



Higher National Unit specification

General information

Unit title: Investment: Introduction

Unit code: H484 33

Superclass: AL

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Unit purpose

This Unit is designed to enable learners to understand the basic principles of investment and the role that organisations play in assisting investors through the provision of products and services. It provides knowledge and develops skills that will enhance the learner's awareness of why people invest, the core products that are used by investors and the indices they can apply to benchmark the performance of their portfolios. The knowledge and skills could also assist learners in finding employment in clerical, administrative or customer service positions within banks, insurance companies and other related financial institutions. It is also suited to those who wish to progress to undertaking business related courses at a more advanced level.

Outcomes

On successful completion of the Unit the learner will be able to:

- 1 Identify the basic principles of investment.
- 2 Identify the key features of Government and Corporate bonds.
- 3 Identify the key features of shares (equities).
- 4 Identify the key types, features and uses of Stock Exchange indices.

Credit points and level

1 Higher National Unit credit at SCQF level 6: (8 SCQF credit points at SCQF level 6)

Higher National Unit specification: General information (cont)

Unit title: Investment: Introduction

Recommended entry to the Unit

Access to this Unit is at the discretion of the centre. However, it is recommended that learners have good written communication and numerical skills. These may be demonstrated by the achievement of the Core Skills of *Communication* and *Numeracy* at SCQF level 4 or equivalent.

Core Skills

Opportunities to develop aspects of Core Skills are highlighted in the Support Notes for this Unit specification.

There is no automatic certification of Core Skills or Core Skill components in this Unit.

Context for delivery

If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

The Assessment Support Pack (ASP) for this Unit provides assessment and marking guidelines that exemplify the national standard for achievement. It is a valid, reliable and practicable assessment. Centres wishing to develop their own assessments should refer to the ASP to ensure a comparable standard. A list of existing ASPs is available to download from SQA's website (<http://www.sqa.org.uk/sqa/46233.2769.html>)

Equality and inclusion

This Unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website www.sqa.org.uk/assessmentarrangements

Higher National Unit Specification: Statement of standards

Unit title: Investment: Introduction

Acceptable performance in this Unit will be the satisfactory achievement of the standards set out in this part of the Unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the Knowledge and/or Skills section must be taught and available for assessment. Learners should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

Outcome 1

Identify the basic principles of investment.

Knowledge and/or Skills

- ◆ Risks and rewards of investment
- ◆ Determinants of investment

Outcome 2

Identify the key features of Government and Corporate bonds.

Knowledge and/or Skills

- ◆ Types of bonds
- ◆ Returns on bond holdings
- ◆ Rights of bondholders
- ◆ Buying and selling bonds
- ◆ Advantages and disadvantages of holding bonds

Outcome 3

Identify the key features of shares (equities).

Knowledge and/or Skills

- ◆ Types of shares
- ◆ Returns on shareholdings
- ◆ Rights of shareholders
- ◆ Buying and selling shares
- ◆ Advantages and disadvantages of holding shares

Higher National Unit Specification: Statement of standards

Unit title: Investment: Introduction

Outcome 4

Identify the key types, features and uses of Stock Exchange indices.

Knowledge and/or Skills

- ◆ Key global and country-specific Stock Exchange indices
- ◆ Features of key global and country-specific Stock Exchange indices
- ◆ Uses of Stock Exchange indices

Evidence Requirements for this Unit

Learners will need to provide evidence to demonstrate their Knowledge and/or Skills across all Outcomes by showing that they can:

- ◆ Identify the relationship between risk and reward in investment.
- ◆ Identify the factors that determine the selection of investments by investors.
- ◆ Identify the types of bond that are issued by Governments and companies.
- ◆ Identify the returns that accrue from holding bonds.
- ◆ Identify the rights of bondholders relating to interest payments.
- ◆ Identify the rights of bondholders to receive information from the bond issuer.
- ◆ Identify the rights of bondholders in the event of default by the bond issuer.
- ◆ Identify the methods of buying and selling bonds in the primary and secondary markets.
- ◆ Identify the advantages and disadvantages of holding bonds in an investment portfolio.
- ◆ Identify the types of shares that are issued by companies.
- ◆ Identify the returns that accrue from holding each type of share.
- ◆ Identify the rights of shareholders relating to dividend payments.
- ◆ Identify the rights of shareholders during corporate actions.
- ◆ Identify the rights of shareholders to receive information from the company.
- ◆ Identify the rights of shareholders in the event of failure of the company.
- ◆ Identify the methods of buying and selling shares in the primary and secondary markets.
- ◆ Identify the advantages and disadvantages of holding shares in an investment portfolio.
- ◆ Identify the key global Stock Exchange indices.
- ◆ Identify the key country-specific Stock Exchange indices.
- ◆ Identify the structure and composition of the key global indices.
- ◆ Identify the structure and composition of key country — specific Stock Exchange indices.
- ◆ Identify how Stock Exchange indices can be used to compare the performance of investments.

