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| **3** | **Apply knowledge of investment assets, services, and financial instruments to meet client needs** |

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| **Kaupae |** Level | 5 |
| **Whiwhinga |** Credit | 10 |
| **Whāinga |** Purpose | The purpose of this skill standard is for people who want to work as a financial adviser in the provision of investment advice.  This skill standard will provide learners with the knowledge and skills to apply knowledge of investment assets, services, and financial instruments to meet client needs.  This skill standard has been developed primarily for the assessment within programmes leading to the New Zealand Certificate in Financial Services (Level 5) with strand in Investment. |

**Hua o te ako me Paearu aromatawai |** Learning outcomes and assessment criteria

| **Hua o te ako |** Learning outcomes | **Paearu aromatawai |** Assessment criteria |
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| 1. Apply knowledge of investment assets classes, financial instruments, and investment services. | 1. Describe investment classes, financial instruments, and investment services in terms of types and characteristics. |
| b. Describe the effects of changes in the economic environment in relation to the asset classes. |
| c. Perform time value of money calculations to analyse or quantify common investment goals and objectives. |
| 2. Analyse assets and services to identify those that meet the needs and circumstances of the client. | a. Analyse the features, benefits, risks, and limitations of assets and services to identify those that meet the needs and circumstances of the client. |
| b. Apply quantitative analysis techniques to evaluate whether assets meet client needs. |

| 3. Apply knowledge of client and adviser circumstances that are relevant to creating investment solutions that meet client needs. | a. Explain any particular asset ownership considerations that may arise with respect to the identified solutions, including the need to refer to the client’s other professional advisers. |
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| b. Analyse the implications for investment solutions of common ownership structures. |
| c. Explain strategies to address limits of adviser authority or expertise when creating investment solutions. |

**Pārongo aromatawai me te taumata paearu |** Assessment information and grade criteria

*Assessment specifications:*

Assessment should use real or realistic documentation where appropriate. Simulated examples are permitted.

Learners are not expected to use tools and systems that are only available if they are available to a licenced financial advice provider or having a licence to use.

Any use of digital advice tools or artificial intelligence will need to be used in accordance with relevant organisational and industry codes of conduct and practice.

All activities must comply with legislation, regulations, and best practice, including any guidance notes published by the agency responsible for the relevant enactment or code.

*Client* also includes potential clients. Clients may include Trust, business, individual, family.

*Client* is intentionally broad to capture all types and include, individuals, partnerships, businesses, families, companies, trusts, charities, organisations, body corporates, and associations as current examples.

Description of investment classes - both domestic and international variations of an asset class are included where both are ordinarily available.

For the assessment of performing time value of money calculations to analyse or quantify common investment goals and objectives, results are not required to be generated from first principles or formula, use of financial calculator, spread sheets or software tools is acceptable, including on-line resources.

**Sample investment analysis techniques**

The following lists investment types and possible quantitative measures that are used in the measurement of performance.

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| **Investment Types** | **Relevant financial ratios and calculations** |
| Bonds/Fixed Interest | Yield, price, annualised return; coupon, term to maturity, credit rating, cum-interest, ex-interest, capital and accrued components. |
| Cash/cash equivalent | interest rate measurement (simple, compound, and effective). |
| Direct equities | price/earnings ratio, dividend yield, debt/equity. |
| Real property | initial yield, debt coverage ratio, income yield, debt/equity ratio, common valuation methodologies, capitalisation ratio. |
| Managed investments | Alpha, Beta, Sharpe Ratio |
| Alternatives | Identify relevant ratios for others depending on type of alternative. |
| Portfolio | weighted average return, correlation coefficient of asset pairs, covariance. |

***Ngā momo whiwhinga |*** *Grades available*

Achieved

**Ihirangi waitohu |** Indicative content

Investment asset classes

* equities (shares)
* fixed interest investments including government and non-government debt
* property investments; alternative investments such as derivatives, private equity, and hedge funds; cash

Characteristics may include but are not limited to – benchmark and long term expected return, risk, liquidity, mix of investment gain between income and capital growth.

