



Excellect 209 (PTY) LTD Trading as

NICORE

Training and Development

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DEMONSTRATE KNOWLEDGE AND UNDERSTANDING OF BASIC INVESTMENT TECHNIQUES

US 12181

NQF Level: 04

Credits: 2

COURSE OVERVIEW



PURPOSE OF THE UNIT STANDARD

This unit standard introduces the basic investment techniques used by Collective Investment Scheme Managers.

The qualifying learner is capable of:

- Differentiating between equity-based instruments and income bearing instruments.
- Explain the importance of diversification in any investment product.
- Investigating local and offshore investment options.
- Explaining the concept of gearing.

Specific Outcomes and Assessment Criteria:

SPECIFIC OUTCOME 1

Differentiate between equity-based instruments and income bearing instruments.

ASSESSMENT CRITERIA

1. The concept of an equity-based instrument is explained in own words with examples.
2. The concept of an income bearing instrument is explained in own words with examples.
3. The uniqueness of an equity based collective investment scheme in securities as an investment is described with reference to investments.
4. An equity based collective investment scheme investment is compared to equity-based instrument as an investment option.
5. An income bearing collective investment scheme investment is compared to income bearing instruments as an investment option.
6. Collective investment schemes as an investment product are assessed against the benefits of an equity or income bearing investment and the comparison is presented in a report.

SPECIFIC OUTCOME 2

Explain the importance of diversification in any investment product.

ASSESSMENT CRITERIA

1. The concept of diversification is explained with reference to an investment product.
2. The risk involved in not diversifying is illustrated based on current economic activities.
3. The dangers of over diversification are illustrated graphically.

SPECIFIC OUTCOME 3

Investigate local and offshore investment options.

ASSESSMENT CRITERIA

1. Local investment options to consider when investing money are researched for a local investment option.
2. Offshore investment options to consider when investing money are researched for an offshore investment option.

Demonstrate Knowledge And Understanding Of Basic Investment Techniques



3. A personal decision is made on the best investment option for a local and offshore investment opportunity.
4. The effect of the Rand exchange rate on local and offshore investments is explained and illustrated in a table.
5. The concept of inflation is explained with examples of how it could affect a local or offshore investment.

SPECIFIC OUTCOME 4

Explain the concept of gearing.

ASSESSMENT CRITERIA

1. The concept of gearing is explained with reference to an investment technique.
2. The use of gearing as an investment option is investigated for three different scenarios.
3. A calculation is used to illustrate the risk associated with gearing.