**105026: Occupational Certificate: Financial Advisor**

**Module 6**

**Investments Advice**

**SAQA ID: 105021**

**NQF Level 6**

**183 credits**

PROGRAMME STRATEGY

Module Title: Short-term Insurance Advice

Programme Strategy

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# 1. Programme Description

This learning programme has been designed to provide the learner with knowledge and understanding of the role of a Financial Adviser who provide advice on various options. The learner will be equipped with skills to provide advice to clients to grow and protect wealth through appropriate Investments and related methods.

### 1.1 Programme Name

Investment Advice

### 1.2 Programme Purpose

The purpose of this learning programme is to enable the learner to have an in-depth knowledge and understanding of the skills, role and qualities of a financial adviser who advises on investment instruments to help clients to grow their wealth. It contributes towards preparing a learner to operate as a Financial Advisor.

The learner will be required to:

* Provide advice to clients to grow and protect wealth through appropriate Investments and related methods.

### 1.3 Occupational / Target Group

People who are already working within the financial services industry as financial advisors and/or new entrants who intend to work as financial advisors and representatives of financial service providers.

Financial Advisors analyse the financial needs of clients and facilitate processes to implement solutions that will contribute towards the protection and growth of wealth for clients.

### 1.4 Entry Requirements

Grade 12 with English Communication (NQF Level 4)

### 1.5 Programme Type

Facilitated learning.

### 1.6 Programme Duration

Total proposed programme duration is as follows:

|  |  |  |
| --- | --- | --- |
| **Description** | **Notional hours** | **\*Days** |
| Total Notional Hours | 1830 | 200 |
| Theory / Contact Time(hours) | 80 | 10 |
| Self-study/Research / Assessment preparation time (days / hours) and Workplace | 1750 | 190 |

\*Please note that a day is 8 hours.

### 1.7 Programme Entry and Exit Points

The programme is a part qualification to the 105026: Occupational Certificate: Financial Advisor

# 2. Alignment

This programme is aligned to the following qualification / part qualification:

|  |  |  |  |
| --- | --- | --- | --- |
| **NLRD** | **Qualification Name** | **NQF Level** | **Total Credits** |
|  | Occupational Certificate: Financial Adviser | 6 | 515 |

# 3. Overview of Provision

### 3.1 Instructional Strategy

The following resources are applicable to this programme:

|  |  |  |
| --- | --- | --- |
| 1 | Method of training or instruction | Facilitation, coaching, mentoring, self-study, on-the-job, simulation or combination thereof |
| 2 | Learning Resources | Learner guide, induction guide |
| 3 | Physical equipment & resources (theory, practical and workplace requirements, where relevant) | Computer projector, note books and pens  A workplace with a computer, internet, telephone and other resources to enable learner to gain workplace experience. |

**3.2 Learning Strategy**

The learner has the following duties and responsibilities:

***3.2.1. Theory / Contact, practical and workplace components***

* Participate in all learning activities
* Attend relevant learning interventions
* Complete formative assessment activities
* Participate and perform practical tasks as required.
* Perform the workplace activities in the workplace for at least 6 months.

**4. Overview of Programme Learning Map**

The programme has been clustered in a modular structure of the following components:

