



# UNIVERSITY FOUNDATION PROGRAMME

## FINANCIAL TRADING SPECIFICATION

PREPARING STUDENTS FOR UNIVERSITY SUCCESS

FOR TEACHING FROM 2021



# CATS UFP

CATS UFP is a Level 3 course, specifically designed to help international students move successfully from secondary education to a UK University.

The CATS UFP is delivered over 420 directed hours of teaching and learning, over 3 subjects, and utilises a rigorous style of study, within a pastorally supportive and culturally stimulating environment that enables students' learning to develop and progress successfully. Students are able to access a variety of assessment methods that are common in UK Universities, such as portfolios, presentations academic posters, and examinations combined with content specifically designed to build on prior learning from courses around the world.

English for Academic purposes is an essential part of CATS UFP, and all students will take an English course that supports their learning and prepares them for university life, as well as having access to many extracurricular activities that further reinforce their use of English. Assessment design within each subject carefully focuses on subject knowledge and skills, rather than the ability to cope with English as a second language.

CATS Colleges provide a stimulating intellectual and diverse environment with small classes; thus, enabling the best learning to happen. With CATS UFP, all learning happens with teachers who have excellent subject knowledge and are expert in creating a positive learning environment for students from a wide range of backgrounds.

CATS UFP has a successful record of accomplishment and is highly respected by UK universities. With this qualification, students with 12 years of schooling from their own country can make the progression that they want, to a wide range of UK universities, including those ranked most highly for both research and teaching. CATS UFP has strong advocates in its alumni, who display what a CATS UFP qualification can give them. Graduates report that they feel very well prepared for university study; often, better prepared than students from other Level 3 programmes. Universities have confirmed this, through testimonials and through extensive consultation with university based External Examiners it has gained excellent credibility with UK universities.

## **INTRODUCTION**

### **Why Choose Financial Trading UFP?**

#### **Dynamic and engaging content:**

For over 35 years CATS UFP has provided a high quality, successful qualification. Through consistent improvement using teacher and student feedback, classroom experience and by working closely with universities CATS UFP demonstrates the interrelated nature of business and finance using financial and quantitative models, theories and techniques to support analysis of contemporary publicly trading businesses, markets and economies. The content of Financial Trading UFP is designed to engage international students through topics and issues that are relevant across the globe.

#### **Real life skills:**

Students will develop the knowledge and skills needed to analyse data, think critically about issues and make informed decisions –all skills that are needed for further study and employment. In addition, the UFP Financial Trading specification also gives room for the development of soft skills which are essential in the global finance world such as collaboration, presentation, research, and written communication skills.

#### **Assessment success:**

Financial Trading UFP involves a blended learning approach to assessing students that enables them to access content and demonstrate a wide range of skills and abilities. The main method of assessment is continuous coursework and assignments.

Our coursework uses a variety of assessment styles including group presentations, individual reflection, researching, individual essays and data analysis and evaluation reports. Topics are contemporary and engaging to support students in developing key skills required for future University studies.

## **\*AIMS OF THE COURSE**

### **The UFP encourages students to:**

- Develop an enthusiasm for studying Financial Trading using 'cutting edge' technology in a dynamic and ever-changing environment.
- Develop an understanding of financial and economic concepts and theories; and see how these relate to the real world of Global Finance.
- Gain knowledge and analytical tools to make suitable investment decisions.
- Study the dynamic market environment within which businesses operate and the effects this can have upon decision-making within a business.
- Develop numeracy and quantitative skills through data analysis and application.
- Develop commercial awareness and financial acumen.
- Establish an appreciation for risk and reward decision making.
- Establish a critical understanding of major topical issues that can impact global businesses and financial markets.
- Acquire an awareness of the range of economic indicators that can influence business activities.
- Select and manipulate data in a variety of forms and to interpret their results through the use of the Bloomberg Terminal.
- Generate creative and enterprising approaches to economic and business scenarios, challenges and issues.
- Evaluate and make judgements using key financial tools relating to different financial markets.

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## KEY SKILLS

Students taking this course will be encouraged to develop into independent learners with the ability to think critically, understanding the key importance of research and presentational skills. The course covers these key skills in the following ways:

### Reasoning and critical thinking:

- Use problem solving skills to solve problems effectively in situations where more than one approach is possible
- Select, organise and communicate relevant information in a variety of forms
- Use subject specific techniques in a multitude of situations applicable to the real world

### Independent Learning:

- Organise their own learning through management of time and material
- Work on own initiative to prioritise tasks
- Work independently to support understanding of material
- Carry out self-directed learning tasks

### Research Skills:

- Research an area of interest and find data suitable to analyse statistically
- Ensure all research is referenced and not plagiarised
- Use ICT to develop information literacy skills, to communicate and collaborate with others

### Presentational Skills:

- Systematic documentation of finding and analysis
- Use of word processing and other forms for ICT for communication
- Organise information clearly and coherently, using specialist vocabulary when appropriate

### **\*ASSUMED PRIOR KNOWLEDGE**

We appreciate that UFP students come from a diverse range of cultures and backgrounds, so necessary level two content and terminology will be covered in UFP teaching.

