



Learning Outcome

Assessment Criteria

Indicative Content

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Learning Outcome	Assessment Criteria	Indicative Content	
1 4 Questions	Understand the main macro-economic factors that impact upon investment returns.	1.1 Describe the main long-term socio-economic factors.	1.1.1 Ageing population.
			1.1.2 Wealth and income distribution.
			1.1.3 Productivity of capital and labour.
			1.1.4 Rising living standards.
			1.1.5 Growth of key commercial sectors.
			1.1.6 Technological change.
		1.2 Describe the effect globalisation has on investment returns.	1.2.1 International markets.
			1.2.2 Globalisation of trade and finance.
			1.2.3 Role of Regional bodies, primarily European Union, Association of Southeast Asian Nations, Organisation for Economic Co-operation and Development.
			1.2.4 Political factors.
		1.3 Describe the role of government and central banks.	1.3.1 Fiscal and monetary policy.
			1.3.2 Money supply.
			1.3.3 Inflation, deflation and disinflation.
			1.3.4 Interest rates.
		1.4 Explain balance of payments and its effects on government and central banks.	1.4.1 The importance of the balance of payments.
			1.4.2 Capital and current accounts.
			1.4.3 Exchange rates.
			1.4.4 Tariffs.
		1.5 Describe the economic, investment and business cycles.	1.5.1 Global influences.
			1.5.2 National income.
1.5.3 The main stages of economic and equity market cycles.			
1.5.4 Longer-term growth trends.			
1.6 Describe the role of financial investment in the economy.	1.6.1 Primary markets – how investment markets introduce new funds to business and the government.		
	1.6.2 Secondary markets – how markets enable investors to adjust their investments to suit their needs.		
	1.6.3 Government intervention.		



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2 2 Questions	Describe the importance of main economic indicators.	2.1	Describe the main economic indicators.	2.1.1	Gross Domestic Product (GDP).
				2.1.2	Volume of fixed investment.
				2.1.3	Volume of consumer spending.
				2.1.4	Foreign exchange rates.
				2.1.5	Bank base rates.
				2.1.6	Bond yields.
				2.1.7	Measures of inflation.
3 3 Questions	Describe the main features of cash deposit investments.	3.1	Describe the main features of cash deposit investments.	3.1.1	Deposit taking institutions.
				3.1.2	Main types of deposit account.
				3.1.3	Liquidity.
				3.1.4	Rates of interest and real returns.
				3.1.5	Risk factors.
4 4 questions	Understand the main features of government securities and corporate bonds.	4.1	Describe the main features of government securities and corporate bonds.	4.1.1	Main characteristics of government securities and corporate bonds.
				4.1.2	Nominal value.
				4.1.3	Market pricing.
				4.1.4	Coupon.
				4.1.5	Redemption date.
				4.1.6	Issuers' risk ratings and effects on yields.
				4.1.7	Past performance.
		4.2	Describe investment returns and risk of government securities and corporate bonds.	4.2.1	Running yields.
				4.2.2	Yields to redemption.
				4.2.3	Yield curves.
				4.2.4	Capital returns.
		4.2.5	Volatility.	4.2.5	Volatility.
				4.2.5	Volatility.
4.3	Describe the principles of taxation of government securities and corporate bonds.	4.3.1	Interest.		
		4.3.2	Capital gains and losses.		



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5 6 Questions	Understand the main features of equity-based investment products.	5.1	Describe the characteristics of equity-based investment.	5.1.1	Main characteristics of equity-based investments.
				5.1.2	Main types of share classes.
				5.1.3	Advantages and disadvantages.
				5.1.4	Past performance, volatility and diversification.
		5.2	Describe the use of investment ratios in evaluating equity-based investment.	5.2.1	Measuring performance and their limitations.
				5.2.2	Price earnings ratio (PE).
				5.2.3	Earnings per share.
				5.2.4	Dividend yield, dividend cover and dividend per share.
				5.2.5	Gearing.
		5.3	Describe how market behaviour influences client investment decisions.	5.3.1	Factors in market fluctuation.
				5.3.2	Fundamental and technical analysis.
				5.3.3	Market psychology.
		5.4	Describe the main components of company accounts that affect investment returns.	5.4.1	Individual company performance.
				5.4.2	Main factors that affect company profits and share values.
				5.4.3	Size of company and market liquidity.
5.4.4	Sectors and markets.				
5.5	Describe the main stock market indices and their use as benchmarks.	5.5.1	Stock market indices.		
		5.5.2	Benchmarks.		
6 3 Questions	Understand the main features of property investment.	6.1	Describe the main characteristics of residential and commercial property as an asset class.	6.1.1	Typical risks and returns.
				6.1.2	Valuation and liquidity issues.
		6.2	Describe the typical vehicles for holding residential and commercial property indirectly.	6.2.1	Shares.
				6.2.2	Collective investments.
				6.2.3	Insurance company funds.
				6.2.4	Real Estate Investment Trusts (REITs).



