what point a client might consider engaging with an Ombud</li> <li>3. Describe the hallmarks of good client service, provide examples of both good and poor service and describe how the poor service situations could have been avoided. Discuss how to handle complaints, deal with difficult clients etc.</li> <li>4. Identify problem areas in our industry and what steps can be taken to minimise client dissatisfaction</li> <li>5. Discuss the importance of continued training for industry staff</li> <li>6. Explore the responsibility and practicality of Client education</li> <li>7. Debate the influences of the FAIS Act when dealing directly with clients and discuss the impact of the FAIS Act for an institutional client</li> <li>8. Explore the influence and requirements of FICA</li> <li>9. Discuss the regulatory requirements for reporting to and communicating with clients</li> <li>10. Explain what Treating Customers Fairly (TCF) is and the need for this initiative</li> <li>11. List the key features of National Treasury’s Treating the Customer Fairly initiative and show their impact on Collective Investment Schemes</li> </ol>

## 5.6 Module Six – Engagement Skills

This module focuses on the skills for engaging in the workplace that need to be practically applied and demonstrated by the participants. The majority of the delivery activities used will be integrated into the delivery of the outcomes in the preceding modules.

Learning Areas	Learning Outcomes - Participants should be able to:
Working smarter	<ol style="list-style-type: none"> <li>1. Demonstrate working efficiency and productivity</li> </ol>
Ethics and Professionalism	<ol style="list-style-type: none"> <li>1. Contrast ethics with a code of conduct.</li> <li>2. Describe typical ethical dilemmas in the industry and strategies for managing them (e.g. giving and receiving of gifts, incentive schemes, brokers replacing existing cover for less expensive new cover).</li> <li>3. Define conflicts of interest; client vs firm, firm vs self.</li> <li>4. Discuss professionalism in the industry.</li> </ol>

## 6. Feedback from past candidates

Some comments from Academy candidates about their experience on the programme...

- “Today's session meant that I could consolidate everything that I had learnt over the days of the course. It has been very valuable. I am very excited about the knowledge I have gained. Great course!”
- “I found the first day very interesting and am sure I will learn a lot more in the days to come - thank you for sharing the knowledge”.
- “This is much more (content wise and experience) than I



expected. The enthusiasm of the

lecturing/organising team is infectious. Thank you”.

- “Great lecturers from the industry that has a wealth of knowledge to share. Thoroughly enjoyed it!”
- “In a nutshell, the investment industry summed up in week and getting top industry professionals to simplify complexity in our working environment was one of the most fulfilling things in my career, and am ready to apply all the concepts learned, from Excel to self-management and through to compliance to add value and simplify my life, most of all and those that I work with, and continue to question status quo”.
- “It’s a great course and should really be given a lot more attention to new comers to the industry”.
- “What an educational and enjoyable week! I've learned a lot and can't



wait for the next week to

begin! Everything is run well from the time set aside for presentations to the contents of presentations”.

- “I think, for me anyway, that a huge part of the value of the course lies in the contacts made through the course – with leaders in the industry as well as colleagues grappling with the same issues.”
- “I relished in the fact that we were being addressed by experts within the CIS industry. Thanks!”
- “Great course, thank you for this wonderful opportunity! Can't wait for next course”.
- “Everything is great. There was a great selection of speakers”.
- “The presenters were all extremely well prepared. It was fantastic to get the insights from all of the experienced individuals!”

The course was highly beneficial to me as a newbie in this industry. I would recommend that everyone that’s unfamiliar with the big picture of the investment world do the course. Really great experience.

## 7. Contact information

For more information please contact the Academy on:

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