**105026: Occupational Certificate: Financial Advisor**

**Module 6**

**Investments Advice**

**SAQA ID: 105021**

**NQF Level 6**

**183 credits**

**LEARNER RESOURCE GUIDE**

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# SECTION A: INTRODUCTION

**ABOUT THIS GUIDE**

This Resource Guide serves as an additional source of information containing information which is related to your learning material and, must be read in conjunction with the Investment Advice module.

The guide will cluster resources and information as per the qualification criteria. Section B will address Resources related to the Investment Advice Module.

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|  | **Resources** During the contact session, your facilitator will refer to the resource guide where required – so please make sure you have it with you! |

# SECTION B: KNOWLEDGE MODULE RESOURCES

**LEARNING MODULE: Investment Advice**

### Learning Unit 1: General investment principles

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| General investment principles | | |
| **Subheading/s** | **Source** | **Summary** |
| **1. 1 The Six step financial planning process** | FINNANCIAL PLANNING INSTITUTE OF SOUTHERN AFRICA  Summary of the six step financial planning process  Retrieved from <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> | This article discusses the six step financial planning process |
| **1.3 Basic investment principles** | RULEONEINVESTING  50 Warren Buffett Quotes on Investing, Life & Success  Retrieved from <https://www.ruleoneinvesting.com/blog/how-to-invest/warren-buffett-quotes-on-investing-success/> | Article discusses investment principles from the point of view of one of the world’s renowned investors, Warren Buffet |
| **1.3.2 Diversification reduces risk** | LOMBARD, 2016  Is an average return on your investments normal?  Retrieved from <https://www.fin24.com/Finweek/Investment/is-an-average-return-on-your-investments-normal-20160113> | Article Discusses long term average returns and risk of different asset classes highlighting the need for diversification |
| **1.5.2.1 The risk of financial institution collapse** | FIN24  African Bank placed under curatorship  Retrieved from <https://www.fin24.com/Companies/Financial-Services/African-Bank-placed-under-curatorship-20140810> | This is a practical example of the risk to investors of the collapse of a financial institution |

### Learning unit 2: Pre and post retirement planning

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| Pre and post retirement planning | | |
| Subheading/s | Source | Summary |
| **2 Introduction** | STEENKAMP,2019  Retirement reality shock for South Africans  Retrieved from <https://www.businesslive.co.za/bt/money/2019-03-06-retirement-reality-shock-for-south-africans/> | The stark reality of a retirement planning in South Africa is highlighted in this article |
| **2.3 Annuity rates and their impact on retirement planning** | ONTARIO SECURITIES COMMISSION  6 things that affect annuity income  Retrieved from: <https://www.getsmarteraboutmoney.ca/plan-manage/retirement-planning/annuities/6-things-that-affect-annuity-income/> | Factors that affect the annuity that a pensioner will receive in retirement are discussed |
| **2.4 Behavioural finance** | Pompian, M. (2016). *Risk profiling through a behavioral finance lens*: CFA Institute Research Foundation. | Provides an insight into the concept of behavioural finance and also outlines the types of investor biases and behavioural investor types |

### Learning Unit 3: Income tax implications for investors

| Income tax implications for investors | | |
| --- | --- | --- |
| Subheading | Source | Summary |
| **3.3.1 The taxation of Capital Gains** | SARS  Draft Comprehensive Guide to Capital Gains Tax  Retrieved from <https://juta.co.za/media/filestore/2015/02/Draft_Issue_5_of_Comprehensive_Guide_to_CGT.pdf> | Guideline on capital gains tax in South Africa |
| **3.3.1 The taxation of Capital Gains** | ALLAN GRAY  Capital Gains Tax and how it affects unit trust investors  Retrieved from  <https://www.allangray.co.za/latest-insights/personal-investing/capital-gains-tax-and-how-it-affects-unit-trust-investors/> | Article discusses the capital gains implications on collective investment schemes investments |

