

QFA Investment

Practice Case Studies and Guidance

Case Studies – QFA Investment Module:

1. The Economy & an overview of Main Asset Classes
2. Deposit Accounts
3. Shares
4. Bonds
5. Investment Vehicles
6. Taxation
7. Comparing Products
8. Providing Investment Advice

1. Completing the Case Studies

There are **8 Work Based Case Studies** for the QFA Investment module. Apprentices should choose any 5 **Case Studies** from those on offer. Each one must be completed, marked and submitted by the specified deadline.

As far as possible, apprentices are expected to research within their own organisation (with guidance from their supervisor), cases, documents, policy wordings or other materials that can be applied to the assignments.

As for the previous modules, the apprentice must complete the tasks in the specified format. This may, for example, involve writing a short report in MS Word, a PowerPoint presentation or presenting information in a table. Brief guidance notes are included to ensure clarity about what the apprentice needs to do, and what the supervisor should look for when marking the work.

2. The role of the Supervisor

The completed case studies will be submitted to and signed off by the nominated Supervisors. A case study marking form is attached in **Appendix 1** for completion and sign off for each case study. For more information about this, please refer to the **Guide to Case Studies**.

The role of the supervisor is to:

- help the apprentices to locate or create suitable case files, work-based materials or other sources of information
- assess each apprentice's completed case study (on a pass or fail basis)

3. Deadlines for submitting the Case Studies

QFA Investment Module Submission Deadline:	
1	14 th February 2025
2	21 st February 2025
3	13 th March 2025
4	28 th March 2024

Remember: these are the final deadlines for uploading the marked case studies to Moodle.

Apprentices and supervisors should agree an appropriate schedule for discussing, completing and marking the questions to ensure that these deadlines are met. Forward planning is essential – see section 4 below.

4. Forward planning

Issuing the case studies in advance allows plenty of time for the apprentices and supervisors to meet the submission deadlines. It also gives adequate notice of any cases and documents that need to be sourced for or by the apprentices.

This table provides a brief summary of what is needed for each of the case studies:

	Topic	Resources
1	The Economy & an Overview of Main Asset Classes	Textbook & Fund Factsheet
2	Deposit Accounts	https://www.ccpc.ie/consumers/financial-comparisons/lump-sum-deposits-comparison/ & Textbook
3	Shares	https://finance.yahoo.com/quote/%5EHSI/components/ & Textbook
4	Bonds	https://www.ntma.ie/news/ireland-sells-750m-of-treasury-bills-by-auction-19 & Textbook
5	Investment Vehicles	Textbook & Internet Search
6	Taxation	Textbook
7	Comparing the Various products	Textbook
8	Providing the advice	Textbook

Where a case file is required, this may be a paper or a digital record. **Personal details from the files should never be included in any of the case study submissions.**

5. A reminder about copying and plagiarism:

Plagiarism is copying the words or ideas of others and passing it off as your own, and is a most serious academic offence.

All sources that you use must be referenced within your text and in your bibliography.

The case study submissions will be checked for plagiarism.

It does not matter whether you use direct quotations or paraphrase the words of an author, you must reference your source. Failure to do so may result in a zero mark or other disciplinary action under ATU Sligo procedures.

The School of Business uses the Harvard Referencing system.

Topic 1: Overview of Main Asset Classes

1a) Traditional asset classes are known as Property, Cash, Equities and Bonds; Alternative Assets classes also exist. A potential client of yours has enquired about investing all their money in Gold as a means of earning a return; outline to them 4 reasons why they need to really consider whether this is a good decision or not?

1b) A new colleague has started working in your firm and needs a bit of help understanding the term Investment volatility. In your own words, explain what volatility is and why it is so important when considering an investment.

Guidance Notes

For part A, your answers should be based on the relevant points in chapter 3 of the textbook.

