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INSURANCE SECTOR EDUCATION
AND TRAINING AUTHORITY

Learner Name	
ID Number	
Organisation	

FORMATIVE ASSESSMENT: LEARNER WORK FILE VERSION 1

Unit Standard Title: **Apply a researched trend to individual financial risk**

Unit Standard No: **242601**

Unit Standard Credits: **5**

NQF Level: **5**

Mark information:

Specific Outcome/Section	1	2	3	4	5	Total	%	C / NYC
Maximum marks	17	6	16	6		45	100	

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Formative Activities

Section 1: 17 marks

Activity 1

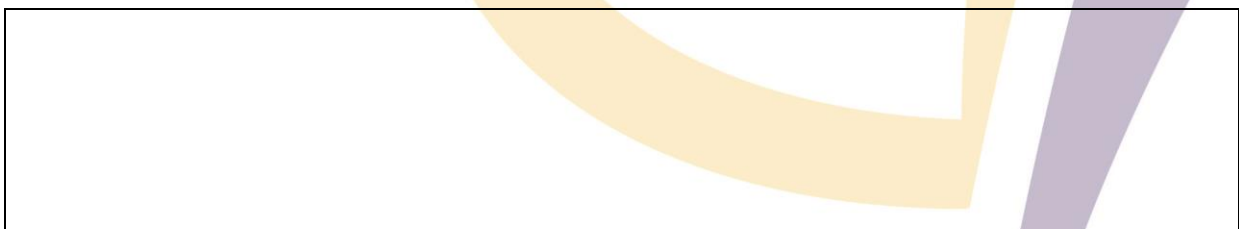
Explain the role that the following financial indicators play: (2 x 5 = 10)

- GDP
- Share indexes
- Reserves
- CPI
- Interest rates



Activity 2

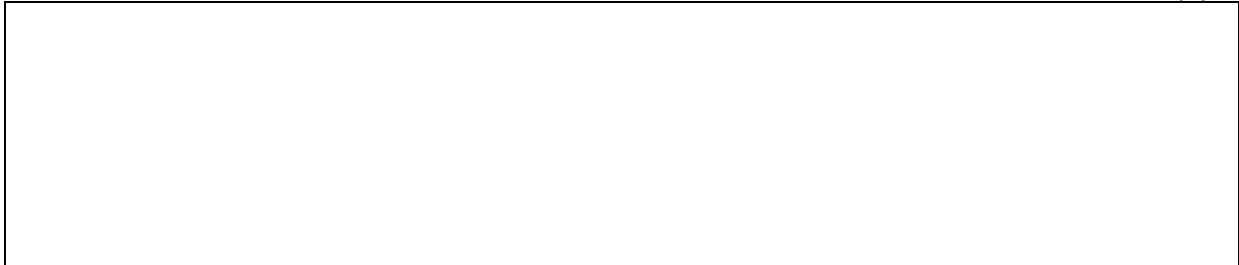
List two (2) international indicators commonly used by financial analysts in South Africa and indicate what each indicator measures. (2)



Activity 3

Explain the long-term relationship between economic indicators and research trends.

(2)

**Activity 4**

Explain how events in the legislative and regulatory environment (like FAIS) and financial indicators (like interest rates) and economic trends (like recession) affect investors.

(3)

**Section 2: 6 marks**
Activity 5

What is the relationship between events in the natural environment, financial indices and economic trends? Give examples in your discussion.

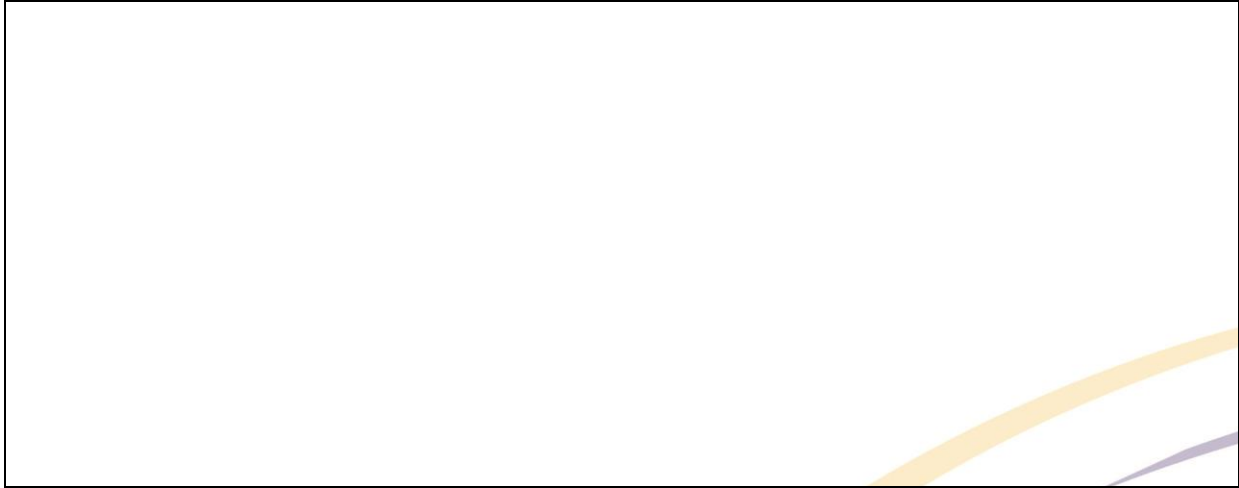
(3)



