

<b>Title</b>	<b>Demonstrate and apply knowledge of the investment services environment and concepts</b>		
<b>Level</b>	<b>5</b>	<b>Credits</b>	<b>5</b>

<b>Purpose</b>	<p>People credited with this unit standard are able to:</p> <ul style="list-style-type: none"> <li>– explain and apply knowledge of the regulatory framework when providing investment services;</li> <li>– explain key roles in investment organisations;</li> <li>– explain portfolio management techniques; and</li> <li>– demonstrate and apply knowledge of the concept of investment risk and return.</li> </ul>
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<b>Classification</b>	Financial Services > Financial Services - Professional Practice
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<b>Available grade</b>	Achieved
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## Guidance Information

- 1 **References**  
Code of Professional Conduct for Financial Advice Services;  
Consumer Guarantees Act 1993;  
Fair Trading Act 1986;  
Financial Markets Conduct Act 2013;  
Financial Services Legislation Amendment Act 2019;  
Income Tax Act 2007;  
KiwiSaver Act 2006;  
Trustee Act 1956;  
Trustee Amendment Act 1988;  
relevant industry codes of conduct;  
and all subsequent amendments and replacements.
- 2 **Definition**  
*Regulatory framework* – legislation, regulations, codes of conduct and/or practice as they apply to financial services and the provision of investment services.
- 3 **Assessments requiring application or demonstration of skills and knowledge may be performed using workplace evidence or evidence derived from simulation or scenario based activities.**

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.

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## Outcomes and performance criteria

### Outcome 1

Explain and apply knowledge of the regulatory framework when providing investment services.

#### Performance criteria

- 1.1 Explain key provisions of legislation, regulations, and codes of conduct that impact the daily operations of providers of investment services.
- 1.2 Apply knowledge of key provisions of legislation, regulations, and codes of conduct when providing investment services.
- Range evidence of three examples.

### Outcome 2

Explain key roles in investment organisations.

Range roles may include but are not limited to – portfolio manager, market analyst, chief investment officer.

#### Performance criteria

- 2.1 Explain the purpose of key roles in investment organisations.
- 2.2 Explain the responsibilities of key roles in investment organisations.

### Outcome 3

Explain portfolio management techniques.

#### Performance criteria

- 3.1 Explain portfolio management theories in terms of asset allocation, diversification, and risk management.
- 3.2 Explain portfolio management approaches in terms of methodology and diversification benefits.
- Range methodologies may include but are not limited to – active and passive, value and growth, country and sector allocation.

### Outcome 4

Demonstrate and apply knowledge of the concept of investment risk and return.

**Performance criteria**

4.1 Describe the nature of investment risk in relation to different types of investment strategies.

Range investment risk may include but is not limited to – capital risk, concentration risk, currency risk, financial risk, market risk, liquidity risk, negative returns, returns below inflation rate.

4.2 Evaluate processes and solutions for managing investment risk and return in terms of their effectiveness.

Range processes and solutions may include but are not limited to – diversification of asset allocation and management style, risk insurance, derivative products, currency management, dollar cost averaging.

<b>Replacement information</b>	This unit standard and unit standard 31862 replaced unit standard 28375 and unit standard 28376.
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<b>Planned review date</b>	31 December 2024
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**Status information and last date for assessment for superseded versions**

Process	Version	Date	Last Date for Assessment
Registration	1	23 January 2020	N/A

<b>Consent and Moderation Requirements (CMR) reference</b>	0003
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This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.

**Comments on this unit standard**

Please contact The Skills Organisation [reviewcomments@skills.org.nz](mailto:reviewcomments@skills.org.nz) if you wish to suggest changes to the content of this unit standard.