Evidence should be generated through assessment under closed-book controlled conditions.



Higher National Unit Support Notes

Unit title: Investment: Introduction

Unit Support Notes are offered as guidance and are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this Unit

The following guidance was written in January 2013 based on current financial services institutions, their products and services. Centres should ensure that learners have used current information in their learning and that assessment content and assessment checklists reflect the current situation, which may, as a result, differ from the guidance below in terms of the products and/or services listed.

Outcome 1 looks at the basic principles of investment planning. It should lay the foundations for learners so that they have a context in which to review different types of investment in the subsequent Outcomes in this Unit.

It is expected that centres will cover the following topics:

- ◆ The present and future value of money.
- ◆ The balance between risks taken and the rewards paid.
- ◆ The relationship between the length of time funds are tied up in an investment and the rewards paid.
- ◆ The factors that are taken into consideration when deciding which products to invest in (personal circumstances of the investor, the investment objectives of investors, the investor's attitude to risk, the amount the investor wishes to invest and the time the investor wishes to tie up funds for, the prevailing economic conditions and underlying interest rates). In covering this learners can be introduced in outline to how the calculation of Net Present Value (NPV) can assist in determining whether to invest in a product. There is no need for learners to be able to complete NPV calculations during an assessment.

Higher National Unit Support Notes

Unit title: Investment: Introduction

Outcome 2 looks at investment bonds that are issued by Governments and companies to raise funds.

It is expected that centres will cover the following topics:

- ◆ The types of bonds that are issued:
 - Government bonds (also referred to as Gilts or Treasury Stock in some countries)
 - Treasury Bills/Notes; the differentiation between short, medium and long term government bonds, the reasons why governments issue bonds
 - Corporate bonds — secured debt, unsecured debt, the reasons why companies issue bonds.
- ◆ The returns on bond holdings — fixed and variable/index linked interest rates, typical frequency of interest payments, capital appreciation, maturity dates and values, methods used to express returns on bond holdings (flat yields and simple gross redemption yields)
Note there is no requirement for learners to complete calculations of yields during an assessment.
- ◆ The rights of bondholders — the rights to receive interest payment, rights on default of the issuer.
- ◆ Methods of buying and selling bonds: the primary market for first time issue, use of auctions/sale by tender managed by the Government or Investment Bank on behalf of the company; the secondary markets for resales/purchases after issue — Brokers, Banks and Government agencies.
- ◆ Advantages and disadvantages of holding bonds — risks and rewards, flexibility, interest rate risks, known maturity values.

Outcome 3 looks at shares (equities) that are issued by companies to raise funds.

It is expected that centres will cover the following topics:

- ◆ The types of shares (equities) that are issued — ordinary shares, preference shares.
- ◆ The returns on share holdings — dividends, fixed rate returns, potential for capital gains, methods used to express returns on shares, shareholder benefits/discounts. Note there is no requirement for learners to complete calculations of yields during an assessment.
- ◆ The rights of shareholders — the rights to receive dividends when paid, right to information, rights to attend and vote in company meetings, rights to participate in corporate actions (rights and scrip/bonus issues), rights in the event of the failure of the company.
- ◆ Methods of buying and selling shares: the primary market for first time issue, use of auctions/sale by tender managed Investment Banks on behalf of the company; the secondary markets for resales/purchases after issue — the basic operations of Stock Exchanges.
- ◆ Advantages and disadvantages of holding shares — risks and rewards, opportunity for capital gains over time.

Higher National Unit Support Notes

Unit title: Investment: Introduction

Outcome 4 looks at Stock Exchange indices and how they can be used to benchmark the performance of investments.

It is expected that centres will cover the following topics:

- ◆ The key global and country-specific indices — how they are constructed and measured (in outline only). The indices learners review should include:
 - Global indices — Morgan Stanley Capital International (MSCI) World and Standard and Poors (S&P) Global 100
 - Country-specific indices — Standard and Poors (S&P) 500 and Dow Jones Industrial Average — USA
Hang Seng — Hong Kong
Nikkei 225 — Japan
Ibovespa — Brazil
RTSI — Russia
SENSEX — India and
FTSE 100 — UK
- ◆ How a Stock Exchange index can be used to benchmark the performance of investments including the completion of simple comparative calculations.