Activity 6

Explain the relationship between socio-economic and political environments, financial indices and economic trends. Give examples to illustrate your understanding.

(3)

**Section 3: 16 marks****Activity 7**

List and explain at least 4 types of financial risks with reference to the implications associated with different kinds of investments.

(4 x 2 = 8)



Activity 8

An identified trend is the drop in interest rates. From current media reports on the South African economy select two different publications and comment on each of them using no more than 100 words whether they support or contradict this trend. Attach the reports / articles etc. that you have used for this activity. (5)

**Activity 9**

Based on the trend that you have used in Activity 8, and using your knowledge about the four asset classes make a generalised recommendation about each asset class that could be used for an investment decision by an individual. Justify why. (3)

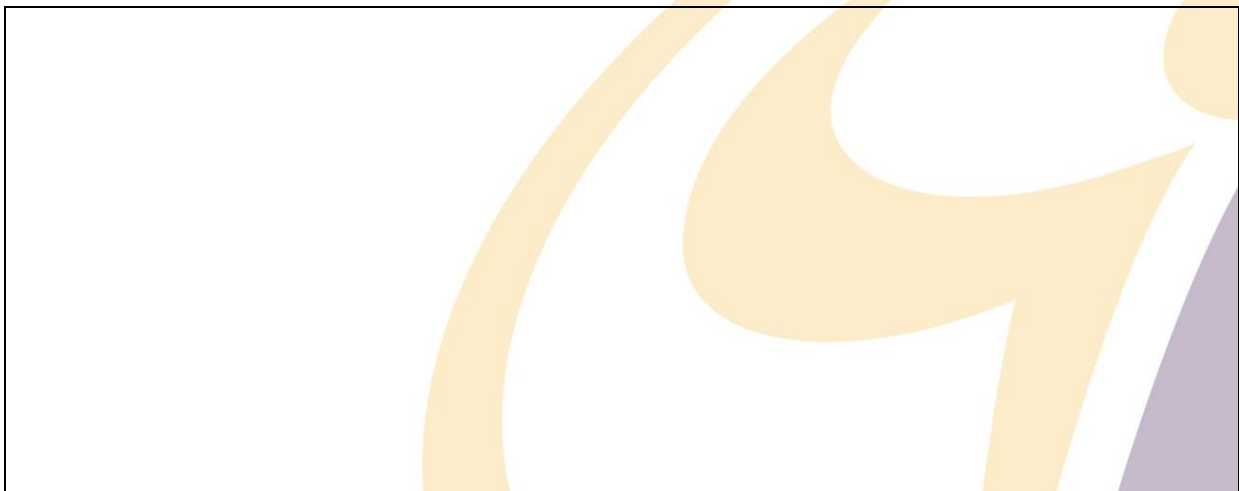


Section 4: 6 marks
Activity 10

Briefly explain how a financial trend (based on an indicator) can have an effect on financial risk. (2 x 2 = 4)

**Activity 11**

What is the implication of changes in a certain index in terms of their relationship to a trend and economic factors? (2)





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**SOUTH AFRICAN QUALIFICATIONS AUTHORITY
REGISTERED UNIT STANDARD:**

Apply a researched trend to individual financial risk

SAQA US ID	UNIT STANDARD TITLE			
242601	Apply a researched trend to individual financial risk			
ORIGINATOR		ORIGINATING PROVIDER		
SGB Insurance and Investment				
QUALITY ASSURING BODY				
-				
FIELD			SUBFIELD	
Field 03 - Business, Commerce and Management Studies			Finance, Economics and Accounting	
ABET BAND	UNIT STANDARD TYPE	PRE-2009 NQF LEVEL	NQF LEVEL	CREDITS
Undefined	Regular	Level 5	Level TBA: Pre-2009 was L5	5
REGISTRATION STATUS		REGISTRATION START DATE	REGISTRATION END DATE	SAQA DECISION NUMBER
Reregistered		2012-07-01	2015-06-30	SAQA 0695/12
LAST DATE FOR ENROLMENT		LAST DATE FOR ACHIEVEMENT		
2016-06-30		2019-06-30		

In all of the tables in this document, both the pre-2009 NQF Level and the NQF Level is shown. In the text (purpose statements, qualification rules, etc), any references to NQF Levels are to the pre-2009 levels unless specifically stated otherwise.

