

# Qualification Specification

FEBRUARY 2023 | SCQF LEVEL 9 PRACTICAL INVESTMENT PLANNING



Practical  
Financial  
Exams

# Contents

|  |    |
|--|----|
| Introduction .....                                   | 2  |
| Qualification Objective .....                        | 2  |
| Entry Guidance.....                                  | 2  |
| Qualification Level .....                            | 3  |
| Recognition of Prior Learning .....                  | 3  |
| Chartered Insurance Institute (CII) .....            | 3  |
| London Institute of Banking and Finance (LIBF) ..... | 4  |
| Learning Outcomes and Performance Criteria .....     | 4  |
| Study Text Chapter and Learning Outcome Map .....    | 5  |
| About Your Assessment.....                           | 6  |
| Marking Criteria and General Considerations .....    | 6  |
| Written Assignment .....                             | 7  |
| Work-Based Evidence Portfolio .....                  | 11 |
| Professional Discussion.....                         | 13 |
| Terminology .....                                    | 16 |
| The Conduct Rules .....                              | 17 |
| How We Support Our Learners.....                     | 17 |
| Scientific Calculator.....                           | 18 |
| References .....                                     | 18 |

# Introduction

## **Welcome to SCQF Level 9 Practical Investment Planning!**

SCQF Level 9 Practical Investment Planning is a single unit qualification which aims to develop the competence and capability of UK retail Investment Advisers, including the soft skills involved in client interactions, and in the synthesis of professional investment advice.

The key word here is “practical” – this is a practical, pragmatic qualification for practical, pragmatic Financial Advisers. Its focus is on enhancing “real world” investment planning skills, not testing “exam world” scenarios which bear little resemblance to the day-to-day work of Financial Advisers.

When you start reading Chapter 1 of the study text, you may be wondering where all the investment technical content is – it’s in here (believe us) but this qualification teaches a mix of technical and soft skills to help you develop as a full-time Financial Adviser, not a part-time technician.

# Qualification Objective

To develop the competence and capability of UK retail investment Advisers, including the soft skills involved in client interactions, and in the synthesis of professional investment advice.

This is achieved via the study and practise of investment planning and its corresponding soft skills; and assessed via a portfolio of a written assignment and work-based evidence, supported by a professional discussion.

# Entry Guidance

While there are no formal entry requirements for SCQF Level 9 Practical Investment Planning, it is expected that Learners have completed their Level 4 Diploma with the CII, CISI, or LIBF. Furthermore, it is assumed that Learners are currently working either as a Financial Adviser, or in a related support role.

# Qualification Level

Practical Investment Planning has been credit rated by the Scottish Qualifications Authority (SQA) at Level 9 on the Scottish Credit and Qualifications Framework (SCQF). This is the same level as a bachelor's degree, and broadly comparable to RQF Level 6 in England.

Practical Investment Planning provides 10 SCQF credits, which means that most Learners are expected to spend around 100 hours completing this qualification. Once enrolled, Learners have twelve months to complete their assessment, which is plenty of time.

# Recognition of Prior Learning

SCQF Level 9 Practical Investment Planning is recognised by the CII and LIBF as prior learning for their corresponding Advanced Diploma qualifications.

## Chartered Insurance Institute (CII)

SCQF level 9 Practical Investment Planning graduates are eligible to apply for 15 CII Advanced Diploma-level non-unit-specific credits towards CII financial planning qualifications. This means you can use PIP towards your CII Level 6 Advanced Diploma in Financial Planning, which can lead to eligibility for Chartered Financial Planner status. This is confirmed on the CII website in the Exemptions Search here: <https://www.ciigroup.org/en/learning/accreditation/recognition-of-prior-learning/your-eligibility-and-apply/>

You should consult the CII website to familiarise yourself with the CII Recognition of Prior Learning scheme and qualifications before making your application. You will need to provide your PFE Practical Investment Planning graduation certificate and results transcript to evidence completing the qualification and will need to have them certified as true copies of the originals by a current CII or Personal Finance Society member, solicitor, or public notary.

Practical Financial Exams Limited can certify your graduation certificate and results transcript. There is an administration fee of £25 for this service. If you require this, please e-mail [contact@practicalfinancialexams.co.uk](mailto:contact@practicalfinancialexams.co.uk).

Full details, including the current scheme rules, application process, frequently asked questions, the application form and CII qualifications are accessible at: [www.cii.co.uk/prior-learning](http://www.cii.co.uk/prior-learning) and [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications).

# London Institute of Banking and Finance (LIBF)

SCQF Level 9 Practical Investment Planning is formally recognised by the LIBF as an eligible Specialist Unit for its Advanced Diploma in Financial Advice (Adv DipFA®). Leading to eligibility for Chartered ALIBF status, the Adv DipFA® is one of the most respected RQF Level 6 UK Financial Planning qualifications.

