MACRO SPECIALIST DESIGNATION
THE MACRO INSTITUTE

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Designation Program

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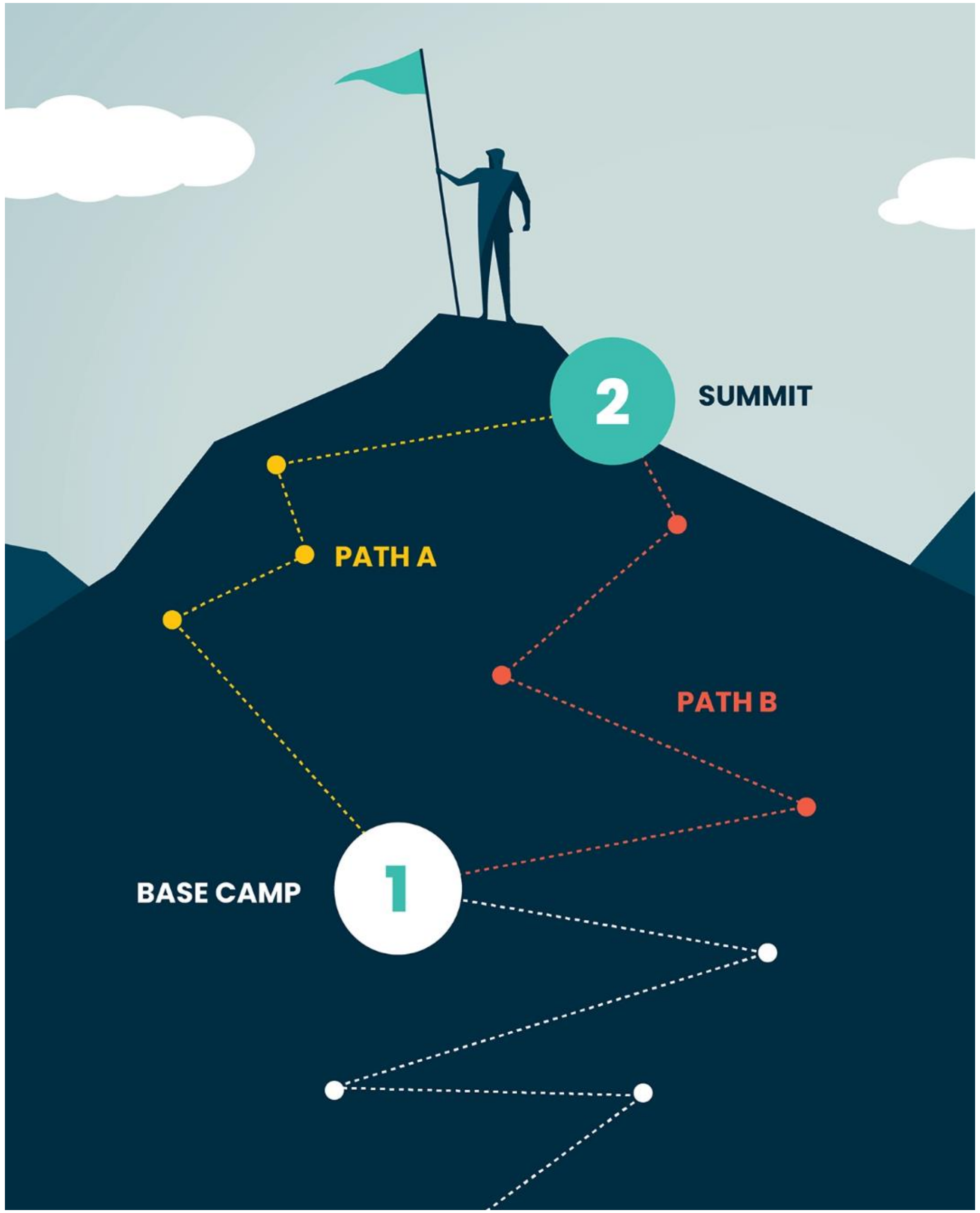
What Does The M²SD Program Entail?