This unit standard replaces:

US ID	Unit Standard Title	Pre-2009 NQF Level	NQF Level	Credits	Replacement Status
14509	Apply a researched trend to individual financial risk	Level 5	Level TBA: Pre-2009 was L5	5	Complete

PURPOSE OF THE UNIT STANDARD

This Unit Standard is intended for people who are required to provide generalised solutions based on trends and their impact on historic and future losses. It is relevant to Financial Planners, Retirement Fund Consultants and Advisors, Intermediaries and learners in risk finance.

The qualifying learner is capable of:

- Explaining the different indicators used to identify financial trends.
- Demonstrating knowledge and insight into the relationship between events in the macro environment, financial indices and trends.
- Applying knowledge and insight to predict the implications of identified trends on financial risk.
- Applying a researched trend to individual scenarios.

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

It is assumed that learners are competent in Communication and Mathematical Literacy at NQF Level 4.

UNIT STANDARD RANGE

The typical scope of this Unit Standard is:

- The macro environment includes, but is not limited to, the natural, social, economic, political, legislative and regulatory environments.

Specific Outcomes and Assessment Criteria:

SPECIFIC OUTCOME 1

Explain the different indicators used to identify financial trends.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The role played by the Johannesburg Securities Exchange (JSE) all share index, inflation indices, interest rates, Gross Domestic Product (GDP) and the gold price as economic indicators is explained for an individual in the South African

situation.

ASSESSMENT CRITERION 2

International indicators most commonly used by financial analysts in South Africa are named and an indication is given of what each indicator measures.

ASSESSMENT CRITERION 3

The long term relationship between economic indicators and researched trends is explained with examples.

ASSESSMENT CRITERION 4

The relationship between events in the legislative and regulatory environment, financial indices and economic trends is explained with examples.

SPECIFIC OUTCOME 2

Demonstrate knowledge and insight into the relationship between events in the macro environment, financial indicators and trends.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The relationship between events in the natural environment, financial indices and economic trends is explained with examples.

ASSESSMENT CRITERION 2

The relationship between events in the socio-economic and political environment, financial indices and economic trends is explained with examples.

ASSESSMENT CRITERION 3

The relationship between events in the legislative and regulatory environment, financial indices and economic trends is explained with examples.

SPECIFIC OUTCOME 3

Apply knowledge and insight to predict the implications of identified trends on financial risk.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Different kinds of financial risk are explained with reference to the implications associated with different kinds of investments.

ASSESSMENT CRITERION 2

General trends and results published in different sources are interpreted and compared to determine whether they support or contradict an identified trend.

ASSESSMENT CRITERION 3

Knowledge of trends and their implications is applied to make a generalised recommendation.

SPECIFIC OUTCOME 4

Apply a researched trend to individual scenarios.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

A financial trend based on a selected indicator is explained in terms of its potential effect on financial risk.

ASSESSMENT CRITERION 2

The implications of changes in a selected index are explained in terms of their relationship to a trend and economic factors.

UNIT STANDARD ACCREDITATION AND MODERATION OPTIONS

- Anyone assessing a candidate against this Unit Standard must be registered as an assessor with the relevant ETQA or ETQA where a Memorandum of Understanding (MOU) exists with the relevant ETQA.
- Any institution offering learning that will enable achievement of this Unit Standard must be accredited as a provider through the relevant ETQA or ETQA where a Memorandum of Understanding (MOU) exists with the relevant ETQA.
- Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines and the agreed ETQA procedures.

UNIT STANDARD ESSENTIAL EMBEDDED KNOWLEDGE

N/A

UNIT STANDARD DEVELOPMENTAL OUTCOME

N/A

UNIT STANDARD LINKAGES

N/A

Critical Cross-field Outcomes (CCFO):

UNIT STANDARD CCFO COLLECTING

The learner is able to collect, organise and critically evaluate information in applying knowledge of trends to the relationship between events in the macro environment and indices.

UNIT STANDARD CCFO COMMUNICATING

The learner is able to communicate effectively using visual, mathematics and language skills in the modes of oral and/or written presentations in explaining the relationship between indicators and trends.

UNIT STANDARD CCFO SCIENCE

The learner is able to use science and technology effectively and critically in using a trend analysis system.

UNIT STANDARD CCFO DEMONSTRATING

The learner is able to demonstrate an understanding of the world as a set of related systems by recognising that problem-solving contexts do not exist in isolation in applying knowledge of indices and trends to events in the macro environment to establish potential risk.

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