To complete the Adv DipFA®, candidates need to complete four units as follows:

- Taxation, Trusts and Tax Compliance (TTTC)
- Managing Investments (MANI)
- Either Pension Transfers (PETR) OR Financial Planning in Retirement (FPIR)
- Specialist Unit

**The Specialist unit can be SCQF Level 9 Practical Investment Planning.**

To use PIP towards the Adv DipFA®, you need to complete the LIBF's Recognition of Prior Learning form and e-mail it to [enquiries@libf.ac.uk](mailto:enquiries@libf.ac.uk).

The LIBF's Recognition of Prior Learning Policy can be accessed here:

<https://www.libf.ac.uk/study/professional-qualifications/recognition-of-prior-learning>

## Learning Outcomes and Performance Criteria

The Learning Outcomes and Performance Criteria comprise the SCQF Level 9 Practical Investment Planning syllabus.

- The Learning Outcomes are the overarching abilities and skills that will have been achieved.
- The Performance Criteria are the ways that the achievement of each Learning Outcome must be demonstrated by the Learner.

While the SCQF Level 9 Practical Investment Planning study text is written to address the Learning Outcomes in detail, the assessment is based on the Performance Criteria, not the study text or any other learning support materials.

These Learning Outcomes and Performance Criteria will be tested between January 2023 and December 2023, based on English law and practice in the relevant tax year unless otherwise stated, and on the legislative position at the time of the assessment.

Upon completion, Learners will be able to:

- 1. Deliver effective, compliant, professional, structured telephone pitch meetings and face-to-face/virtual fact-find meetings to retail investment clients.**
  - 1.1 Deliver an effective, compliant, professional, structured telephone pitch meeting.
  - 1.2 Demonstrate the ability to structure and control client meetings effectively.
  - 1.3 Present and explain a set of disclosure documents, including the firm’s business model and how charges work.
  - 1.4 Establish and agree SMART investment planning objectives with the client, including critical assessment of their potential achievability.
  - 1.5 Critically assess and agree the risk profile of a retail client, as a combination of their attitude to risk and capacity for loss.
  - 1.6 Explain to retail clients the main features, advantages, and disadvantages of the main investment strategies.
  
- 2. Synthesise professional, compliant, suitable investment plans for retail investment clients.**
  - 2.1 Produce a professional, compliant suitability report comprising a piece of innovative investment advice, the client’s objectives, the reasons why the advice is suitable, and any disadvantages of the advice.
  - 2.2 Demonstrate the suitability of the advice via deterministic and/or stochastic cashflow models.
  
- 3. Present professional, compliant, suitable investment plans for retail investment clients.**
  - 3.1 Professionally and compliantly present an innovative investment plan, along with corresponding regulatory supporting documents, answering any client questions, and gaining the client’s agreement to proceed with the advice.

# Study Text Chapter and Learning Outcome Map

The chapters in this study text can be mapped across to the SCQF Level 9 Practical Investment Planning Learning Outcomes and Performance Criteria as follows:

| Chapter                                   | Learning Outcome | Performance Criteria    |
|---|------------------|-------------------------|
| Chapter 1: Before the Fact-Find           | 1                | 1.1, 1.2                |
| Chapter 2: Fact-Find Meetings             | 1                | 1.2, 1.3                |
| Chapter 3: SMART Objectives               | 1                | 1.2, 1.4                |
| Chapter 4: Risk Profiling                 | 1                | 1.2, 1.5                |
| Chapter 5: Investment Strategies (Part I) | 1                | 1.2, 1.6                |
| Chapter 6: Analysis and Evaluation        | 1, 2             | 1.2, 1.4, 1.5, 1.6, 2.1 |
| Chapter 7: Cashflow Modelling             | 2                | 2.2                     |

|  |      |          |
|--|------|----------|
| Chapter 8: Investment Strategies (Part II) | 2    | 2.1      |
| Chapter 9: Investment Selection            | 2    | 2.1      |
| Chapter 10: Tax Wrapper Selection          | 2    | 2.1      |
| Chapter 11: Writing the Suitability Report | 2    | 2.1, 2.2 |
| Chapter 12: Presentation Meetings          | 3    | 3.1      |
| Chapter 13: Ongoing Review Meetings        | 1, 2 | 1.2, 2.1 |

# About Your Assessment

SCQF Level 9 Practical Investment Planning assessed via two coursework assignments, supported by a professional discussion. We believe that this triangulated approach adequately tests the achievement of all Learning Outcomes and Performance Criteria. Learners have twelve months to complete their assessments.

Once the Learner has been provided their first coursework assignment, the twelve-month clock will begin. Learners are therefore advised not to leave everything until the last minute, or they risk running out of time.

Learners should submit their assessments in the following order:

1. Their written assignment
2. Their work-based evidence portfolio

This is because if **innovation** is not evident in their written assignment, Learners must evidence that they can plan innovatively via their work-based evidence portfolio.

Once these assessments have received passing grades, the professional discussion can be arranged. The objective of the professional discussion is to support the written assignment and work-based evidence portfolio in demonstrating the achievement of all three Learning Outcomes.

Coursework resubmissions (“reassessments”) are dealt with under our Reassessment Policy.