M²SD Provides The Essential Building Blocks Of Applied Macro

1

Level 1 (Required):

The Essentials Of Applied Macro
- Understanding LEIs
- Policy's Influence On The Economy
- Drivers of Market Multiples
- Behavioral Finance

2

There are 2 options for Level 2:

Path A: A Global Approach To Portfolio Strategy
- Structural Backdrop
- Global Influences
- Sector Selection
- Macro In The "New Normal"

Path B: Translating Macro Into Micro
- Macro & Quant
- Factor-based investing
- Identifying Red Flags
- Classic Strategies

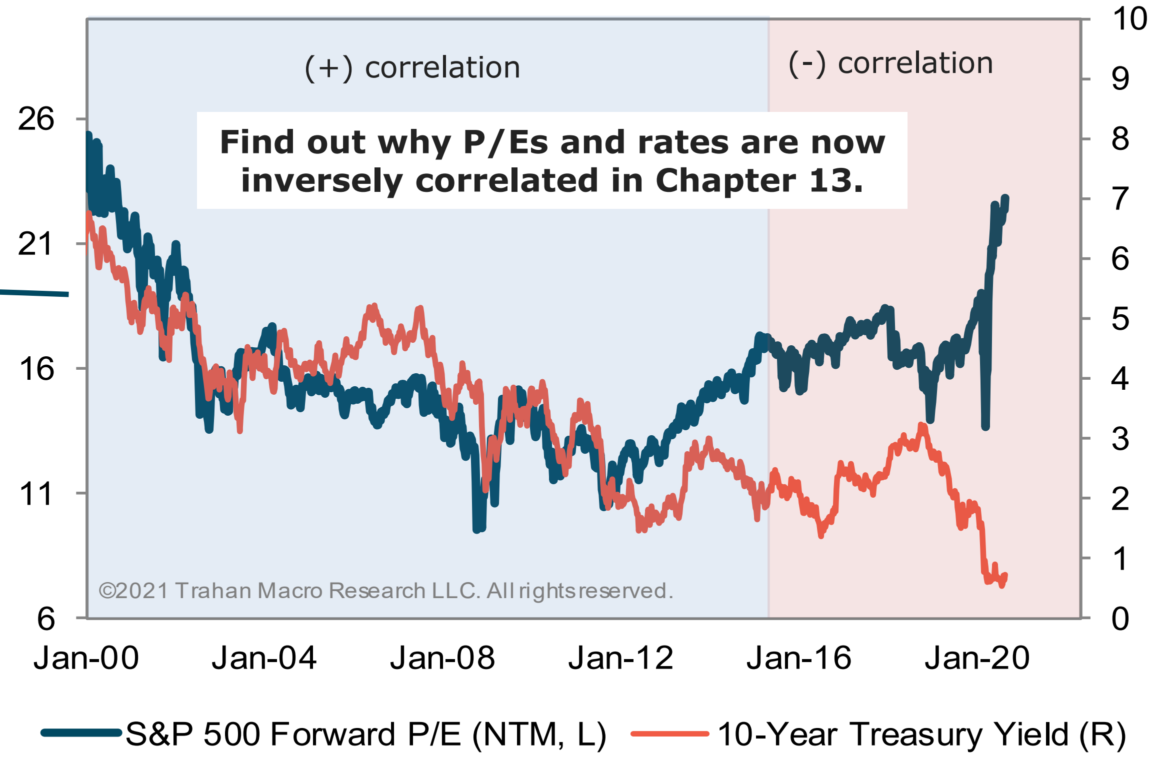
Level 1: The Essentials Of Applied Macro

