



# Subject Outline

## **FPC008 Investment Advice**



## Section 1 — General information

### 1.1 Administrative details

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Duration	Credit points	Level
One study period (12 weeks)	6	AQF8

### 1.2 Core or elective subject

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This is a core subject for the Graduate Diploma of Financial Planning, and Master of Financial Planning.

### 1.3 Delivery mode

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This subject is delivered online.

### 1.4 Prerequisites

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There are no prerequisites for this subject. However please review the 'Assumed knowledge' section below to understand the prior knowledge Kaplan advises you should hold before enrolling in this subject.

### 1.5 Assumed knowledge

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Whilst there are no prerequisites for this subject, Kaplan assumes that students have completed FPC001B Economic and Legal Context for Financial Planning, FPC002B Ethics and Professionalism in Financial Advice, FPC003 Superannuation and Retirement Advice, FPC004 Insurance Advice, FPC005 Estate and Succession Planning, FPC006 Tax and Commercial Law for Financial Planning and FPC007B Client Engagement Skills or understand the content covered in those subjects, prior to undertaking FPC008 Investment Advice.

### 1.6 Course transition subject equivalence

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Students may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan course and have completed the following subject:

- there are no equivalences for this subject.



## **1.7 Work integrated learning**

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There are no placements, internships or work experience requirements associated with undertaking this subject.

## **1.8 Other resource requirements**

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Students do not require access to specialist facilities and/or equipment to undertake this subject.



## Section 2 — Academic details

### 2.1 Subject overview

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This subject focuses on the investment advice process in practice. It examines the portfolio theory and portfolio construction techniques. The subject explains how to evaluate and deliver quality investment advice to retail clients, the importance of researching and proposing investments, and determining reasonable basis for advice.

Students will follow a fictitious case study to apply their understanding of asset classes, investment markets and tax when preparing a limited Statement of Advice.

### 2.2 Subject learning outcomes

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On successful completion of this subject, students should be able to:

1. Evaluate investment advice processes and frameworks in the delivery of quality investment advice to retail investors.
2. Analyse Efficient Market Hypothesis (EMH) with respect to the empirical evidence for it and its usefulness and applications for the provision of investment advice.
3. Critically analyse a client's investment objectives and constraints.
4. Apply knowledge of asset classes, investment markets and tax in providing expert investment advice.
5. Critically analyse the different investment structures and fund managers available to retail investors.
6. Conduct appropriate quantitative and qualitative research in recommending suitable investment strategies and products.
7. Evaluate the performance of investment advice as it relates to a client's needs and objectives.

## 2.3 Topic learning outcomes

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### Topic 1: The investment advice process in practice

On successful completion of this topic, students should be able to:

- analyse client data and effectively determine the client's current cash flow requirements and net worth, and their impact on achieving the client's goals and objectives
- complete a gap analysis to identify any shortfalls between a client's objectives, risk tolerance and their current financial situation
- develop and document an appropriate investment strategy
- build essential disclosure components of a statement of advice
- explain the legislative requirements for making recommendations and ongoing obligations
- conduct an annual review using the steps for reviewing a client's financial strategies and recommended products
- analyse existing client data and effectively determine the ongoing suitability of a client's portfolio
- demonstrate an understanding of the changing environment regarding portfolio management.

### Topic 2: Portfolio theory

On successful completion of this topic, students should be able to:

- explain the portfolio manager's objectives in terms of mean and variance, using the paradigm of modern portfolio theory
- discuss the features of efficient portfolios and the concept of the efficient frontier as it applies in modern portfolio theory
- explain the fundamental concepts of the capital asset pricing model
- demonstrate how security risk can be decomposed in a portfolio context
- describe a range of applications for the capital asset pricing model
- explain the fundamental concept of betas
- explain the rationale behind arbitrage pricing theory
- define the concept of a factor as it relates to arbitrage pricing theory.