**1.** **General investment principles**

**2. Pre and post retirement planning**

**3.** **Income tax implications for investments**

**4.** **Investment and portfolio management**

**5.** **Financial markets: capital and money markets**

**6.** **Collective investment schemes**

**7.** **Alternative investments**

# 5. Learning Programme Matrix

|  |  |  |
| --- | --- | --- |
| **Learning Outcome** | **Topic** | **Learning Unit** |
| * Outline the six step financial planning process * Identify a client’s financial goals * Identify the stage in the financial planning process when needs analysis needs to be carried out and its importance * Develop investment objectives following a needs analysis taking into account different factors * Analyse factors that can impact and shape an investor’s investment objective. | * The six step financial planning process * Needs analysis and the determination of a Client’s investment goals * Elements of a solid financial plan * Basic investment principles * The impact of legislation on investment principles * Risk associated with investments * Asset classes and risk * Principles of investment and a financial solution. | 1 |
| * Discuss the impact that providing for retirement has on post retirement lifestyle * Illustrate how the choice of retirement age affects the income that one will have post retirement * Outline the key assumptions used in planning for retirement * Give advice on the suitable option for post-retirement income * Analyse the impact of annuity rates on retirement income provision. | * Aspects impacting on comfortable retirement * Annuities. * Annuity rates and their impact on retirement planning | 2 |
| * Apply the Income tax act to long term insurance, investments, medical schemes, investment products and retirement funds * Discuss the impact of budget changes on the taxation of investments * Explain how different forms of tax are applied in different investment scenarios * Calculate the tax payable for retirement products at withdrawal and retirement stage * Examine the tax advantages of different investment products * Discuss the tax treatment of local and foreign dividends and interest * Apply capital gains tax on investments. | * The Income Tax Act and long-term insurance * The Income Tax Act and medical aid schemes * The income Tax Act and Investment instruments * The taxation of Dividends * Concepts in Capital Gains Tax | 3 |
| * Discuss and apply Time Value of Money concept. * Describe and apply the different methods of measuring investment return. * Discuss the concept of risk in investment management * Measure investment Risk using different investment risk measurement methods. * Explain the difference between systematic and unsystematic risk and how diversification reduces unsystematic risk. * Apply the Capital Asset Pricing Model in investment management. * Apply the Arbitrage Pricing Model in investment Management. * Explain the concept of investment style and its influence on asset allocation and selection. * Discuss how investment mandates impact investment portfolio construction. | * The concept of Return on investment and Time value of money concept * The investment return * The investment risk * The Capital Asset pricing model (CAPM) * The Arbitrage pricing theory * Portfolio Management * Investment styles * Single Asset management compared to a Multimanager approach | 4 |
| * Discuss the role that Capital markets play in the economy * Analyse the effect of macroeconomic variables on capitals markets and the effect of monetary and fiscal policy on capital markets * Identify the role players in capital markets and explain their role * Explain the concept of interest-bearing instruments and the features of a Bond instrument * Analyse the impact of annuity rates on retirement income provision * Discuss the role that Equity markets play in the economy * Analyse the effect of macroeconomic variables on Equity markets and the effect of monetary and fiscal policy on Equity markets * Identify the role players in Equity markets and explain their role * Describe the features of different Equity instruments * Discuss the nature of shares as an investment instrument and compare the asset class to other asset classes. | * The case for Capital markets * Role players in the Capital market * Interest-bearing instruments: Bonds * The Risk and return profile of Bonds compared to other asset classes * Equity Markets * The Money market * Types of money market instruments | 5 |
| * Discuss the concept of a Collective investment scheme. * Categorize a unit trust according to the underlying assets, geographical location or as per specialist category. * Discuss the advantages and disadvantages of collective investment schemes * Outline the merits of rand cost averaging * Apply the concept of time value of money to an investment * Discuss the governance and structure of a collective investment scheme * Discuss the steps in the launching a new collective scheme * Evaluate the performance of a collective investment scheme * List the regular transactions and administrative processes in relation to a collective investment scheme. | * Definition of a collective investment scheme * Common terms used in the collective investment schemes industry * The Advantages of a collective investment scheme * The structure (elements) of a collective investment scheme * Legislation pertaining to Collective investment schemes * Legislation and regulation of collective investment schemes * Lump sum investments versus phasing in or regular fixed investments. | 6 |
| * Discuss what is meant by alternative assets and their role in investment management * Discuss the risk return profile of hedge funds and their role in investment management * Discuss the risk return profile of private equity and its role in investment management * Discuss the risk return profile of derivatives and their role in investment management * Discuss the risk return profile of commodities and tangible assets and their role in investment management * Discuss the risk return profile of real estate and their role in investment management. | * Hedge Funds * Private Equity as an alternative investment * Derivatives as an asset class * Commodities as an asset class * Real Estate as an asset class. | 7 |

# 6. Resources utilised

**Books**

Botha M et al. (2019), *Fundamentals of Financial Planning*, LexisNexis SA, 1st Edition.

Rabenowitz P (2019), *Legislation Handbook Level 1 Regulatory Exams RE1 & RE5*, LexisNexis RSA, 6TH Edition.

Downie J (2019), *Essentials of Retirement Fund Management*, LexisNexis SA, 1st Edition

Basson M et al. (2019), *Money Laundering and Terror Financing: Law and Compliance in SA 2019*, LexisNexis SA, 1st Edition.

Botha M et al. (2019), *South African Financial Planning Handbook*, LexisNexis SA.

Anderson, R. (2013), *Risk Management & Corporate Governance,* OECD Publishing, Paris.

*Codes of conduct, topic guide*, Transparency International 2015.

