



CIM[®] Professional Competency Profile

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Canadian Securities Institute



CHARTERED
INVESTMENT MANAGER

CIM[®] Professional Competency Profile

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INTRODUCTION: AN OVERVIEW

The CIM[®] Professional Competency Profile sets out the knowledge, skills and abilities of professionals awarded the Chartered Investment Manager designation.

The Competency Profile sets the criteria for all aspects of the CIM[®] certification program at CSI. It defines the program parameters and was created through a comprehensive analysis of the environments in which CIM[®] designation holders work. This analysis, traditionally referred to as a job or task analysis, allows CSI to identify what CIM[®] designation holders do and must know in their daily work. From this analysis, the resulting competencies of CIM[®] holders are confirmed and validated by industry experts and CIM[®] designation holders through the use of focus groups and surveys.

CSI also relies on the expertise of the CIM[®] Advisory Council, the volunteer body responsible for the oversight of the CIM[®] designation, for their input and final approval of the content of the Competency Profile.

The resulting Competency Profile is composed of 10 core competencies and 42 sub-competencies which encompass both retail and institutional portfolio management professional requirements. It is expected to remain in effect for the next five years, when the next review is scheduled..

USING THE CIM® PROFESSIONAL COMPETENCY PROFILE

The Competency Profile identifies core competencies, related sub-competencies and the knowledge and skills required to demonstrate those core and sub-competencies. With the combination of competencies and knowledge and skills, the Competency Profile reflects not only what a CIM® designation holder must know, but also what they can do by applying that knowledge.

As the defining resource for what a portfolio manager can and does do in practice, CSI uses the Competency Profile to set the requirements for educational prerequisite course curriculum, examination format and coverage, relevant work experience and continuing education requirements for the CIM® designation.

CSI acknowledges the specific requirements and applications of the Competency Profile for each respective audience:

CIM® Designation Candidates

Candidates seeking the CIM® designation should use the Competency Profile to understand the scope of competence, knowledge and skills necessary to earn the designation and assess it for applicability to their work and career. Candidates should evaluate their personal work experience against the expectations set out in the Competency Profile. It should be noted that some competencies are relevant to both retail and institutional portfolio managers while others are most relevant to either retail or institutional portfolio managers.

CIM® Designation Holders

Designation holders should use the Competency Profile to assess their ongoing continuing education needs; however, perhaps most importantly, it provides a resource for designation holders to demonstrate their value, competence, knowledge and skills to employers and consumers.

Employers

Employers in the financial services industry can use the Competency Profile to verify the skill set required of portfolio managers and as a tool for communication of their employees' expertise to clients.

Consumers

The Competency Profile provides a resource for the public to understand the services a CIM® designation holder may be able to offer, and the competence and knowledge that they possess. Further, the Competency Profile can illustrate how the role of a portfolio manager can align with regulatory requirements and standards to effectively serve them.

UNDERSTANDING THE COMPETENCY PROFILE

A competent Chartered Investment Manager is able to create and manage a suitable portfolio of investments selected in the best interests of the client or within the investment guidelines and restrictions of a fund, abiding by relevant laws, regulations and codes of ethics pertaining to discretionary portfolio managers.

The development of the Competency Profile resulted in ten core competencies categorized in three competency groupings, as described in the chart below. The underlying sub-competencies accompanied by the corresponding knowledge and skills statements are further detailed in the following pages.

Core Competencies Relevant to All Portfolio Managers

- 1 Abide by the laws and regulations pertaining to portfolio management.
- 2 Access financial information to conduct analysis to determine security selection.
- 3 Construct a portfolio of securities for clients and/or funds.
- 4 Monitor and evaluate performance against objectives and appropriate benchmarks to report on portfolio performance, and rebalance when necessary.

Core Competencies Most Relevant to a Retail Portfolio Manager

- 5 Discover a client's profile including financial resources, investment experience, needs, goals, time horizon, tax status and risk profile.
- 6 Create an investment policy statement (IPS) based on the client's profile.
- 7 Build and maintain a book of discretionary business (managed accounts).

Core Competencies Most Relevant to an Institutional Portfolio Manager

- 8 Participate in the creation of new fund mandates.
- 9 Support the implementation of comprehensive fund compliance and risk control processes and procedures.
- 10 Provide client support activities related to pooled fund institutional investor clients.

CIM® PROFESSIONAL COMPETENCY PROFILE

The following four competencies are relevant to both Retail and Institutional Portfolio Managers.