# Marking Criteria and General Considerations

Learners’ evidence is assessed against comprehensive checklists which break down the Learning Outcomes and Performance Criteria and provide descriptions and examples of pass-standard evidence.

Pass/fail criteria is binary. Either the Learning Outcomes and Performance Criteria have been achieved, or they have not, and the Learner must pass all Performance Criteria to pass.

Each piece of assessment evidence submitted must meet the following general standards of quality:

- The evidence is compliant with FCA regulations and UK law.
- The evidence is compliant with Practical Financial Exams Limited's policies, processes, and procedures (e.g., no breaches of our Malpractice Policy).
- The evidence clearly demonstrates achievement of the relevant Performance Criteria. Assessors should consider in each case: *"Would a reasonable person believe, solely on the basis of the evidence provided by the Learner, that they have achieved the relevant Learning Outcomes/Performance Criteria?"*
- The evidence is comprehensive, demonstrating the achievement of at least one full Criterion, not merely part of a Criterion, unless otherwise stated in the checklist.
- Real-life client personal details must be redacted/censored.
- One piece of evidence may be used as evidence for the achievement of multiple Learning Outcomes and/or Performance Criteria.

**The burden of proof is on the Learner to convince the Assessor – via their written assignment, work-based evidence portfolio, and professional discussion – that they have achieved the Learning Outcomes.**

# Written Assignment

The written assignment involves the Learner being provided with a completed fact-find document. The Learner is then expected to produce a written suitability report and the relevant regulatory supporting documents to justify their advice.

Practical Financial Exams Limited has produced several fact-finds of a similar complexity which allow for the recommendation of innovative investment planning solutions. Learners are not permitted to collaborate with anyone else in the construction of their assignment. Learners should refer to our Malpractice Policy for further details.

The objective of the written assignment is to evidence the achievement of Learning Outcome 2.

As per Learning Outcome 2, Learners must produce a professional, compliant suitability report comprising a piece of innovative investment advice, the client's objectives, the reasons why the advice is suitable, and any disadvantages of the advice, and demonstrate the suitability of the advice via deterministic and/or stochastic cashflow models. This is based on the fully completed fact-find provided.

To pass the assessment, the report must be **professional, compliant, innovative, and suitable**. Where **innovation** is not evident but everything else is, the assignment will pass, but the ability to produce an innovative plan must be evidenced via a piece of additional work-based evidence. Where the report is not professional, compliant, or suitable, the assignment will not pass at all.



Within the context of the written assignment, we consider the terms “professional”, “compliant”, “innovative”, and “suitable” as follows:

|                     |   |
|---------------------|---|
| <b>Professional</b> | <ul style="list-style-type: none"> <li>• The report is well-structured and easy to understand and navigate.</li> <li>• The report is written in plain English, using correct spelling and grammar.</li> <li>• The report is suitable for neurodiverse clients.</li> </ul>   |
| <b>Compliant</b>    | <ul style="list-style-type: none"> <li>• The content of the suitability report is sufficiently compliant with COBS 9.4.</li> <li>• The recommendations are sufficiently justified according to the regulation and guidance in COBS 9.2, COBS 9A, and COBS 9.3.</li> <li>• The report is in keeping with the Conduct Rules as detailed in COCON 4.1, and the FCA Principles for Business in PRIN 2.1.</li> <li>• The report is accompanied by relevant regulatory support documents.</li> <li>• The report is accompanied by a list of documents which would be included on the client file, were this a real case.</li> </ul> |
| <b>Innovative</b>   | <ul style="list-style-type: none"> <li>• It is evident that the Learner has approached the assignment creatively, with an inventive take on investment planning.</li> </ul>   |
| <b>Suitable</b>     | <ul style="list-style-type: none"> <li>• The recommendations are appropriate for the client, and sufficiently justified.</li> <li>• The report contains deterministic and/or stochastic cashflow models which evidence the suitability of the advice.</li> </ul>  |

These definitions are applied to written assignments as follows:

| <b>Checklist Requirement</b>   | <b>Breakdown</b>  |
|--|---|
| The report is well-structured and easy to understand and navigate.             | <ul style="list-style-type: none"> <li>• The report contains a summary page at the beginning.</li> <li>• The report follows a logical structure; it does not jump from one point to the next but flows naturally from point to point.</li> <li>• The report is 25 pages or less.</li> </ul>   |
| The report is written in plain English, using correct spelling and grammar.    | <ul style="list-style-type: none"> <li>• The report is written in Layman’s terms and any unavoidable jargon is clearly explained.</li> <li>• The report is written using the correct English spelling and grammar.</li> </ul>   |
| The report is suitable for neurodiverse clients.                               | <ul style="list-style-type: none"> <li>• The report is written in a professional, legible font such as Ariel, Verdana, or Calibri, size 10-12, and in black.</li> <li>• The report has clear headings and spaces between paragraphs.</li> <li>• Line spacing is set at 1.5.</li> </ul>  |
| The content of the suitability report is sufficiently compliant with COBS 9.4  | <ul style="list-style-type: none"> <li>• The report contains the client’s objectives, the reasons why the advice is suitable, and any disadvantages of the advice.</li> <li>• Where an investment bond or other type of life assurance-based investment has been recommended, there is a statement of why that particular policy would best meet the client’s objectives.</li> </ul> <p><u><a href="#">Links</a></u><br/> <a href="#">COBS 9.4 Suitability reports - FCA Handbook</a></p> |
| The recommendations are sufficiently justified according to the regulation and | <ul style="list-style-type: none"> <li>• There is evidence of critical evaluation within the report, such as brief details of products considered and discounted, and the reasons for this.</li> <li>• Repayment of debt over investment is explicitly considered and evaluated (where relevant).</li> </ul>  |