**Websites**

<https://www.fpi.co.za/FPI/A_career_in_financial_planning/What_is_financial_planning/FPI/A_Career_in_Financial_Planning/What_is_financial_planning.aspx?hkey=212765fb-96aa-469c-9f06-fd6ee5f73fc4>

<https://www.ruleoneinvesting.com/blog/how-to-invest/warren-buffett-quotes-on-investing-success/>

<https://www.fin24.com/Finweek/Investment/is-an-average-return-on-your-investments-normal-20160113>

<https://www.sashares.co.za/jse-all-share-index/#gs.rzt7iw>

<https://www.fin24.com/Companies/Financial-Services/African-Bank-placed-under-curatorship-20140810>

<https://juta.co.za/media/filestore/2015/02/Draft_Issue_5_of_Comprehensive_Guide_to_CGT.pdf>

<https://www.allangray.co.za/latest-insights/personal-investing/capital-gains-tax-and-how-it-affects-unit-trust-investors/>

<https://www.businesslive.co.za/bt/money/2019-03-06-retirement-reality-shock-for-south-africans/>

<https://www.getsmarteraboutmoney.ca/plan-manage/retirement-planning/annuities/6-things-that-affect-annuity-income/>

<https://www.investopedia.com/terms/c/capitalmarkets.asp>

<https://www.nytimes.com/2020/02/27/business/stock-market-coronavirus.html>

<https://www.investopedia.com/articles/investing/052913/inflations-impact-stock-returns.asp>

<https://www.businesslive.co.za/bd/markets/2020-03-09-global-stocks-plunge-as-oil-price-skids-even-lower/>

<https://www.insurance-times.net/article/association-collective-investments>

[file:///C:/Users/happy/Downloads/ASISA-Foundation-Overview-2018.pdf](file:///C:\Users\happy\Downloads\ASISA-Foundation-Overview-2018.pdf)

<https://cicollective.co.za/why-invest-in-collective-investment-schemes/>

<https://www.gov.za/sites/default/files/gcis_document/201409/37895bn92.pdf>

<https://www.fsca.co.za/Notices/Board%20Notice%2092%20of%202014.pdf>

<https://www.wallstreetmojo.com/capital-market-line/>

<https://www.investopedia.com/terms/a/apt.asp>

<https://www.novare.com/advisors/most-hedge-funds-will-qualify-as-retail-funds-under-new-regulations/>

<https://www.investopedia.com/terms/p/privateequity.asp>

<https://www.investopedia.com/terms/c/commodity.asp>

**Legislation**

Financial Advisory and Intermediary Services Act, 37 of 2002

Financial Sector Regulation Act, 9 of 2017

FAIS General Code of Conduct, 2003

FSCA Board Notice 194 of 15 December 2017: Determination of Fit and Proper Requirements

Financial Markets Act

Collective Investment Schemes Control Act

Long-term Insurance Act, 52 of 1998

Income Tax Act, 58 of 1962.

# 7. Overview of the Assessment Strategy

**7.1 Types of assessment**

This programme will be assessed in the following manner:

**i) Formative Assessment**

Formative assessments and activities will take place during contact sessions, as well as during the practical and workplace component of the programme.

**ii) Summative Assessment**

The following assessment strategy will provide for sufficient evidence of candidate competence for summative assessment purposes.

**a) Internal Assessment**

An internal assessment will be done by the Skills Development Provider (SDP) and will be conducted through formative assessments, an internal summative assessment as well as practical assignments and the collection of naturally occurring evidence in the workplace.

In the workplace, the, mentor will also be assisting the learner as he/she does the various workplace activities relating to investment advice. A Portfolio of evidence comprising of naturally occurring evidence collected from the workplace against specified criteria.

**b) External Assessment**

This is done by the Assessment Quality Partner (AQP), INSETA through an external integrated summative assessment and an occupational competency assessment, both assessed by the AQP.

An external integrated summative assessment will take the form of a controlled (supervised conditions – closed book with reference documents supplied by AQP), three (3) hour examination as to be determined by the AQP.

**7.2 Assessment Requirements**

The assessment requirements are in line with the assessment criteria of the relevant module.

Assessment Practice:

* The learner will be required to answer the internal summative test which covers all the essential areas of the module.
* Evidence collection collected on assignments must be signed off and may be facilitated by an experienced subject matter expert.
* The internal summative test and assignments must be assessed and judged by a qualified and registered assessor.
* 10% of all learner evidence on internal summative tests and assignments for each programme intake will be moderated, and will be selected according to specific criteria as per the organisational moderation policy and plan.