CORE COMPETENCY

1 Abide by the laws and regulations pertaining to portfolio management.

SUB COMPETENCY

- 1.1 Stay informed about industry trends and updates to regulatory requirements relevant to discretionary portfolio management.
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- 1.2 Serve the best interest of clients.
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- 1.3 Apply rules pertaining to the exercising of discretionary authority with respect to managed accounts.
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- 1.4 Observe high standards of ethics and conduct in dealings with clients and in the transaction of business.
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- 1.5 Comply with regulatory requirements and follow best practices for risk control and trading within the scope of portfolio management.
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KNOWLEDGE AND SKILLS

- Regulatory requirements
 - Changes to the regulatory landscape
 - Industry trends and challenges
-
- Codes of Ethics (CIM®) and standards of conduct for registrants
 - Principles of securities legislation
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- Principles of fiduciary relationships
 - The standards of conduct that advisors should apply in their relationships with clients
 - Regulations pertaining to opening, maintaining, closing and supervising managed accounts
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- Ethical and unethical practices and conduct in securities trading
 - The values on which the registrant code of ethics is based
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- Key compliance and supervision roles
 - Regulatory trading requirements for various marketplaces
 - Best practices for risk control and trading in securities and derivatives
-

CORE COMPETENCY

2 Access financial information to conduct analysis to determine security selection.

SUB COMPETENCY

2.1 Perform financial statement analysis.

2.2 Perform fundamental, economic, industry and company analysis to help determine individual security selection recommendations.

2.3 Perform fundamental analysis of individual securities.

2.4 Perform technical /statistical analysis to help determine individual security selection.

2.5 Stay current about the use of financial technology in investment management.

KNOWLEDGE AND SKILLS

- Statement of financial position
- Statement of comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements and the auditor's report

- Macroeconomic factors that affect investor expectations and the price of securities
- Industry classifications and their impact on a company's stock valuation
- Factors involved in performing company analysis to determine whether a company represents a good investment
- Analysis of a company's financial statements using trend analysis and external comparisons
- Interpretation of key financial ratios (liquidity ratios, risk analysis ratios, operating performance ratios, and value ratios) and evaluation of company performance using these ratios

- Calculation and interpretation of the intrinsic value of a stock using the dividend discount model
- Evaluation of investment quality of preferred shares
- Valuation, term structure and pricing of debt securities
- Bond price volatility (duration and convexity)
- Due diligence of mutual funds, hedge funds, real estate and private equity

- Market theories explaining stock market behaviour
- Tools used in technical analysis

- Artificial intelligence, machine learning and big data

CORE COMPETENCY

3 Construct a portfolio of securities for clients and/or funds.

SUB COMPETENCY

3.1 Align the client/fund portfolio with the components of the investment policy statement (IPS) or the fund mandate.

3.2 Consider available investment products when constructing a suitable portfolio.

3.3 Ensure trade orders are executed consistent with best execution requirements.

3.4 Ensure bundled trades are fairly allocated to clients or fund.

KNOWLEDGE AND SKILLS

- Investment policy statement (content and purpose)
 - Combining securities in a portfolio
 - Risk and return
 - Correlation, beta and alpha
 - Asset mix categories
 - Portfolio management styles of equity and fixed-income managers
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- Portfolio construction techniques
 - Equity investments within portfolios
 - Debt investments within portfolios
 - Derivatives within portfolios
 - Alternative investments within portfolios
 - Managed products within portfolios
 - International investments within portfolios
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- Best execution requirements
 - Trading and settlement procedures for equity transactions
 - Types of buy and sell orders
-

- Definition of bundled trades
 - Fair bundled trade allocation according to regulatory rules
-

CORE COMPETENCY

4 Monitor and evaluate performance against objectives and appropriate benchmarks to report on portfolio performance, and rebalance when necessary.

SUB COMPETENCY

4.1 Evaluate dollar-weighted and/or time-weighted returns.

4.2 Apply performance attribution analysis.

4.3 Compare returns to the level of risk taken to earn those returns (i.e. risk adjusted returns).

4.4 Monitor the performance of a portfolio of investments.

4.5 Manage Investment Risk.

4.6 Conduct portfolio re-balancing if necessary.

4.7 Review client/fund profile with client and make changes to the investment policy statement (IPS) if appropriate.

KNOWLEDGE AND SKILLS

- Dollar-weighted returns
 - Time-weighted returns
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- Performance attribution
-

- Risk-adjusted rates of return:
 - Sharpe Ratio
 - Jensen's Alpha
 - Treynor Ratio
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- Steps in monitoring and evaluating portfolio performance in relation to the market, the economy and the client
 - Portfolio performance evaluation
 - Mutual and hedge fund performance measurement
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- Investment risk measurement
 - Using diversification to reduce risk
 - Using options to reduce risk
 - Using futures to reduce risk
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- Key aspects in selecting a rebalancing strategy
 - Benefits and costs of a rebalancing strategy
 - Changing a portfolio asset mix using derivatives
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- Content and purpose of an IPS
 - Schedule and process for reviewing and updating the IPS
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The following three competencies are most relevant to a Retail Portfolio Manager.

CORE COMPETENCY

5 Discover a client's profile including financial resources, investment experience, needs, goals, time horizon, tax status and risk profile.

