

Title	Demonstrate understanding of risk and return on investment for a personal financial investment portfolio		
Level	3	Credits	4

Purpose	People credited with this unit standard are able to demonstrate understanding of risk and return on investment for a personal financial investment portfolio.
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Classification	Core Generic > Financial Capability
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Available grade	Achieved, Merit, and Excellence
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Criteria for Merit	Explanation of identified risk management strategies makes links to the personal financial investor profile and portfolio.
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Criteria for Excellence	Explanation justifies the choice of risk management strategies for the personal financial investor profile and portfolio.
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Explanatory notes

- 1 This unit standard can be awarded with *Achieved*, *Merit*, or *Excellence*. For the *Achieved* grade to be awarded, the outcome must be achieved as specified in the outcome statement. For *Merit* or *Excellence* to be awarded, the candidate must meet the *Merit* or *Excellence* criteria specified above.
- 2 Definitions

Investment portfolio refers to holding a range of different asset classes, including cash, fixed interest, property, shares.

Investor profile refers to an individual's preferences in investment. The profile would consider personal or social traits such as age, income, wealth, family, tax situation; attitudes; the investor's financial objectives and tolerance of risk.

Return on investment is dependent on the type of investment option and may refer to capital gain, rental income, interest, yields, dividends, and bonus issues.

Risk management strategies refers to diversification, credit ratings, dollar, cost averaging, time in the market, timing the market, hedging.

Risk is dependent on the type of investment option and may refer to the – theft of money or property, theft of identity through fraud or scams, change in value of assets, loss or damage due to natural or man-made events.

Volatility is the measure of an asset's stability.

- 3 Assessment may be based on a case study or simulation, but where the candidate's real situation is used, every care must be taken to protect privacy, and the provisions of the Privacy Act 1993 will apply.
- 4 Legislation relevant to this unit standard includes but is not limited to the:
 KiwiSaver Act 2006
 Income Tax Act 2007
 Privacy Act 1993
 Personal Property Securities Act 1999
 Financial Advisers Act 2008.
- 5 References
 Mary Holm, KiwiSaver Basics – <http://www.maryholm.com/kiwisaverbasics.php>;
 KiwiSaver – <http://www.kiwisaver.govt.nz/>;
 Commission for Financial Capability – <http://www.cffc.org.nz/>;
 Inland Revenue – <http://www.ird.govt.nz/>;
 Sorted: Your Independent Money Guide – <https://www.sorted.org.nz/>;
 Skint to Mint – The Game of Calculated Risks and Rewards, Reserve Bank of New Zealand – <http://www.rbnz.govt.nz/skinttomint/>;
 Financial Markets Authority – <http://www.fma.govt.nz/>;
 Financial Services Council of New Zealand – <http://fsc.org.nz/>.

Outcomes and evidence requirements

Outcome 1

Demonstrate understanding of risk and return on investment for a personal financial investment portfolio.

Evidence requirements

- 1.1 Investment options for the personal financial investment portfolio are discussed and compared in relation to risk, return on investment and volatility.
- Range investment options for a personal financial investment portfolio may include – term deposits, debentures, collectibles, futures, options, property, shares, business ownership, managed funds, bonds, KiwiSaver;
 evidence relating to three is required.
- 1.2 Risk management strategies are identified and explained in relation to the investor profile and personal financial investment portfolio.

Planned review date	31 December 2020
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Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	12 December 2013	31 December 2018
Revision	2	21 May 2015	31 December 2018
Review	3	21 July 2016	N/A

Consent and Moderation Requirements (CMR) reference

0226

This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.

Please note

Providers must be granted consent to assess against standards (accredited) by NZQA, before they can report credits from assessment against unit standards or deliver courses of study leading to that assessment.

Industry Training Organisations must be granted consent to assess against standards by NZQA before they can register credits from assessment against unit standards.

Providers and Industry Training Organisations, which have been granted consent and which are assessing against unit standards must engage with the moderation system that applies to those standards.

Requirements for consent to assess and an outline of the moderation system that applies to this standard are outlined in the Consent and Moderation Requirements (CMR). The CMR also includes useful information about special requirements for organisations wishing to develop education and training programmes, such as minimum qualifications for tutors and assessors, and special resource requirements.

Comments on this unit standard

Please contact NZQA National Qualifications Services nqs@nzqa.govt.nz if you wish to suggest changes to the content of this unit standard.