# 8. Assessment Strategy

| **Learning outcomes** | **Assessment Type** | **Assessment Method** | **Assessment Activities** | **Assessment instruments** | **Timing and Timeframe** |
| --- | --- | --- | --- | --- | --- |
| * Outline the six step financial planning process * Identify a client’s financial goals * Identify the stage in the financial planning process when needs analysis needs to be carried out and its importance * Develop investment objectives following a needs analysis taking into account different factors * Analyse factors that can impact and shape an investor’s investment objective. * Discuss the impact that providing for retirement has on post retirement lifestyle * Illustrate how the choice of retirement age affects the income that one will have post retirement * Outline the key assumptions used in planning for retirement * Give advice on the suitable option for post-retirement income * Analyse the impact of annuity rates on retirement income provision. * Apply the Income tax act to long term insurance, investments, medical schemes, investment products and retirement funds * Discuss the impact of budget changes on the taxation of investments * Explain how different forms of tax are applied in different investment scenarios * Calculate the tax payable for retirement products at withdrawal and retirement stage * Examine the tax advantages of different investment products * Discuss the tax treatment of local and foreign dividends and interest * Apply capital gains tax on investments. * Discuss and apply Time Value of Money concept. * Describe and apply the different methods of measuring investment return. * Discuss the concept of risk in investment management * Measure investment Risk using different investment risk measurement methods. * Explain the difference between systematic and unsystematic risk and how diversification reduces unsystematic risk. * Apply the Capital Asset Pricing Model in investment management. * Apply the Arbitrage Pricing Model in investment Management. * Explain the concept of investment style and its influence on asset allocation and selection. * Discuss how investment mandates impact investment portfolio construction. * Discuss the role that Capital markets play in the economy * Analyse the effect of macroeconomic variables on capitals markets and the effect of monetary and fiscal policy on capital markets * Identify the role players in capital markets and explain their role * Explain the concept of interest-bearing instruments and the features of a Bond instrument * Analyse the impact of annuity rates on retirement income provision * Discuss the role that Equity markets play in the economy * Analyse the effect of macroeconomic variables on Equity markets and the effect of monetary and fiscal policy on Equity markets * Identify the role players in Equity markets and explain their role * Describe the features of different Equity instruments * Discuss the nature of shares as an investment instrument and compare the asset class to other asset classes. * Discuss the concept of a Collective investment scheme. * Categorize a unit trust according to the underlying assets, geographical location or as per specialist category. * Discuss the advantages and disadvantages of collective investment schemes * Outline the merits of rand cost averaging * Apply the concept of time value of money to an investment * Discuss the governance and structure of a collective investment scheme * Discuss the steps in the launching a new collective scheme * Evaluate the performance of a collective investment scheme * List the regular transactions and administrative processes in relation to a collective investment scheme. * Discuss what is meant by alternative assets and their role in investment management * Discuss the risk return profile of hedge funds and their role in investment management * Discuss the risk return profile of private equity and its role in investment management * Discuss the risk return profile of derivatives and their role in investment management * Discuss the risk return profile of commodities and tangible assets and their role in investment management * Discuss the risk return profile of real estate and their role in investment management. | Formative | * Structured Activities * Questioning | * Group Activities | * completed answers to activities * formative assessment record | * during instructional learning |
| Summative | **Internal**   * Structured internal summative test * Assignments   **External**   * External summative exam by AQP. | * Individual closed-book assessment | * completed answers to knowledge test * Evidence gathered for assignments | * after instructional learning |

**9. Overview of RPL Assessment Strategy**

Should a learner apply for Recognition of Prior Learning against the programme, an RPL Advisor will be appointed to facilitate the development of an Evidence Plan for the candidate, based on the following guidelines:

* based on current workplace experience, with the successful completion of all assessment activities
* an assessment of the knowledge component will take place.

**10. Evaluation Strategy**

This must be based on the current workplace experience.

**10.1 Evaluation Strategy – across all programmes**

Evaluation of the programme takes place on 3 levels:

1. **Reaction**

* Learner feedback form completed
* Facilitator feedback forms completed

1. **Learning**

Learning is measured through a structured assessment of knowledge and skills through the assessments strategy outlined under section 7 above.

1. **Behaviour**

A reflective essay from the learner with regards to his/her experiences in the workplace.

**10.2 Evaluation Methods**

All evaluation is done in a documented manner, and results are captured on spreadsheet and analysed for future continuous improvement.

A total of 25% of assessments is moderated to ensure quality of assessment practice.

**10.3 Learner Records**

Detailed records of learners will be captured and maintained using the relevant database.

**10.4 Programme Review**

The learning programme will be formally reviewed to ensure content relevance, accuracy, and completeness. Facilitators complete a Facilitation report (see Facilitators Guide) where suggestions on material changes are recorded, for review and continuous improvement of material.

Periodically during the year, as constructive feedback is received, a learning programme will be updated to address the feedback; inaccuracy errors, spelling / grammar errors, revised exercises / handouts, revised assessment tools, etc.