Bloc 1: An Introduction To Financial Economics
Chapter 1: Introduction To Macro Principles
Chapter 2: A Guide To Practical Economics
Chapter 3: The Data
Chapter 4: Leading Economic Indicators (LEIs)
Chapter 5: Anticipatory Economic Indicators (AEIs)
Bloc 2: The Forces Driving The Economy
Chapter 6: Monetary Policy
Chapter 7: The Yield Curve
Chapter 8: Fiscal Policy
Chapter 9: The Currency
Chapter 10: Other Long-Term Economic Influences
Bloc 3: The Stock Market: Facts, Myths, Misconceptions
Chapter 11: The Equity Market
Chapter 12: Earnings Expectations (EPS)
Chapter 13: Market Multiples (P/Es)
Chapter 14: An Alternative Take On Dividends
Chapter 15: Market Cycles
Bloc 4: Important Topics In Financial Research
Chapter 16: Market Valuation Models
Chapter 17: Fixed Income Markets (Bonds)
Chapter 18: Behavioral Finance

Dig into the relationship between P/Es and interest rates in Chapter 13:

Example: The Drivers Of P/Es Change Over Time

- The misunderstood relationship between P/Es and interest rates;
- Why this relationship has changed across time;
- How to use this knowledge to forecast equities AND pick stocks.



Level 2A: A Global Approach To Portfolio Strategy

Bloc 5: The Structural Backdrop

Chapter 19: From "Great Moderation" To "Era Of Uncertainty"

Chapter 20: Investing In The "New Normal"

Chapter 21: A History Of Exuberance And Crisis

Chapter 22: The Investment Backdrop And Why It Matters

Bloc 6: Global Influences And Investment Decisions

Chapter 23: The World's Influence On U.S. Equities

Chapter 24: The Eurozone

Chapter 25: Japan

Chapter 26: China

Chapter 27: Asset Allocation Is A Global Affair

Bloc 7: Sector Leadership

Chapter 28: Sector Positioning And The Business Cycle

Chapter 29: The Technology Sector

Chapter 30: The Consumer Discretionary Sector

Chapter 31: The Communication Services Sector

Chapter 32: The Industrials Sector

Chapter 33: The Financials Sector

Chapter 34: Defensives: Health Care And Staples

Chapter 35: Cyclicals: Energy And Materials

Chapter 36: Rate-Sensitives: REITs And Utilities

Find out about stock leadership and forces in Chapter 19:

Example: A Change In Structural Forces Altered The Style Cycle

- How the end of the Great Moderation changed investing;
- Why the end of the '08 crisis ushered in the leadership of Growth stocks;
- A framework for understanding when one style of investing is dominant.

Find out what could flip equity leadership back to Value again in Chapter 19.