### Learning Unit 4: Investment and Portfolio Management

| Investment and Portfolio Management | | |
| --- | --- | --- |
| Subheading | Source | Summary |
| **4.3 The Capital Asset pricing model (CAPM)** | WALLSTREETMOJO  Capital Market Line  Retrieved from <https://www.wallstreetmojo.com/capital-market-line/> | The theory resulting in the formulation and the implications of CAPM are discussed |
| **4.4 The Arbitrage pricing theory** | HAYES, 2019  Arbitrage Pricing Theory  Retrieved from <https://www.investopedia.com/terms/a/apt.asp> | The theory resulting in the formulation and the implications of APT are discussed |

### Learning Unit 5: Financial Markets: Capital and Money markets

| Financial Markets: Capital and Money markets | | |
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| Subheading | Source | Summary |
| **5 The case for Capital markets** | HAYES, 2021  CAPITAL MARKETS  Retrieved from <https://www.investopedia.com/terms/c/capitalmarkets.asp> | An overview of capital markets |
| **5.1 The nature of capital markets** | PHILLIPS, 2020  CORONAVIRUS FEARS DRIVES STOCKS DOWN FOR 6TH DAY AND INTO CORRECTION  Retrieved from <https://www.nytimes.com/2020/02/27/business/stock-market-coronavirus.html> | A practical example of the risk embedded in capital markets |
| **5.1.2 Inflation, time horizon and returns** | ZUCCHI, 2020  Inflation’s impact on Stock Returns  Retrieved from <https://www.investopedia.com/articles/investing/052913/inflations-impact-stock-returns.asp> | Focuses on the impact that inflation as on stock market returns |
| **5.1.1 Risk** | CHATTERJEE, 2016  Global stocks plunge as oil price skids even lower  Retrieved from <https://www.businesslive.co.za/bd/markets/2020-03-09-global-stocks-plunge-as-oil-price-skids-even-lower/> | This is a discussion of global macroeconomic factors on capital markets |

### Learning Unit 6: Collective Investment Schemes

| Collective Investment Schemes | | |
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| Subheading | Source | Summary |
| **6.5.2 The role of Industry Bodies in the Industry: The Association of Investment and Savings South Africa (ASISA)** | ASISA  Association of Collective investments  Retrieved from <https://www.insurance-times.net/article/association-collective-investments>  <https://www.asisa.org.za/about-us/> | ASISA, the industry body representing Collective Investment Schemes in South Africa |
| **6.3 The Advantages of a collective investment scheme** | COLLECTIVE INVESTMENTS  Why invest in a unit trust (collective investment scheme)?  Retrieved from <https://cicollective.co.za/why-invest-in-collective-investment-schemes/> | This is a discussion of the merits of investing in a Collective Investment Scheme |
| **6.6.2** **Advertisement, marketing and information disclosure requirements for collective investment schemes** | GOVERNMENT GAZETTE  Board Notice 92 of 2014  Retrieved from <https://www.gov.za/sites/default/files/gcis_document/201409/37895bn92.pdf> | This is the legal instrument that governs marketing material churned out by Collective Investment Schemes |

### Learning Unit 7: Alternative Investments

| Alternative Investments | | |
| --- | --- | --- |
| Subheading | Source | Summary |
| **7.1.Legislation of Hedge Funds** | NOVARE  Most Hedge Funds will qualify as retail funds under new regulations  Retrieved from <https://www.novare.com/advisors/most-hedge-funds-will-qualify-as-retail-funds-under-new-regulations/> | This is a discussion on the regulatory requirements that hedge funds need to meet |
| **7.2 Private Equity as an alternative investment** | CHEN, 2020  Private Equity  Retrieved from <https://www.investopedia.com/terms/p/privateequity.asp> | This article discusses the role of Private as an Asset Class |
| **7.3 Commodities as an asset class** | CHEN,2020  Commodity  Retrieved from <https://www.investopedia.com/terms/c/commodity.asp> | The role of commodities in an investment portfolio is discussed |