The UFP Financial Trading course is built on the assumption that students do not have prior knowledge in the study of financial trading. However, students will need to be able to use skills and knowledge to be able to:

- Construct spreadsheets using Microsoft Excel
- Calculate, use and understand ratios and fractions
- Calculate, use and understand percentages and percentage changes
- Understand and interpret a range of statistics
- Calculate cost, revenue and profit
- Interpret, apply and analyse information in written, graphical and numerical forms
- Demonstrate a genuine interest for reading business news stories and current affairs

Any prior learning in Economics and/or Business would be beneficial to enable students to be able to grasp the concepts quicker and also go into further depth. For example, for those that have joined the UFP route from an international system which uses the IB or IGCSE syllabi, they may have taken Economics at a Key Stage 4 level which may cover topics such as the basic economic problem, the allocation of resources microeconomic decision makers, government and the macroeconomy, economic development, international trade and globalisation.

We appreciate that UFP students come from a diverse range of cultures and backgrounds and will benefit great from prior Mathematical studies of GCSE (or equivalence) at grade C minimum.

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## \*SUBJECT CONTENT

### Examinable Content:

The topics stated in the table below will be assessed through a variety of assessments.

Unit 1- introduction to financial markets	Guided Learning Time	Key Terms	Guidance
<b>Introduction to types of markets- equities and bonds.</b>	4 hours	<ul style="list-style-type: none"> <li>• Markets</li> <li>• Imports / Exports</li> <li>• Risk</li> <li>• Equities</li> <li>• Debt</li> <li>• Loans</li> <li>• Bonds</li> <li>• Goods</li> <li>• Services</li> </ul>	<ul style="list-style-type: none"> <li>• Define markets</li> <li>• Distinguish between risk and reward</li> <li>• Distinguish between buyers and sellers</li> <li>• Define and describe equities</li> <li>• Define and describe bonds</li> <li>• Compare and contrast financial markets to goods and services</li> </ul>
<b>Introduction to spreadsheets and Microsoft Excel software</b>	5 hours	<ul style="list-style-type: none"> <li>• Auto sum</li> <li>• Bar chart</li> <li>• Pie chart</li> <li>• Line chart</li> <li>• Filter</li> <li>• VLOOKUP</li> </ul>	<ul style="list-style-type: none"> <li>• State the purpose of spreadsheets in business</li> <li>• Introduction to Data Analysis</li> <li>• Create charts and graphs from data input</li> <li>• Construct formulae (adding, subtracting, multiplying and dividing)</li> <li>• Manipulate data using Filter</li> </ul>
<b>Roles and responsibilities of financial institutions. i.e. banks, hedge funds, pension funds, insurance companies, asset/ investment managers</b>	4 hours	<ul style="list-style-type: none"> <li>• Asset</li> <li>• Liability</li> <li>• Capital</li> <li>• Hedge Fund</li> <li>• Liquidity</li> <li>• Pension fund</li> <li>• Commercial Bank</li> <li>• Investment Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Define capital</li> <li>• Describe how commercial banks operate</li> <li>• State the purpose of pension funds and insurance companies</li> <li>• Distinguish between an asset/investment manager and a hedge fund</li> <li>• Distinguish between commercial and investment bank</li> <li>• Compare and contrast and evaluate different forms of investment structures</li> </ul>
<b>Economic indicators- including GDP and CPI</b>	5 hours	<ul style="list-style-type: none"> <li>• Recession</li> <li>• Slump</li> <li>• Recovery</li> <li>• Boom</li> <li>• Economic Growth</li> <li>• Demand-pull Inflation</li> <li>• Cost-push Inflation</li> <li>• CPI</li> </ul>	<ul style="list-style-type: none"> <li>• Describe the stages of the economic / business cycle</li> <li>• Define GDP</li> <li>• Analyse reasons for different levels of GDP</li> <li>• Compare levels of GDP to Growth</li> <li>• Define inflation</li> <li>• Calculate CPI</li> <li>• Comparing CPI levels globally</li> <li>• Distinguish between Nominal Growth and Real Growth</li> <li>• Apply and analyse economic indicators of two contrasting countries and make recommendation</li> </ul>