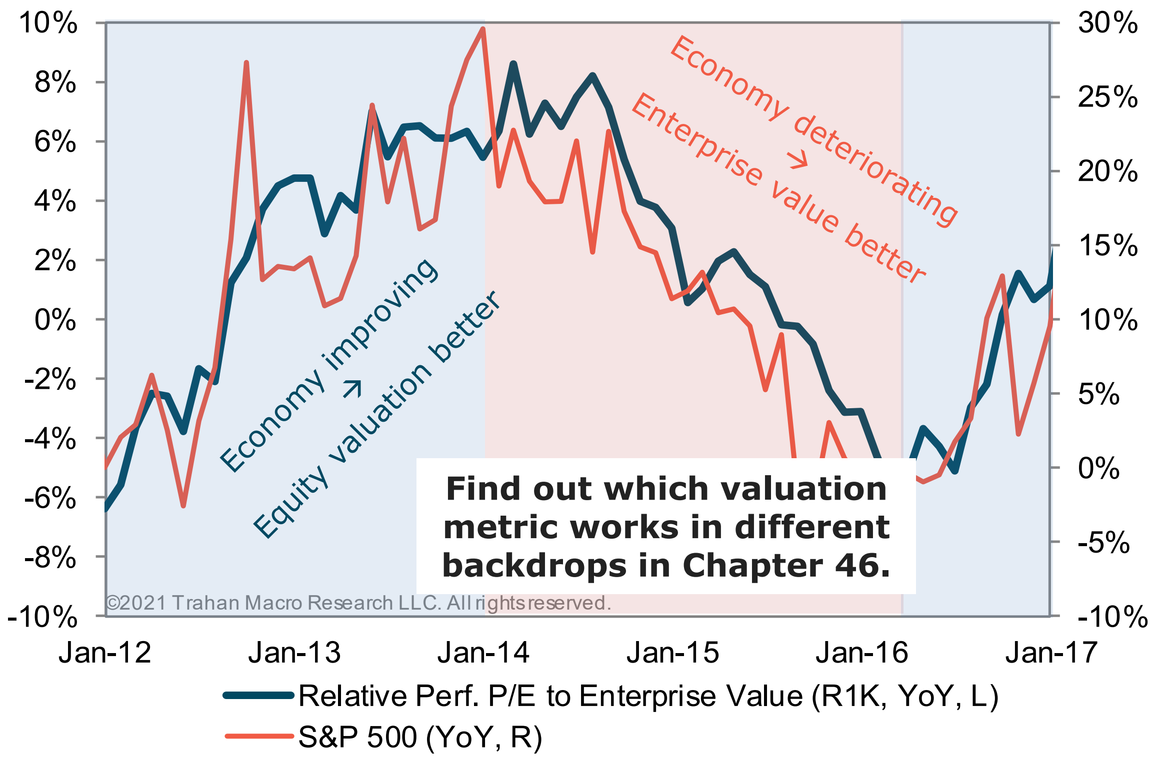
Level 2B: Translating Macro Into Micro

Bloc 8: The Centerpiece Of Stock Selection: Factors
Chapter 37: The Use And Misuse Of The Size/Style Matrix
Chapter 38: Growth Investing In The New Normal
Chapter 39: Value Investing In The New Normal
Chapter 40: The Classic Factors And Their Applications
Chapter 41: Valuation
Chapter 42: Manipulation (Quality)
Chapter 43: Governance
Chapter 44: Operating Efficiency
Chapter 45: Profitability
Chapter 46: Factor Leadership And The Business Cycle
Bloc 9: The Essential Tools Of Stock Selection
Chapter 47: Model Building In The Era Of Uncertainty
Chapter 48: Monitoring A Portfolio For Credit Downgrades
Chapter 49: Monitoring A Portfolio For M&A Activity
Chapter 50: Monitoring A Portfolio For Sentiment/Crowding
Chapter 51: Monitoring A Portfolio For Red Flags And Torpedoes
Bloc 10: The Essential Behaviors Of Successful Stock Selection
Chapter 52: Strengths And Weaknesses Of Classic Investment Strategies
Chapter 53: Value Traps And Other Common Pitfalls
Chapter 54: The Do's And Don'ts Of Stock Selection

Find out about the business cycle and valuation metrics in Chapter 46:

Example: Valuation Factors Are Influenced By The Business Cycle

- Stock selection factors in different phases of the business cycle;
- How to use valuation as a factor to complement a macro framework;
- Using the "right" factor is largely a macro decision.



The Macro Specialist Designation

What is the focus of the M²SD?

The M²SD curriculum was designed to fill the void left by academia and current financial industry certifications when it comes to macro principles and their applications. Academic training in finance is generally focused on fundamental analysis with little to no coverage of top-down macro forces. The popular CFA® program, which has become the standard credential for careers on Wall Street, is also heavily skewed toward fundamental-based stock selection and portfolio management. The M²SD offers professionals in the financial services industry the opportunity to successfully incorporate macro principles into their equity market analysis, and thereby hopefully improve their performance and/or forecasting abilities.

What are the key concepts addressed in this certification and why are they important?

The key concepts in the M²SD are taught in two levels followed by a certification exam for each level. For Level 2, candidates have a choice between two pathways. The whole program can be completed in about 12 months, with exams offered 4 times per year. Candidates who pass both exams will receive the M²SD designation.

- Level 1 focuses on macroeconomics, policy, and how these forces influence financial markets.
- Level 2A concentrates mainly on the global backdrop and its impact on portfolio strategy.
- Level 2B is centered around the study of stock selection and portfolio modelling.