1c) Diversification and the Portfolio approach is extremely important when discussing successful investing with a client. Describe in your own words what is meant by the Portfolio approach including examples of what is *not* diversification.

Guidance Notes

Please use your own words. (About 300 words)

2) A potential client has a lump sum to invest and is worried about Inflation, particularly in the last 12 months. Can you write a brief email to him, explaining what inflation is and how high inflation might impact his investment decisions?

Topic 2: Deposits

1a) Using the CCPC website; compare the type of interest rates that are available for a lump sum of €175,000 under Instant Access accounts, notice accounts and fixed term accounts.

<https://www.ccpc.ie/consumers/financial-comparisons/lump-sum-deposits-comparison/>

1b) Using the information obtained from **1a)**, explain the benefits of the state savings vs the high street banks.

1c) Again from **1a)** which accounts offer the best rates and why do you think that is the case?

Guidance Notes

For the Fixed Notice accounts, just use 31-90 days' notice and sub tab 60 days.

2) Many clients consider a deposit account for their saving and investing needs without really considering the risks of holding funds on deposit.

Write a brief explanatory note outlining:

- Under what circumstances might a deposit account be a suitable solution?
- What risks are inherent in holding funds on deposit?

Topic 3: Shares

1a) The Profit and Loss account of a company calculates net profit. Give a brief overview of the difference between a Capital and Revenue expenditure.

1b) When a potential share investor is trying to assess the potential value of a share, there are several key numerical measures or metrics that can be used; In your own words explain what is meant by the following terms:

- Price / Earnings (P/E) ratio (per)
- Dividend Cover
- Gross Dividend Yield

Guidance Notes

This material is contained in chapter 5

1c) The Hang Seng Index, is an index quoted on the Hong Kong Stock Market. Can you list 5 of the current constituents?

Guidance Notes

This material is available at <https://finance.yahoo.com/quote/%5EHSI/components/>

2a) A client of your firm is looking to buy shares and are unsure of how the process works; briefly explain to your client how to **buy** shares and how to sell shares.

2b) As a financial adviser giving advice to clients; shares or investing in shares will be central to a lot of your conversations so it's important to understand the benefits of investing in this asset class. Write a short email to a client, outlining 3 benefits and limitations that she should be aware of before investing any money.

Guidance Notes

This material is contained in chapter 5 of the textbook. Please keep your answers to max 300 words.

Topic 4: Bonds

1a) The National Treasury Management Agency (NTMA) operates the Irish Government Bond. Please review the contents of their website, paying attention to the bond with a maturity date of 25th April 2022 (5 months). <https://www.ntma.ie/news/ireland-sells-750m-of-treasury-bills-by-auction-19>

- What was the yield?
- What does a negative yield mean?

1b) Explain in your own words what the differences are between Corporate Bonds and Government Bonds.

2) A colleague of yours is putting together some information for a potential client; they have asked for your help with the section on Bonds. Outline 5 benefits of investing in this asset class; also include 5 risks that an individual investor may be exposed to.

Guidance Notes

This material is contained in chapter 6 of the textbook. Please keep your answers to max 300 words.

Topic 5: Investment Vehicles

1a) Your firms' quarterly newsletter will contain an article on UCITS (Undertakings for Collective Investment in Transferable Securities); your boss has asked for your help. Can you outline the main advantages and disadvantages of investing in a collective investment fund compared with direct share investing?

Guidance Notes

For part A, your answers should be based on the relevant points in chapter 7 of the textbook.

1b) Using an internet search, find an UCITS prospectus which you should read in detail.

1c) A prospectus must contain certain specified information; outline 5 items that must be included.

2a) A client has asked your opinion on Active vs Passive fund management. In your own words, outline what is meant by each term and give your own opinions on which style you would prefer for the management of your own Investment account and why?

Guidance Notes

For part A, your answers should be based on the relevant points in chapter 7 of the textbook.

2bi) Investing in a Structured Retail product can be attractive to many Investors. Would you be comfortable recommending this type of product to a client in their 60s?