|  |  |
|--|--|
| <p>guidance in COBS 9.2, COBS 9A, and COBS 9.3.</p>  | <ul style="list-style-type: none"> <li>• Where appropriate, each “reason why” is linked back to the client’s objectives and/or other information the fact-find.</li> <li>• The recommendations consider the client’s: <ul style="list-style-type: none"> <li>○ Investment knowledge and experience</li> <li>○ Financial situation</li> <li>○ Needs and objectives.</li> <li>○ Time horizon</li> <li>○ Attitude to risk and capacity for loss</li> <li>○ Investment preferences</li> </ul> </li> <li>• The report includes information on the need (or not) for ongoing financial advice.</li> </ul> <p><u>Links</u><br/> <a href="#">COBS 9.2 Assessing suitability - FCA Handbook</a><br/> <a href="#">COBS 9.3 Guidance on assessing suitability - FCA Handbook</a><br/> <a href="#">COBS 9A - FCA Handbook</a></p>                |
| <p>The report is in keeping with the Conduct Rules as detailed in COCON 4.1, and the FCA Principles for Business.</p>      | <ul style="list-style-type: none"> <li>• The report is factually correct; there are no technical errors.</li> <li>• The advice in the report is professional, suitable, and justified.</li> <li>• The fact-find has been adequately analysed and evaluated.</li> <li>• The report is clear, fair, and not misleading.</li> </ul> <p><u>Links</u><br/> <a href="#">COCON 4.1 Specific guidance on individual conduct rules - FCA Handbook</a><br/> <a href="#">PRIN 2.1 The Principles - FCA Handbook</a></p>   |
| <p>The report is accompanied by relevant regulatory support documents</p>  | <ul style="list-style-type: none"> <li>• KIDs, KIIDs, KFIs, and KFDs where relevant, depending on whether the recommended products are PRIIPs or non-PRIIPs.</li> <li>• Fund factsheets for all recommended funds.</li> </ul> <p>Alternatively, a written statement explaining the regulatory support documents that would accompany the report, were this a real case.</p>  |
| <p>The report is accompanied by a list of documents which would be included on the client file, were this a real case.</p> | <p>A list confirming (where relevant):</p> <ul style="list-style-type: none"> <li>• Client agreement / statement of engagement</li> <li>• Disclosure documents</li> <li>• Customer Privacy Notice</li> <li>• Client ID verification</li> <li>• Completed fact find</li> <li>• Risk profiling evidence</li> <li>• Research</li> <li>• Product and fund literature</li> <li>• Suitability report</li> <li>• Application forms / data capture forms</li> <li>• Call/meeting recordings</li> <li>• Suitability report agreement to proceed</li> <li>• Ongoing advice agreement</li> <li>• Confirmation the transaction has completed</li> <li>• Any additional relevant information</li> <li>• Any supplementary conversations with the client</li> <li>• Their business card and CV</li> <li>• The signed client declaration</li> </ul> |

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>• The Adviser’s brochure used to explain the customer journey</li> </ul> <p>And a short explanation of what each of these are.</p>  |
| It is evident that the Learner has approached the assignment creatively, with an inventive take on investment planning | <p>Innovative solutions may include, for example:</p> <ul style="list-style-type: none"> <li>• Tax wrapper diversification (other than bed and ISA).</li> <li>• An advised portfolio of single-sector funds <u>built by the Learner</u>.</li> <li>• A managed portfolio of multi-asset funds <u>built by the Learner</u>.</li> <li>• The use of multiple discretionary fund managers (DFMs) <u>selected by the Learner</u>.</li> <li>• A mix of advised, managed, and/or DFM strategies.</li> <li>• A mix of growth and value investment strategies.</li> <li>• A mix of growth and income investment strategies.</li> <li>• A mix of passive and active investment strategies.</li> <li>• The use of structured products, smoothed funds, investment trusts, or other non-OEIC/unit trust investments when combined with each other or an OEIC/unit trust investment.</li> </ul> <p>Innovative solutions would be <b>unlikely</b> to include, for example:</p> <ul style="list-style-type: none"> <li>• The use of an Adviser’s firm’s Centralised Investment Proposition (CIP) where the candidate had no part in building it.</li> <li>• The use of a single investment fund, product, and/or solution.</li> </ul> <p>“Innovation” does not mean “weird” or “whacky”. However, the fact-finds we’ve produced provide a great deal of flexibility for a creative approach, and we want to see Learners embrace this and use it to demonstrate their technical knowledge and critical understanding of investment planning.</p> <p><b><i>Where the assignment has not been approached creatively, Learners will be required to demonstrate that they can take an innovative approach to investment planning in their work-based evidence portfolio.</i></b></p> |
| The recommendations are appropriate for the client, and sufficiently justified.  | <ul style="list-style-type: none"> <li>• The report sufficiently justifies the recommendations; it is convincing.</li> <li>• The recommendations have the potential to enable the client to meet their stated SMART objectives.</li> </ul>   |
| The report contains deterministic and/or stochastic cashflow models which evidence the suitability of the advice       | <ul style="list-style-type: none"> <li>• The report includes deterministic and/or stochastic cashflow models which demonstrate at least in theory that the investment plan has the potential to meet the client’s needs and objectives.</li> <li>• Stress tests evidence that while the recommendations have the potential to meet the client’s needs and objectives, this is not guaranteed.</li> <li>• Cashflow models are not overcomplicated and are suitable for the level of sophistication of the client.</li> <li>• Cashflow model outputs are clearly explained within the report.</li> <li>• Where relevant, inflation, personal taxation, and charges are factored into the model.</li> <li>• All assumptions are justified, such as regarding inflation, charges, and net return.</li> </ul>   |