### Topic 3: Asset classes and investment markets

On successful completion of this topic, students should be able to:

- examine the various assets classes available to investors
- critically analyse the different mechanisms that might be utilised in gaining exposure to the various asset classes
- assess the suitability of the different asset classes within a client's portfolio.



#### Topic 4: Investment vehicles, platforms and direct investment

On successful completion of this topic, students should be able to:

- describe the different avenues available to investors who wish to gain exposure to the different asset classes
- explain the difference between direct and indirect investment exposures
- explain the difference between listed and unlisted investments
- outline the legal structures within the managed investments industry
- explain and discuss the administrative platforms offered by managed funds
- examine the disclosure requirements, fees and costs of investing in managed investments and discuss how these affect investment performances.

#### Topic 5: Portfolio construction techniques

On successful completion of this topic, students should be able to:

- describe the process for establishing the appropriate SAA
- discuss the issues involved in implementing and monitoring the SAA
- interpret key economic and market indicators in the asset allocation process
- explain the process of implementation of active asset allocation.

#### Topic 6: Fund manager styles and strategies

On successful completion of this topic, students should be able to:

- analyse the different investment styles across each asset class
- explain the advantages and disadvantages of each investment style
- describe portfolio outcomes from implementing different investment styles
- explain the impact of currency on international asset portfolios and how it can be managed.

#### Topic 7: Fund manager selection

On successful completion of this topic, students should be able to:

- explain the parameters of the research that a financial adviser must conduct
- examine the sources of information that can be used according to requirements and parameters of the research
- explain the importance of researching clients' existing investments and proposed investments, and determining a reasonable basis for advice
- conduct research during the financial planning process.

## Topic 8: Tax issues in investment advice

On successful completion of this topic, students should be able to:

- assess the impact of tax on real returns
- evaluate strategies to increase after-tax returns
- discuss the principles for consideration when investigating after-tax performance measurement
- analyse the after-tax performance measurement and reporting options that are available
- discuss current tax issues in portfolio management
- apply evidence from research and professional literature to enhance a portfolio's tax effectiveness.

## Topic 9: Evaluate investment advice

On successful completion of this topic, students should be able to:

- outline how clients should assess the quality of their investment advice
- discuss what measures and expectations advisers should set with clients
- articulate the value proposition of investment advice to clients
- outline appropriate measurement for the performance of investment advice
- explain investment returns in the context of achieving client goals
- review fees and costs of an investment portfolio.

## 2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Assignment 1	Critical analysis report	Week 4	1–2	20%	LO2
Assignment 2	Short-answer questions	Week 8	3–7	35%	LO1–LO6
Assignment 3	Limited statement of advice	Week 12	1–9	45%	LO1 & LO3–LO7

Please refer to our website <[www.kaplanprofessional.edu.au](http://www.kaplanprofessional.edu.au)> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

## 2.5 Prescribed text

There is no prescribed text for this subject. Students are provided with key readings and access to Kaplan's online databases. Students are encouraged to research and read widely on the topic.



## 2.6 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: The investment advice process in practice	8
2	Topic 2: Portfolio theory	8
3	Topic 3: Asset classes and investment markets	8
4	Topic 4: Investment vehicles, platforms and direct investment <b>Assignment 1 (Weighting 20%)</b>	17
5	Topic 5: Portfolio construction techniques	8
6	Topic 6: Fund manager styles and strategies	8
7	Topic 7: Fund manager selection	8
8	Topic 8: Tax issues in investment advice <b>Assignment 2 (Weighting 35%)</b>	17
9	Topic 9: Evaluate investment advice	8
10–11	Work on Assignment	10
12	<b>Assignment 3 (Weighting 45%)</b>	20
<b>Total minimum study load</b>		<b>120 hours</b>

Additional study hours (if required), dependent on knowledge and personal commitments	60 hours
<b>Total study load, including additional study hours</b>	<b>180 hours</b>