Guidance on approaches to delivery of this Unit

This Unit is likely to form part of a Group Award designed to provide learners with technical or professional knowledge and skills for employment within the Financial Services sector. It supports pre-employment learning for learners who have not yet entered the workplace and are studying in colleges and learning for employees who are new to the sector.

The Unit has been designed to enable learners to complete it, regardless of what country they are based in and regardless of the specific operations of financial services institutions in these countries. Centres should ensure that the learning covers this generic material. It would also be appropriate for centres to illustrate their teaching by contextualising it to the specifics of the investment market in their country.

Guidance on approaches to assessment of this Unit

Evidence can be generated using different types of instruments of assessment. The following are suggestions only. There may be other methods that would be more suitable to learners.

Centres are reminded that prior verification of centre devised assessments would help to ensure that the national standard is being met. Where learners experience a range of assessment methods, this helps them to develop different skills that should be transferable to work or further and higher education.

This Unit could be assessed by a single instrument of assessment that requires learners to respond to multiple choice questions. To ensure the Evidence Requirements are met in full, it is likely that centres will require to include a minimum of 50 multiple choice questions. Learners should achieve a minimum of 65% overall and also achieve 60% against each Outcome to meet the Evidence Requirements in full.

Higher National Unit: Support Notes (cont)

Unit title: Investment: Introduction

Assessment should be carried out under closed-book controlled conditions and, if taking place as a single event, this should last no more than two hours.

Centres should ensure that the assessment covers this generic material and that assessment instruments do not include additional content which relates to country specific considerations.

Assessment could be delivered as an e-assessment if desired.

Opportunities for e-assessment

E-assessment may be appropriate for some assessments in this Unit. By e-assessment we mean assessment which is supported by *Information and Communication Technology (ICT)*, such as e-testing or the use of e-portfolios or social software. Centres which wish to use e-assessment must ensure that the national standard is applied to all learner evidence and that conditions of assessment as specified in the Evidence Requirements are met, regardless of the mode of gathering evidence. The most up-to-date guidance on the use of e-assessment to support SQA's qualifications is available at www.sqa.org.uk/e-assessment

Opportunities for developing Core and other essential skills

There are no Core Skills embedded in this Unit. However, there are opportunities for developing the Core Skill of *Numeracy* at SCQF level 5.

***Numeracy* — Using Number at SCQF level 5**

In Outcome 4, learners will undertake comparative index calculations so they will develop Using Number at SCQF level 5.

***Numeracy* — Using Graphical Information at SCQF level 5**

In Outcome 4 learners will be reviewing graphical information relating to share indices and, will have opportunities in to develop skills in the Using Graphical Information component of the Core Skill *Numeracy* and SCQF level 5.

History of changes to Unit

Version	Description of change	Date

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General information for learners

Unit title: Investment: Introduction

This section will help you decide whether this is the Unit for you by explaining what the Unit is about, what you should know or be able to do before you start, what you will need to do during the Unit and opportunities for further learning and employment.

This Unit is designed to introduce you to, and to enable you to understand, the basic principles of investment, the core products that are used by investors and the indices they can apply to benchmark the performance of their portfolios. The Unit has been written to enable you to complete it, regardless of what country you are based in and regardless of the specific operations of financial services institutions in your own country.

The Unit provides knowledge and develops skills that will enhance your awareness of the financial services industry. The knowledge and skills could also assist you in finding employment in clerical, administrative, or support positions within banks, insurance companies and other related financial institutions. It is also suited to you if you wish to progress to undertaking business related courses at a more advanced level.

In Outcome 1 you will learn about the risks and rewards from investing and what factors an investor will take into account when choosing what to invest in.

In Outcome 2 you will learn about Government and Corporate bonds, how interest is paid on them and how you can buy and sell them.

In Outcome 3 you will learn about shares, also known as equities, how you are rewarded for investing in the company and what your rights are as an investor. You will also learn how you can buy and sell shares.

In Outcome 4 you will learn about the Stock Exchange indices of the world, how they are calculated and how you can use them as a benchmark when comparing the performance of shares.

This Unit may be assessed by one assessment covering all four Outcomes. This assessment could consist of a number of multiple choice questions. It is recommended that the assessment be completed within a two hour working period and will be conducted under closed-booked conditions. You are required to achieve 65% overall to pass this assessment. You will also have to achieve 60% in each Outcome.