# Work-Based Evidence Portfolio

The second coursework assignment is to compile a portfolio of work-based evidence which demonstrates the achievement of the Performance Criteria. **You can do this on your own, or you may collaborate.**

This assignment is designed to test client interaction (“soft”) skills, and practical skills such as objective setting, risk profiling, and structuring meetings. This can’t easily be tested using traditional assessment methods such as written exams, so it is tested via a portfolio of different pieces of evidence provided by the Learner. Individually, these pieces of evidence don’t provide comprehensive proof of achievement of the Learning Outcomes, but together, they do.

The objective of the work-based evidence portfolio is to evidence the achievement of Learning Outcomes 1 and 3.

- Learners must gather at least **two** pieces of work-based evidence for each Performance Criterion in the syllabus. It is up to the Assessor whether a piece of evidence is acceptable.
- Where fewer than **three** pieces of evidence have been provided for a Criterion, additional evidence will be required to be presented in the professional discussion.

A fully complete portfolio may include any **three** of:

- A written statement from the Learner’s line manager, explaining how the Learner demonstrated the achievement of each Performance Criterion, either with a live client or as part of a roleplay-based training exercise.
- A written statement from an industry peer, explaining how the Learner demonstrated the achievement of each Performance Criterion as part of a roleplay-based training exercise.
- A completed and signed client feedback questionnaire from a live client, confirming the Learner demonstrated the achievement of each Performance Criterion as part of a real-life financial planning exercise. Alternatively, a written statement from the client to this effect.
- Recorded roleplays and video/audio-based evidence, or transcripts thereof, which evidence the achievement of each Performance Criterion, either with a live client or as part of a roleplay-based training exercise.
- A reflective statement written by the Learner explaining what they did to achieve each Performance Criterion, how they did it, and what they’d do differently next time. *Note: Learners’ own reflective statements are not enough to be counted as one of the minimum two pieces of evidence **but may be counted as the third.***

Not every Learner will have access to line manager statements, client feedback, and/or a roleplay partner. Furthermore, some Learners’ real-life, training, and roleplay activities will not cover every Performance Criterion. Therefore, Learners can gap-fill using the following acceptable pieces of evidence for each Performance Criterion:

|  |   |
|--|---|
| 1.1 Deliver an effective, compliant, professional, structured telephone pitch meeting.   | <ul style="list-style-type: none"> <li>• A comprehensive file note detailing the roleplay or real-life pitch meeting.</li> </ul>  |
| 1.2 Demonstrate the ability to structure and control client meetings effectively.  | <ul style="list-style-type: none"> <li>• Agendas for fact-find and/or presentation meetings.</li> <li>• A comprehensive fact-find extract detailing, as either a roleplay or real-life meeting, the use of the TEXAS and IDEA drills to manage a conversation with a vulnerable client.</li> <li>• A comprehensive fact-find extract detailing the effective management of different types of client responses such as exaggerations and answering questions with questions.</li> </ul> |
| 1.3 Present and explain a set of disclosure documents, including the firm's business model and how charges work.   | <ul style="list-style-type: none"> <li>• A written script for taking the client through disclosure documents.</li> <li>• A written crib sheet for taking the client through disclosure documents.</li> </ul>  |
| 1.4 Establish and agree SMART investment planning objectives with the client, including critical assessment of their potential achievability.  | <ul style="list-style-type: none"> <li>• A fully complete SMART objectives table, using our template, including a cashflow-based or mathematical assessment of achievability, with a critical evaluation of the numbers.</li> </ul>   |
| 1.5 Critically assess and agree the risk profile of a retail client, as a combination of their attitude to risk and capacity for loss.   | <ul style="list-style-type: none"> <li>• A comprehensive fact-find extract detailing, as either a roleplay or real-life meeting, the end-to-end risk profiling process including the client's knowledge and experience, attitude to risk, and a cashflow-based or mathematical assessment of capacity for loss, with a critical evaluation of the numbers. Ideally, this should be in a similar format as demonstrated in the textbook.</li> </ul>                                      |
| 1.6 Explain to retail clients the main features, advantages, and disadvantages of the main investment strategies.  | <ul style="list-style-type: none"> <li>• A written document, perhaps in a table format, comparing the features, advantages, and disadvantages, of: <ul style="list-style-type: none"> <li>○ Advised portfolios</li> <li>○ Managed portfolios</li> <li>○ DFMs</li> <li>○ Values-based and sustainable investing</li> </ul> </li> </ul>   |
| 2.1 Produce a professional, compliant suitability report comprising a piece of innovative investment advice, the client's objectives, the reasons why the advice is suitable, and any disadvantages of the advice. | <p><b>Only required where innovation is not evident in the Learner's Written Assignment.</b></p> <ul style="list-style-type: none"> <li>• A one-page statement about a time the Learner provided innovative investment advice, either with a live client or as part of a training exercise.</li> </ul>  |
| 2.2 Demonstrate the suitability of the advice via deterministic and/or stochastic cashflow models.   | <b>Not required.</b>  |
| 3.1 Professionally and compliantly present an innovative investment plan, along with corresponding regulatory supporting documents, answering any  | <ul style="list-style-type: none"> <li>• A comprehensive file note detailing the roleplay or real-life presentation meeting.</li> </ul>   |

|  |  |
|--|--|
| client questions, and gaining the client's agreement to proceed with the advice. |  |
|--|--|

Where evidence is still difficult to obtain, Learners can book time with an Assessor not involved in their assessment to roleplay and/or hold structured discussions which can be recorded and used as work-based evidence.

**Where evidence is provided in the form of audio and/or video recordings, or transcripts thereof, Learners must specify the relevant minutes/timings of the recording, and/or pages of the transcript, which they believe evidence their achievement of the specific Performance Criteria. Audio and/or video recordings, or transcripts thereof, with no minutes/timings, risk being rejected by Assessors.**

Where evidence is video or audio-based, the Learner's confidence must be evident. If it appears the Learner is reading from a script, or the evidence presented demonstrates anything less than consummate professionalism as the result of many hours of practice of the soft skills learned in the study text, it will not be acceptable.

Where evidence is written (e.g., by the Learner, or their line manager, peer, or client) confidence and consummate professionalism need to shine through the documents, making it abundantly clear the Performance Criteria have been achieved.

To assist candidates with Assignment 2, we have produced numerous templates freely downloadable from our Document Store: [Document Store | Practical Financial Exams](#)

# Professional Discussion

A professional discussion is a recorded, structured conversation with an Assessor conducted via Microsoft Teams. It generally lasts around half an hour but could potentially go on for an hour or more. It includes, but is not limited to, the following:

- Competency-based 'talking points' related to the achievement of the Learning Outcomes.
- Small roleplay elements, particularly where work-based evidence of soft skills is lacking.
- An opportunity for Learners to present additional evidence of the achievement of the Learning Outcomes outside their written assignment and work-based evidence.

The content of the professional discussion will depend on the portfolio of the written assignment and work-based evidence already presented. Where sufficient evidence has been gathered within the written assignment and work-based evidence for specific Performance Criteria, the professional discussion will focus more on the Performance Criteria where evidence is lacking.

Unless otherwise stated, the professional discussion will feature **one** competency-based question or short roleplay for each Performance Criterion, or **three** where there are fewer than three pieces of work-based evidence for a Criterion.

To pass, the Learner must convince the Assessor that the Learning Outcomes have been achieved. It is up to the Assessor whether a Learner’s answer is sufficient. Where any answer is insufficient, for which there may be legitimate reasons, the Assessor may ask an alternative question where available, and/or re-word the question to make it relevant to the Learner, so to allow the Learner to provide an answer but without providing an unfair advantage.

Where the Learner is unable to answer the required number of questions to a satisfactory standard for any one Performance Criterion, the evidence for that Criterion will be insufficient and the Learner will not pass the overall assessment.

Given the personal nature of the questions, and the infinite number of possible answers, it is not practical to produce a set of model answers. However, where talking points are more general, and based on established technical knowledge or soft skills, Assessors should refer to the relevant parts of the SCQF Level 9 Practical Investment Planning study text for model answers.