Financial instruments

* direct equities
* direct bonds
* managed investments
* voluntary retirement savings scheme

Characteristics may include but are not limited to – fee structures, liquidity, taxation, standard terms and conditions.

Investment services

* custody
* wrap platforms
* Discretionary Investment Management

Characteristics may include but are not limited to – fee structures, liquidity, taxation, standard terms and conditions.

Time value of money calculations to analyse or quantify common investment goals and objectives

* present value of a future lump sum
* present value of a future cash flow
* future value of a current lump sum
* future value of a cash flow
* regular payment required to create a future value
* regular payment from a current lump sum.

Economic environment

* international economic and business cycles,
* local economic and business cycles,
* interest rates,
* exchange rates,
* inflation,
* government monetary and fiscal policies,
* regulatory and tax regimes.

Features, benefits, risks, and limitations of assets and services

* voluntary retirement savings scheme
* direct securities
* managed securities
* real property.

Quantitative analysis techniques

* investment valuation and management
* measuring share performance
* measuring bond performance,
* evaluating managed investment performance
* measuring portfolio performance.

Asset ownership considerations

* legal or tax implications.

Common policy ownership structures

* personal ownership
* joint tenants
* tenants in common
* companies
* trusts
* partnerships.

**Rauemi |** Resources

* Customer vulnerability and expectations for providers - [CustomerVulnerability- ourexpectationsforproviders.pdf (fma.govt.nz)](https://www.fma.govt.nz/assets/Reports/CustomerVulnerability-ourexpectationsforproviders.pdf)
* [Code of Professional Conduct for Financial Advice Services](https://financialadvicecode.govt.nz/wp-content/uploads/2021/03/codeofprofessionalconduct-march2021.pdf)
* Fair Trading Act 1986
* [Financial Markets Authority - Developing cyber resilience for financial advice providers (July 2024)](https://www.fma.govt.nz/assets/Information-sheets/Developing-cyber-resilience-for-financial-advice-providers.pdf)
* Financial Markets Authority- [Understanding Artificial Intelligence in Financial Services (July 2024)](https://www.fma.govt.nz/assets/Research/Understanding-Artificial-Intelligence-in-Financial-Services.pdf) by Mikayla Pakinga-Lawson, Amie White, Stuart Johnson
* Financial Markets Conduct Act 2013
* Financial Markets Conduct Regulations 2014
* Income Tax Act 2007
* ISO 22222:2005 Personal Financial Planning – Requirements for personal financial planners, available from <https://www.iso.org>
* KiwiSaver Act 2006
* Privacy Act 2020
* Relevant industry codes of conduct
* Trusts Act 2019;

and their subsequent amendments or replacements.

**Pārongo Whakaū Kounga |** Quality assurance information

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| **Ngā rōpū whakatau-paerewa |** Standard Setting Body | Ringa Hora Services Workforce Development Council |
| **Whakaritenga Rārangi Paetae Aromatawai |** DASS classification | Service Sector> Financial Services> Professional Practice |
| **Ko te tohutoro ki ngā Whakaritenga i te Whakamanatanga me te Whakaōritenga |** CMR | 0003 |

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| **Hātepe |** Process | **Putanga |** Version | **Rā whakaputa |** ReviewDate | **Rā whakamutunga mō te aromatawai |** Last date for assessment |
| **Rēhitatanga |** Registration | 1 | [dd mm yyyy] | [dd mm yyyy] |
| **Kōrero whakakapinga |** Replacement information | This skill standard replaced unit standard 31862. | | |
| **Rā arotake |** Planned review date | 2030 | | |

Please contact Ringa Hora Services Workforce Development Council at [qualifications@ringahora.nz](mailto:qualifications@ringahora.nz) to suggest changes to the content of this skill standard.