

# R02 Investments & Risk

Exam Overview

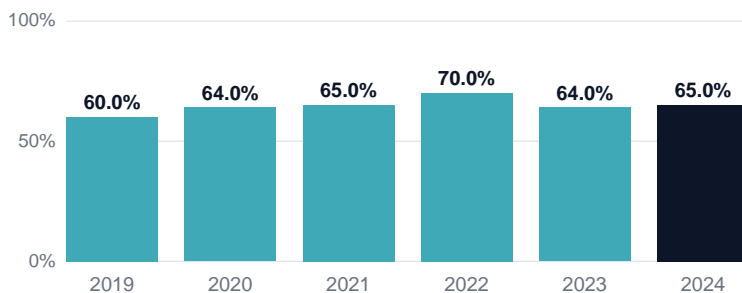


R02 Investment Principles & Risk is the investments unit of the CII Level 4 Diploma in Regulated Financial Planning. It is a 100-question multiple-choice paper covering asset classes and investment products, the macro-economic environment, portfolio theory, time value of money, asset allocation and investment risk. The challenge is the mix: heavy theory plus a high volume of calculations and 28 multi-response questions.

This guide is a primer. It covers the format, the marking, the study approach that works for time-poor working advisers, and the most common reasons candidates underperform. Use it to plan your preparation. For the deep-dive tactical material — 300+ MCQs, build-your-own mock exams and one-to-one expert support — see R0 Hub's full R02 preparation suite at [r0hub.com](https://r0hub.com).

<b>Two-Hour Exam</b> ✓ 100 multiple-choice questions in 2 hours.	<b>Investments Unit</b> ✓ Heavily weighted to calculations and theory.	<b>100</b> Total questions — 72 standard + 28 multi-response.	<b>65%</b> CII pass mark — fixed for every sitting.
<b>Sit On Demand</b> ✓ Computer-based — book any working day at a test centre.	<b>Question Types</b> ✓ 72 standard MCQ + 28 multi-response — the highest of any R0 unit.	<b>60 hrs</b> Typical study time — more if calculations aren't your strength.	<b>20 cr</b> Credits at RQF Level 4 toward the Diploma.

## National Pass Rates



### Recent trend: 65%

R02 pass rates have hovered between 60% and 70% over the past six years — sitting consistently below R01. The 2024 pass rate was 65.2%. Calculations and the heavy multi-response section are usually the difference between passing and failing. The pass mark is fixed at 65%.

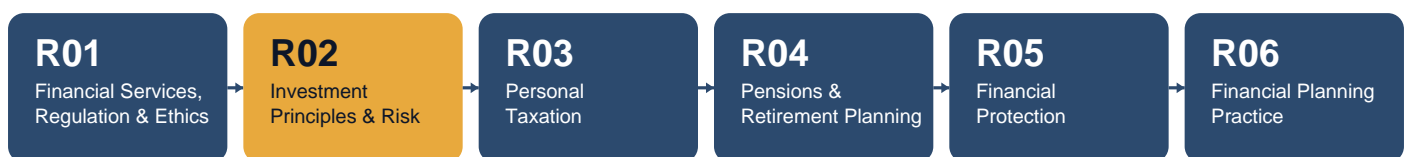
Source: National pass rate data published by the CII (collated by Wizard Learning and Brand Financial Training).

## Topics That Recur in Every Sitting

<b>Calculations</b> Investment ratios, dividend cover, NAV, redemption yields — feature heavily.	<b>Asset Classes</b> Characteristics, risks and tax of equities, bonds, property, cash.	<b>Portfolio Theory</b> Alpha, beta, Sharpe, standard deviation, correlation, MPT.	<b>Tax of Investments</b> CGT, ISAs, onshore/offshore bonds, VCTs, EISs — every sitting.	<b>Asset Allocation</b> Strategic vs tactical, rebalancing, platforms, DFM models.
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## Where R02 Sits in the Diploma

R02 is the investments unit. Most candidates sit it second after R01 — and find it a step up in technical depth.



# How to Prepare

Building Your R02 Study Plan



## Preparation Strategy

Where you spend your time matters more than how much time you spend.

A practical study framework for time-poor working advisers — by R0 Hub

### When to Start Studying

**10–14 weeks**

If new to investments.

**6–8 weeks**

If you advise on investments.

R02's challenge is the mix. The theory side — asset classes, portfolio theory, macro-economics — is broad and requires steady reading. Layered on top is a heavy calculation strand (Chapter 4 of the CII text in particular) and 28 multi-response questions that need every option correct. The candidates who pass build calculation speed first, then drill multi-response patterns until they feel routine.