There is a performative element to this assessment. The Learner’s confidence must be evident. As with the Portfolio Assignment, if it appears the Learner is reading from a script, or the evidence presented demonstrates anything less than consummate professionalism as the result of many hours of practice of the soft skills learned in the study text, it will not be acceptable.

| Criterion   | Question Bank  |
|---|--|
| <p>1.1 Deliver an effective, compliant, professional, structured telephone pitch meeting.</p> | <p>Roleplays:</p> <ul style="list-style-type: none"> <li>• Short roleplay of a telephone pitch meeting (webcams turned off).</li> </ul> <p>Competency-based ‘talking points’:</p> <ul style="list-style-type: none"> <li>• Tell me about a time you delivered an effective pitch meeting. As part of this, explain the structure you used, and how you knew the call was compliant.</li> <li>• Describe three soft skills you employed on the call, the impact on the client, and the extent it influenced the outcome of the call.</li> </ul>   |
| <p>1.2 Demonstrate the ability to structure and control client meetings effectively.</p>      | <p>Roleplays:</p> <ul style="list-style-type: none"> <li>• Present the agendas you use to structure client meetings. This may be for either a fact-find or presentation meeting.</li> <li>• Demonstrate the effective management of a conversation with a vulnerable customer using the TEXAS and IDEA drills.</li> <li>• Demonstrate the effective summary/wrapping-up of a fact-find meeting, including explaining the next steps in the financial planning process. You may begin with the words <i>“This brings us to the end of the meeting.”</i></li> </ul> <p>Competency-based ‘talking points’:</p> <ul style="list-style-type: none"> <li>• Tell me what you would do if a client started taking the meeting off on a random tangent and you were starting to lose control. Also, tell me what you would do if you felt a client was exaggerating about their salary and bonus.</li> <li>• Describe three questioning techniques Financial Advisers may use to gather information from a client to populate a fact-find.</li> </ul> |

|  |  |
|--|--|
| <p>1.3 Present and explain a set of disclosure documents, including the firm's business model and how charges work.</p>                              | <p>Roleplays:</p> <ul style="list-style-type: none"> <li>• Present your firm's Terms of Business to me.</li> <li>• Present your firm's Customer Privacy Notice to me.</li> <li>• Present your firm's advice process to me; what does my client journey look like?</li> </ul> <p>Competency-based 'talking points':</p> <ul style="list-style-type: none"> <li>• Tell me about your firm's charging structure.</li> <li>• Describe three soft skills you employ when presenting disclosure documents, the impact on the client, and the extent it influenced the outcome of the meeting.</li> </ul>   |
| <p>1.4 Establish and agree SMART investment planning objectives with the client, including critical assessment of their potential achievability.</p> | <p>Roleplays:</p> <ul style="list-style-type: none"> <li>• Educate me on SMART objectives. Draw out SMART onto a piece of paper or your screen and explain what SMART means, as if I was a client.</li> </ul> <p>Competency-based 'talking points':</p> <ul style="list-style-type: none"> <li>• Tell me about how you establish, agree, and record your client's needs and objectives.</li> <li>• Tell me about a time you critically assessed a client's SMART objectives as achievable, or not.</li> </ul>  |
| <p>1.5 Critically assess and agree the risk profile of a retail client, as a combination of their attitude to risk and capacity for loss.</p>        | <p>Roleplays:</p> <ul style="list-style-type: none"> <li>• Educate me on investment, risk, and risk profiling, as if I were a client with limited investment knowledge and experience, and you were preparing me to undertake a risk profiling exercise.</li> </ul> <p>Competency-based 'talking points':</p> <ul style="list-style-type: none"> <li>• Tell me about a time you critically assessed and agreed your client's attitude to risk; what were the processes involved, and how was it recorded?</li> <li>• Tell me about a time you critically assessed a client's capacity for loss; what were the processes involved, and how was it recorded?</li> </ul>  |
| <p>1.6 Explain to retail clients the main features, advantages, and disadvantages of the main investment strategies.</p>                             | <p>Roleplays:</p> <ul style="list-style-type: none"> <li>• Educate me on the main features, advantages, and disadvantages of advised portfolios AND/OR managed portfolios AND/OR DFMs</li> <li>• Educated me on the main features, advantages, and disadvantages of maintaining values-based and/or sustainable investment preferences.</li> </ul> <p>Competency-based 'talking points':</p> <ul style="list-style-type: none"> <li>• Explain the main features, advantages, and disadvantages of advised portfolios AND/OR managed portfolios AND/OR DFMs AND/OR values-based investment AND/OR sustainable investment.</li> <li>• Critically compare the main features, advantages, and disadvantages of centralised and decentralised investment propositions.</li> </ul> |
| <p>2.1 Produce a professional,</p>   | <p>Competency-based 'talking points':</p>  |



