

40656 Develop investment solutions that meet client needs

Kaupae Level	5
Whiwhinga Credit	15
Whāinga Purpose	<p>This skill standard is intended for people who want to work as a financial adviser in the provision of investment advice.</p> <p>This skill standard will provide learners with the knowledge and skills to develop investment solutions to meet client needs.</p> <p>This skill standard can be used in programmes leading to the New Zealand Certificate in Financial Services (Level 5) with strand in Investment. [Ref: 2315-3].</p>

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

Hua o te ako Learning outcomes	Paearu aromatawai Assessment criteria
1. Describe investment asset classes, financial instruments, and services.	a. Describe investment asset 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.
2. Perform time value of money calculations for common investment goals and objectives.	a. Perform time value of money calculations to analyse or quantify common investment goals and objectives.
3. Analyse assets and services to identify those that meet client needs.	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 circumstances.

Hua o te ako Learning outcomes	Paearu aromatawai Assessment criteria
4. Develop 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.
	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.
	d. Explain the process to construct an efficient or optimal investment portfolio based on assessing risks versus the ability to generate an estimated return for the risks.
	e. Describe factors in the economic environment that impact investor perceptions and investment products and explain how these economic factors impact investor perceptions.
	f. Develop investment solutions using knowledge of economic factors that impact investor perceptions and investment products and explain the reasoning for selected 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 to a licenced financial advice provider or requiring a licence to use.

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

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, use of financial calculator, spread sheets or software tools is acceptable, including on-line resources.

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. *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.

Ngā momo whiwhinga | Grades available

Achieved.

Ihirangi waitohu | Indicative content**Sample investment analysis techniques**

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, Standard Deviation.
Alternatives	Identify relevant ratios for others depending on the type of alternative.
Portfolio construction and design	weighted average return, correlation of asset classes (correlation coefficient of asset pairs), covariance, asset/investment classes (bonds/shares/cash/managed funds etc), efficient frontier (chart risk vs return) and diversification.

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 of investment asset classes

- 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 of financial instruments

- fee structures
- liquidity
- taxation
- standard terms and conditions.

Investment services

- custody
- wrap platforms
- Discretionary Investment Management.

Characteristics of investment services – 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
- portfolio design – [4 Steps to Building a Profitable Portfolio](#)
- measuring portfolio performance.

Asset ownership considerations

- legal or tax implications.

Common policy ownership structures

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

Economic factors that impact investor perceptions and investment products

- official cash rate
- rate of inflation
- economic and political events
- natural disasters
- legislative and regulatory changes.

Rauemi | Resources

- Customer vulnerability and expectations for providers - [CustomerVulnerability-ourexpectationsforproviders.pdf \(fma.govt.nz\)](#)
- [Code of Professional Conduct for Financial Advice Services](#)
- Fair Trading Act 1986
- [Financial Markets Authority - Developing cyber resilience for financial advice providers \(July 2024\)](#)
- Financial Markets Authority- [Understanding Artificial Intelligence in Financial Services \(July 2024\)](#) 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 Kouna | Quality assurance information

Ngā rōpū whakatau-paerewa Standard Setting Body	Ringa Hora Services Workforce Development Council
Whakaritenga Rārangi Paetae Aromatawai DASS classification	Service Sector > Financial Services > Financial Services - Professional Practice
Ko te tohutoro ki ngā Whakaritenga i te Whakamanatanga me te Whakaōritenga CMR	0112

Hātepe Process	Putanga Version	Rā whakaputa Review Date	Rā whakamutunga mō te aromatawai Last date for assessment
Rēhitatanga Registration	1	29 May 2025	N/A
Kōrero whakakapinga Replacement information	This skill standard replaced unit standards 31862 and 31863.		
Rā arotake Planned review date	31 December 2030		

Please contact Ringa Hora Services Workforce Development Council at qualifications@ringahora.nz to suggest changes to the content of this skill standard.