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7 3 Questions	Understand the main features of collective investment products and alternative investments.	7.1	Describe the main features of collective investment schemes.	7.1.1	Advantages & disadvantages of collective investments.
				7.1.2	Unit trusts and open-ended investment companies (OEICs).
				7.1.3	Investment trusts.
				7.1.4	Life assurance-based investment.
				7.1.5	Mutual funds.
				7.1.6	Hedge funds.
		7.2	Describe the main features of alternative investments.	7.2.1	Works of art and antiques.
				7.2.2	Commodities.
8 6 Questions	Understand the risks and returns faced by investors and how an investor's risk profile is determined.	8.1	Describe the factors that help to determine an investor's risk tolerance.	8.1.1	Timescale of investment.
				8.1.2	Age.
				8.1.3	Commitments.
				8.1.4	Wealth.
				8.1.5	Life stages.
				8.1.6	Risk profile.
				8.1.7	Attitudes.
				8.1.8	Experiences.
				8.1.9	Vulnerable customers.
		8.2	Describe the main types of risk for investors.	8.2.1	Equity capital risk.
				8.2.2	Currency risk.
				8.2.3	Interest rate risk.
				8.2.4	Institutional risk.
				8.2.5	Regulatory risk, income risk.
				8.2.6	Inflation risk.
				8.2.7	Shortfall risk.
				8.2.8	Legislative risk.
				8.2.9	Counterparty risk.
				8.2.10	Global risk.
				8.2.11	Market risk.
8.3	Describe how an investor's risk tolerance is assessed.	8.3.1	Assessing an investor's risk tolerance.		



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9 5 Questions	Describe the importance of asset allocation in the investment process.	9.1	Describe the importance of asset allocation in the investment process.	9.1.1	Definition and of asset allocation.
				9.1.2	Achieving objectives.
				9.1.3	Managing risk.
				9.1.4	The underlying composition of funds.
				9.1.5	Sample asset allocations for different types of investors.
				9.1.6	Different approaches to asset allocation.
				9.1.7	Need for review.
				9.1.8	Quantitative and qualitative statistical data.
10 4 questions	Describe other main issues that impact upon investment planning.	10.1	Describe other main issues that impact upon investment planning.	10.1.1	Charges, their impact on returns.
				10.1.2	Reduction in yield.
				10.1.3	Active and passive investment management.
				10.1.4	Advice around investment and borrowing.
				10.1.5	Advantages and disadvantages of using past performance.
				10.1.6	Advantages and disadvantages of using consolidation services.
				10.1.7	Implications for the consumer of closed and/or underperforming funds.
11 2 Questions	Understand ethical considerations in investment and financial advice.	11.1	Describe the role of ethical and socially responsible investment.	11.1.1	Considerations for investors and advisers.
				11.1.2	The different approaches to ethical investment offered in investment markets.
				11.1.3	Typical ethical codes and values and behaviours.
				11.1.4	Religious considerations.
				11.1.5	Environmental, Social, and Governance (ESG) and political pressure.
				11.1.6	The outcomes that may result from behaving ethically and not behaving ethically.
				11.1.7	Ponzi schemes and their contribution to market instability.
		11.2	Describe the importance of delivering positive customer outcomes when providing financial advice.	11.2.1	Clarity of explanation.
				11.2.2	Checking understanding.
				11.2.3	Appropriate recommendation.



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12 8 Questions	Apply investment knowledge to a given set of circumstances.	12.1	Apply the full range of client information and recommend appropriate investment options to a particular client situation.	12.1.1	Apply to a given set of circumstances.