|   |  |
|---|--|
| <p>compliant suitability report comprising a piece of innovative investment advice, the client’s objectives, the reasons why the advice is suitable, and any disadvantages of the advice.</p>   | <ul style="list-style-type: none"> <li>• Tell me why you felt your recommended strategy was innovative.</li> <li>• In simple terms, explain the recommendation in your written assignment to me, and why you felt it was suitable for the client.</li> </ul> <p>Additional competency-based ‘talking points’ to be discussed where innovation was not evident in the written assignment:</p> <ul style="list-style-type: none"> <li>• Tell me about a time when you produced an innovative piece of investment advice, and why you feel it is innovative.</li> <li>• You’ve produced evidence as part of your Portfolio Assignment to confirm you have the ability to plan innovatively. Tell me why you didn’t also plan innovatively for your Written Assignment.</li> </ul>     |
| <p>2.2 Demonstrate the suitability of the advice via deterministic and/or stochastic cashflow models.</p>   | <p>Roleplays:</p> <ul style="list-style-type: none"> <li>• Present the cashflow models used in your Written Assignment as if I were the client, in the context of a presentation meeting.</li> </ul> <p>Competency-based ‘talking points’:</p> <ul style="list-style-type: none"> <li>• Tell me why you used your chosen approach to cashflow modelling in your written assignment (e.g., deterministic, stochastic, historical, chosen software package).</li> <li>• Explain your rationale for the stress tests you included in your written assignment.</li> <li>• Explain the reasons for the assumptions for inflation and net return you used in your written assignment.</li> </ul>   |
| <p>3.1 Professionally and compliantly present an innovative investment plan, along with corresponding regulatory supporting documents, answering any client questions, and gaining the client’s agreement to proceed with the advice.</p> | <p>Roleplays:</p> <ul style="list-style-type: none"> <li>• Present the Key Features Illustration AND/OR Key Features Document AND/OR Key Information Document provided with your Written Assignment to me, as if I were the client.</li> <li>• Present the Key Investor Information Document AND/OR Fund Factsheet provided with your Written Assignment to me, as if I were the client.</li> <li>• Present the summary page of your Written Assignment to me, as if I were the client.</li> </ul> <p>Competency-based ‘talking points’:</p> <ul style="list-style-type: none"> <li>• Briefly explain the PRIIPs rules to me.</li> <li>• Tell me what you would do if a client asked a question in relation to their recommendation that you didn’t know the answer to.</li> </ul> |

# Terminology

While there is some debate around this within the profession, Practical Financial Exams Limited uses the terms “Financial Adviser/advice” and “Financial Planner/planning” interchangeably.

Furthermore, we use the term “investment advice/planning” to mean personal recommendations on retail investment products as a means of achieving a client’s financial needs and objectives. As such,

it has an identical meaning to “financial advice” where that financial advice involves recommendations on retail investment products. However, not all financial advice involves recommendations on retail investment products, e.g., advice on pure protection policies such as term assurance, which is why the distinction has been made between “financial advice” and “investment advice”.

We fully acknowledge that every firm is different, every firm provides a slightly different service to clients, and every firm has its own preference for terminology.

Personal pronouns used are generally gender neutral, although we have used male and female pronouns where we feel they help the content flow more effectively.

# The Conduct Rules

The Senior Managers and Certification Regime (SM&CR) introduced five Conduct Rules which most financial services employees, including those providing retail investment advice, must follow. The Consumer Duty subsequently introduced the sixth. They are:

1. You must act with integrity.
2. You must act with due skill, care, and diligence.
3. You must be open and cooperative with regulators.
4. You must pay due regard to the interests of customers and treat them fairly.
5. You must observe proper standards of market conduct.
6. You must act to deliver good outcomes for retail customers. [1]

SCQF Level 9 Practical Investment Planning is designed with these fundamental principles at its core.

# How We Support Our Learners

Practical Financial Exams Limited supports our Learners in the following ways:

|                      |   |
|----------------------|---|
| <b>Study Text</b>    | This study text is the core of Learners’ study. It has been written specifically to address the Learning Outcomes and Performance Criteria in plain English, with technical terms explained, by an investment planning specialist and highly experienced training consultant.           |
| <b>Exam Helpline</b> | Learners have unlimited access to our Exam Helpline via e-mail, by e-mailing <a href="mailto:contact@practicalfinancialexams.co.uk">contact@practicalfinancialexams.co.uk</a> . Learners supported by our Deluxe Package have up to three hours’ support via Microsoft Teams, and 1-2-1 |

|                        |  |
|------------------------|--|
|                        | assessment feedback sessions. Full details are in our Terms of Service, available on our website at <a href="http://www.practicalfinancialexams.co.uk">www.practicalfinancialexams.co.uk</a> . |
| <b>Fast-Track Week</b> | From time to time, Practical Financial Exams Limited may run Fast-Track Weeks, providing hands-on coaching and support through our accreditation process.                                      |

In addition to the above paid-for learning support services, we also provide free content via the News and Insights section of our website, and on our YouTube channel.

*Learners who may require additional support can get in touch at [contact@practicalfinancialexams.co.uk](mailto:contact@practicalfinancialexams.co.uk) and we will explain the additional support services available.*

# Scientific Calculator

Learners are likely to require a scientific calculator as they progress through their studies. The model recommended by Practical Financial Exams Limited is the Casio fx-82MS because of its simplicity and two-line display.

*If you can't get it quickly or cheaply, e-mail us at [contact@practicalfinancialexams.co.uk](mailto:contact@practicalfinancialexams.co.uk) and we'll recommend a suitable alternative.*

# References

- [1] Financial Conduct Authority, "COCON 2.1 Individual conduct rules," 07 03 2016. [Online]. Available: <https://www.handbook.fca.org.uk/handbook/COCON/2/1.html?date=2016-06-30>. [Accessed 26 09 2021].