### How to Study

- **Drill calculations until they're automatic.**  
Investment ratios, NAV, redemption yields, dividend cover. R02 tests speed as much as method.
- **Practise multi-response separately.**  
28 of 100 questions need every correct option. They take longer — and sink candidates who run out of time.
- **Master Chapter 4 of the CII text.**  
Calculations and ratios — the most-feared chapter and the most-tested topic area in every sitting.
- **Memorise the investment tax rules.**  
CGT rates, ISA limits, bond gain calculations, VCT/EIS reliefs. Tax appears in every R02 sitting.
- **Learn the formulae cold.**  
Sharpe ratio, alpha, beta, standard deviation, time value of money. Examiners assume instant recall.

### Key Facts

Format	100 MCQs (72 std + 28 multi)
Duration	2 hours
Pass Mark	65%
Latest Pass Rate	65.2% (2024)
Sittings	Year-round, computer-based
Recommended Study	60 hours
Credits	20 (RQF Level 4)
Calculator	Allowed — non-programmable
Results	Provisional on screen at end

### Common Mistakes

- Skipping calculations in early study weeks.
- Confusing nominal and real returns.
- Mixing up alpha and beta in portfolio theory.
- Underestimating the multi-response section.
- Forgetting CGT exemptions and rates change yearly.
- Misreading 'gross' vs 'net' yield questions.
- Running short of time on the calculations.

### The Final Two Weeks

How the strongest candidates spend the fortnight before sitting R02.

#### Days 1–2

Sit a baseline mock. Identify weak topic areas.

#### Days 3–6

Calculation intensive. Drill ratios and tax workings.

#### Days 7–10

Multi-response practice. Build the elimination habit.

#### Days 11–13

Full timed mock. Mark gaps. Refresh weak areas.

#### Day 14

Light review. Reread the formulae sheet. Sleep well.

### Question Mix: A Quick Reference

Every question is worth 1 mark. You need 65 to pass — but the question types behave very differently.

#### 72 standard

One correct answer from four. Pace these to build a buffer.

#### 28 multi-response

All correct options must be picked. No partial credit.

#### 65 to pass

65% pass mark — fixed. Score 65 of 100 questions correctly.

#### ~72 sec each

Pace at one minute fifteen per question to bank review time.

# Tips for Success

○○○ What the Markers Reward



## Why Candidates Fail

The five reasons that come up year after year — and how to avoid each one.

Synthesised from CII candidate feedback and tutor observations across recent R02 sittings.

- 1 Calculations slow candidates down.**  
Investment ratios, NAV, redemption yields and dividend cover all appear in every paper. Candidates who can't work them in under 90 seconds run out of time.
- 2 28 multi-response questions are the silent killer.**  
Highest of any R0 unit. Each needs every correct option ticked — no partial credit. Most candidates lose more marks here than anywhere else.
- 3 Theory is treated as background reading.**  
Portfolio theory (alpha, beta, Sharpe, MPT) is regularly tested. Candidates who skim it and focus only on calculations leave easy marks behind.
- 4 Tax of investments is underprepared.**  
CGT, ISAs, onshore vs offshore bonds, VCTs and EISs feature every sitting — but candidates often assume R03 will cover the tax depth. It won't.
- 5 Time pressure isn't built into practice.**  
Two hours feels generous until you hit the multi-response section. Candidates who haven't sat full timed mocks consistently underperform on pace.

## Quick Wins on Exam Day

- Write down the key formulae at the start using scratch paper.
- Round defensively in calculations — examiners accept small variances.
- Watch for 'gross' vs 'net' yield wording — they often swap by question.
- On multi-response, only tick options you can defend with reason.
- Skip and flag any calculation that takes more than 2 minutes.
- Reserve the last 10 minutes to review every flagged question.

## R0 Hub by the Numbers

**300+**

MCQs in our  
R02 question bank

**All LOs**

Weighted to match  
the real exam

**∞**

Build-your-own  
exam combinations

**1:1**

Chat with our  
content expert

## Your R02 toolkit, all in one place

R0 Hub gives serious R02 candidates the tactical edge:

- 300 MCQs covering the full R02 syllabus
- Questions cover all LOs at the same weighting as the real exam
- Progress tracking by weak area
- Timed or practice exams with detailed explanations
- Build your own exam — filter by topic, LO or calculation-style questions
- Chat to our content expert — ask any question in the run-up to exam day
- Study card feature lets you build custom notes as you revise

Find the full R02 suite at [r0hub.com](https://r0hub.com).