<b>Currencies-exchange rates and risks</b>	4 hours	<ul style="list-style-type: none"> <li>• SPICED (CCY)</li> <li>• Balance of Payments Current Account</li> </ul>	<ul style="list-style-type: none"> <li>• Define and calculate exchange rates</li> <li>• Determine the factors affecting exchange rates and its impact to business</li> <li>• Analyse the impact of exchange rate fluctuations to a business</li> <li>• Describe, analyse and evaluate the Balance of Payments Current Account of two contrasting countries</li> </ul>
<b>External factors influencing businesses:.. CV19</b>	3 hours	<ul style="list-style-type: none"> <li>• Seasonality</li> <li>• Global interest rates vs local interest rates</li> <li>• Demographics including migration</li> <li>• Changes in consumer tastes and fashions</li> <li>• Impact of Technology</li> </ul>	<ul style="list-style-type: none"> <li>• Distinguish between internal and external factors influencing business growth</li> <li>• Apply and analyse various external factors to contemporary case studies</li> </ul>
	25 hours		

<b>Unit 2- Equities</b>	<b>Guided Learning Time</b>	<b>Key Terms</b>	<b>Guidance</b>
<b>Equity indices-market valuation, constituent changes in members</b>	3 hours	<ul style="list-style-type: none"> <li>• Equity index</li> <li>• Constituents</li> <li>• Market Value</li> <li>• Industrial Sectors</li> <li>• FTSE 100</li> <li>• S&amp;P 500</li> <li>• Dow Jones</li> <li>• DAX</li> <li>• Hang Seng</li> <li>• Nikkei 225</li> <li>• China Shanghai Composite Index</li> </ul>	<ul style="list-style-type: none"> <li>• Define an equity index</li> <li>• Examine, compare and contrast different global indices e.g. S&amp;P 500, FTSE 100, DAX</li> <li>• Describe capital and price weighted indices with examples</li> <li>• Distinguish between capital weighted and price weighted index and their use by financial analysts</li> <li>• Create a capital weighted index and calculating market value</li> <li>• Determine the factors that affect changes to an index's constituents e.g. increasing weights of companies in the technology sector i.e. "FAANGs" (Facebook, Apple, Amazon, Netflix, Google.)</li> </ul>
<b>Equity Research</b>	7 hours	<ul style="list-style-type: none"> <li>• Market Capitalisation</li> <li>• Fair Market Value</li> <li>• Earnings</li> <li>• Industry Classification</li> <li>• Industry Hierarchy</li> <li>• Supply Chain</li> <li>• Revenue Projection</li> </ul>	<ul style="list-style-type: none"> <li>• Define Fair Market Value</li> <li>• Examining the impact of past, present and future earnings to valuation to determine Fair Market Value of a company</li> <li>• Distinguish between different industrial sectors and their impact on the overall</li> </ul>



		<ul style="list-style-type: none"> <li>• Cost Base</li> </ul>	<p>index</p> <ul style="list-style-type: none"> <li>• Analyse the impact of the Supply Chain to the share price e.g. quality versus quantity, exclusivity, barriers to entry</li> <li>• Evaluate the impact of individual shares to their industrial classification and the overall index</li> <li>• Determine the utility of revenue projection</li> <li>• List factors that influence Cost Base</li> <li>• Analysing the importance of the Cost Base</li> </ul>
<b>Fundamental (Absolute) Valuation</b>	8 hours	<ul style="list-style-type: none"> <li>• Revenue Projection</li> <li>• Cashflow Projection</li> <li>• Historical Analysis of Earnings, Revenues &amp; Costs</li> <li>• Equity Risk Premium</li> <li>• Weighted Average Cost of Capital (WACC)</li> <li>• Capital Asset Pricing Model (CAPM)</li> <li>• BETA</li> <li>• Discount Cashflows</li> <li>• Enterprise Value</li> <li>• Industry Drivers</li> <li>• Consensus Earnings Estimates</li> </ul>	<ul style="list-style-type: none"> <li>• Define what fundamental valuation is</li> <li>• Determine and interpret Revenue and Cashflow projections</li> <li>• Conduct historical analysis on financial data of the company.</li> <li>• Analyse individual shares and determine drivers in valuation based on research including cashflow projections, CAPM to determine Equity Risk Premium, WACC to determine market capitalization and thus derive fair value share price</li> <li>• Calculate Discount Cashflows</li> <li>• Evaluate the impact of WACC and discounted cashflows</li> <li>• Evaluate the difference between Enterprise Value and Market Capitalisation</li> <li>• Analyse and evaluate the importance of Consensus Earnings Estimates to actual earnings in share price performance</li> <li>• Evaluate internal and external factors which can effect valuations.</li> </ul>
<b>Relative Valuation</b>	8 hours	<ul style="list-style-type: none"> <li>• Relative Valuation</li> <li>• Dividend Yields</li> <li>• Price/Earnings (PE) Ratio</li> </ul>	<ul style="list-style-type: none"> <li>• Define what relative valuation is</li> <li>• Analyse the metrics of Relative valuation process in determine the share price including the use of Dividend Yields, Price/Earnings (PE) Ratio</li> <li>• Evaluate the effectiveness in the use of Dividend Yields and PE ratios to determine share price value</li> <li>• Application and analysis of the metrics to competitors and the overall market</li> <li>• Evaluate the strengths and weakness of both fundamental and relative valuation</li> </ul>