2bii) Outline 3 benefits and risks associated with these products.

Guidance Notes

For part B, your answers should be based on the relevant points in chapter 9 of the textbook.

Topic 6: Taxation

1a) You have a client working as a shop manager. He is single and earns €52,000 per annum and has a rental property, earning €15,000 taxable rent per annum.

- Outline the schedule which his income is classified under?
- Explain to him how the Standard rate tax band works?
- How much of his total income would be liable to Income tax at his marginal rate?

1b) Your sister has sold several shares this year which are liable to Capital Gains Tax; she isn't sure what the first-in, first-out (FIFO) principal is; can you explain to her what is meant by this term?

Guidance Notes

Your answers should be based on the relevant points in chapter 11 of the textbook.

2) Your client has enquired about Investments liable to CGT or Exit Tax. In your own words, briefly explain what is meant by each tax and the main comparisons between the two, particularly how each tax is levied on an investment on death.

Guidance Notes

Your answers should be based on the relevant information captured throughout the textbook.

Topic 7: Comparing Products

1a) Your local paper is running a series of articles about alternatives for those looking to invest given that deposit rates are so unattractive. You have been asked to help with the piece regarding Specific risk. Explain in your own words what is meant by Specific risk and how best to mitigate against it?

1b) During the Celtic Tiger and subsequent crash, a lot of investors lost virtually all their money by borrowing to invest. Explain in your own words why this strategy was wrong for most investors?

2) When comparing similar product types from different providers, there are several key comparison factors. Access to funds and charges can be very important to a client.

The two Investment bonds that you are considering for your client are as follows:

Bond A:

Exit Penalties in the first 5 years: 5%.4%.3%.2%.1%.

Fund management charge: 0.6%

Plan charge: 0.5%

Allocation rate: 99%

Fund range: Actively managed funds, external fund managers, alternative asset funds.

Bond B

No Exit Penalties

Fund management charge: 1.25%

No Plan charges

Allocation rate: 101%

Fund range: Actively managed funds and passive funds offering

In your own words, compare these 2 offerings that your client could invest in; solely based on access to funds and charges.

Guidance Notes

Your answers should be based on the relevant information captured throughout the textbook.

Topic 8: Providing Financial Advice

1) Knowing your clients is paramount to giving advice. Your client has an investable lump sum of €60,000. Your clients have completed the Fact-finding process with you and is deemed to be a low-risk investor. However, you have calculated that this client needs to earn a net return of 5% per annum if she is going to meet her financial goal of sending both her twin daughters to university in Dublin in 6 years' time.

How would you allocate her €60,000 - Equities? Bonds? Property? Cash? **or** Structured Retail Product?

1b) The Consumer Protection code requires advisers to follow certain rules before offering advice. Briefly outline these rules and comment on why you feel they are appropriate.

2) You have a client referred to you; he is 56 year-old man who is recently widowed. You are tasked with the job of assessing his attitude to and capacity for investment risk. He tells you he is a high-risk investor. What are the issues with a client risk rating themselves?

2b) What factors should you consider when determining his attitude to and capacity for investment risk?

Guidance Notes

Your answers should be based on the relevant information captured throughout the textbook.

Appendix 1: Case Study Marking Form

CASE STUDY MARKING FORM

Case Study No.

Topic No. Topic Title Insurance Module

Learning Outcome:

To be completed by the Apprentice:

I confirm that all the work on the case study is my own work.

Signed (Apprentice) Date

Apprentice Student Number _____

To be completed by the Supervisor:

Checklist (please circle pass or fail as appropriate):

<i>Attempt 1</i>	<i>Attempt 2</i>	<i>Attempt 3</i>
<i>Pass/Fail</i>	<i>Pass/Fail</i>	<i>Pass/Fail</i>

PRINT Name: _____ (Supervisor)

Signed (Supervisor) Date