SUB COMPETENCY

5.1 Practice best standards in relation to Know your Client and Know your Product requirements.

5.2 Provide capital markets information and advice to clients.

5.3 Inform clients of the nature of the discretionary relationship.

KNOWLEDGE AND SKILLS

- The Know Your Client rule within the context of suitability
 - The circumstances in which the suitability of a client account must be re-assessed
 - Know your Product rules
 - Relationship disclosure information
 - Elements that must be included in the client disclosure document
 - Circumstances in which Know Your Client information requires an update
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- The role of financial markets in the Canadian financial services industry
 - Types of financial instruments and their benefits and risks
 - Operational aspects of auction markets and dealer markets
-
- Relationship disclosure requirements
 - Types of managed accounts and associated regulatory requirements

CORE COMPETENCY

6 Create an investment policy statement (IPS) based on the client's profile.

SUB COMPETENCY

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- 6.1 Establish client investment objectives.
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- 6.2 Determine client investment constraints.
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- 6.3 Consider behavioural finance when dealing with clients.
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- 6.4 Recommend a strategic asset allocation for clients.
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- 6.5 Identify and explain transaction costs and fee structures for client accounts.
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- 6.6 Identify taxation considerations.
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KNOWLEDGE AND SKILLS

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- Use investment objectives in creating an IPS for a client
-
- Use investment constraints in creating an IPS for a client
-
- Principles of behavioural finance
 - Behavioural biases
 - Apply bias diagnosis
-
- Benefits of asset allocation
 - Strategic asset allocation versus the types of ongoing asset allocation techniques
 - Active and passive management
-
- Initial and ongoing fees and transaction costs associated with a client's account
-
- Features of the Canadian income tax system
 - Basic tax planning strategies
 - Tax treatment of interest, dividends, capital gains (and losses), and return of capital
 - Tax consequences of investment redemptions
 - Tax considerations of investing in segregated funds
 - Calculation of capital gains and capital losses
 - Calculation of income tax payable on investment income
 - Portfolio management strategies to minimize tax liability
 - Tax deferral plans
-

CORE COMPETENCY

7 Build and maintain a book of discretionary business (managed accounts).

SUB COMPETENCY

7.1 Develop a business and marketing plan to build and maintain a book of managed accounts in compliance with dealer and regulatory requirements.

7.2 Communicate with clients in accordance with firm procedures and practices and regulatory policies.

7.3 Conduct meetings, lectures, seminars, and forums with clients and potential clients.

KNOWLEDGE AND SKILLS

- Elements of a business plan
 - Effective prospecting (e.g. cold calling, client referrals, direct mail)
 - Market segmentation: target or niche markets
 - Effective written and oral presentations
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- Regulatory and corporate rules and guidelines regarding external communication
 - Appropriate print and online marketing materials
-

- Advisor and the firm value propositions
 - Niche markets and effective marketing plans to reach those markets
 - Written and oral presentations to clients and facilitation of promotional seminars
 - Advanced question asking skills and techniques
 - Behaviour observation techniques
 - Sale closure techniques
-

The following three competencies are most relevant to an Institutional Portfolio Manager.

CORE COMPETENCY

8 Participate in the creation of new fund mandates.

SUB COMPETENCY

8.1 Assist the product management team in the identification and scoping of potential new investment mandates and/or products.

8.2 Lead the due diligence process to use in-house or external portfolio management expertise.

8.3 Lead the creation of appropriate investment guidelines and restrictions for the new fund.

8.4 Assist in the creation of sales and marketing materials for new funds.

8.5 Write periodic (monthly, quarterly) fund reports discussing investment strategy, performance attribution and market/sector outlook.

KNOWLEDGE AND SKILLS

- Key steps in the process of analyzing the potential for, and developing, new investment products
 - A thorough assessment of the potential market size for a new investment
 - Challenges associated with developing a market assessment
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- Portfolio management skills needed to manage the new fund
 - Intended audience for the investment product
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- Purpose of investment guidelines and restrictions for an investment product
 - Critical importance of having a well-defined investment policy for an investment product
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- Regulatory and corporate rules and guidelines regarding external communication
 - Appropriate print and online marketing materials
-

- Canadian/International economic systems
 - Market and sector analysis
 - Investment strategy analysis
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CORE COMPETENCY

9 Support the implementation of comprehensive fund compliance and risk control processes and procedures.

SUB COMPETENCY

- 9.1 Assist with the implementation and maintenance of appropriate real-time risk control and investment restriction monitoring processes and procedures.

KNOWLEDGE AND SKILLS

- Regulatory compliance requirements for mutual and pooled funds
- Investment monitoring procedures

CORE COMPETENCY

10 Provide client support activities related to pooled fund institutional investor clients.

SUB COMPETENCY

- 10.1 Prepare information for periodic pooled fund investment and fund compliance reports to satisfy institutional investor needs and requirements.
- 10.2 Deliver pooled fund investment presentations to institutional investor client investment committees as requested.
- 10.3 Establish effective electronic communication protocols and secure data transmission facilities with the pooled fund's institutional investor's respective custodians and/or fund accountants.

KNOWLEDGE AND SKILLS

- Regulatory compliance requirements for pooled funds
- Regulatory compliance requirements for mutual funds
- Presentation skills
- Oral and written communication skills
- Institutional settlement process
- Challenges with institutional trade processing