			<ul style="list-style-type: none"> <li>Application of spreadsheets to evaluate individual share performance to competitors as well as well as contrasting financial analysis of companies in the same sector</li> </ul>
<b>Initial Public Offerings (IPOs) and floatation-benefits and drawbacks</b>	2 hours	<ul style="list-style-type: none"> <li>IPO</li> <li>Rights Issue</li> </ul>	<ul style="list-style-type: none"> <li>List sources of finance e.g. internal versus external</li> <li>Describe the process of companies raising external capital through the stock exchange</li> <li>Define IPO</li> <li>Define Rights Issue</li> <li>Evaluate the different sources of finance available to a business to expand</li> </ul>
<b>Graphical representations of factors driving share performance</b>	2 hours	<ul style="list-style-type: none"> <li>Line chart</li> <li>Bar chart</li> <li>Candle chart</li> <li>Price/Earnings ratio.</li> <li>Dividend yield ratio</li> <li>ROCE ratio</li> <li>Beta</li> </ul>	<ul style="list-style-type: none"> <li>Utilise graphical methods of visualizing share price charts</li> <li>Analyse performance graphically</li> <li>Evaluate factors of performance</li> </ul>
	30 hours		

<b>Unit 3- Financial Analysis and Forecasting</b>	<b>Guided Learning Time</b>	<b>Key Terms</b>	<b>Guidance</b>
<b>The Annual Report – foundation of financial analysis</b>	1 hour	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Shareholder</li> <li>Dividend</li> <li>Annual General Meeting (AGM)</li> <li>“Window Dressing”</li> </ul>	<ul style="list-style-type: none"> <li>State the purpose, list the contents, describe the benefits of the annual report to shareholders</li> </ul>
<b>Statement of Financial Position (Balance Sheet)- purpose, benefits and drawbacks</b>	6 hours	<ul style="list-style-type: none"> <li>Non-current assets</li> <li>Debtor versus Creditor</li> <li>Receivables and Payables</li> <li>Current assets</li> <li>Total assets</li> <li>Current liabilities</li> <li>Non current liabilities</li> <li>Total liabilities</li> <li>Equity</li> <li>Net assets</li> <li>Shareholders' equity</li> </ul>	<ul style="list-style-type: none"> <li>State the structure of the balance sheet</li> <li>Distinguish between Asset and Liability and Short term versus Long term.</li> <li>Calculate Net Assets and Capital Employed</li> <li>Analyse case studies and make recommendations</li> <li>Evaluate accounting fair value versus market derived fair value</li> </ul>

<b>Income statement- purpose, benefits and drawbacks</b>	5 hours	<ul style="list-style-type: none"> <li>• Revenue</li> <li>• Cost of sales</li> <li>• Gross profit</li> <li>• Expenses</li> <li>• Overheads</li> <li>• Depreciation</li> <li>• Operating profit</li> </ul>	<ul style="list-style-type: none"> <li>• State the structure of an Income Statement</li> <li>• Distinguish between Gross Profit, Operating / Net Profit, Retained Profit</li> <li>• Calculate the different types of Profit</li> <li>• Analyse case studies and make recommendations</li> <li>• Distinguish the differences between items that should be treated as capital or revenue expenditure e.g., research and development</li> <li>• Evaluate the difference between realised and unrealised profit</li> </ul>
<b>Statement of Cashflow- purpose, benefits and drawbacks</b>	4 hours	<ul style="list-style-type: none"> <li>• Cash</li> <li>• Cash equivalents</li> <li>• Positive versus negative cashflow</li> <li>• Cash versus Profit</li> <li>• Cashflow forecasting versus Cashflow statement</li> <li>• Working Capital</li> <li>• Liquidity</li> <li>• Sources of finance</li> </ul>	<ul style="list-style-type: none"> <li>• Distinguish between “cash” versus profit</li> <li>• Describe sources of cash</li> <li>• Describe the benefits and drawbacks of Cash Flow forecasting</li> <li>• Evaluate the optimal size of working capital</li> <li>• Analyse the reasons for negative cashflow and make recommendations in how to improve this</li> <li>• Analyse and evaluate cash flow statements</li> <li>• Evaluate liquidity versus profitability</li> </ul>
<b>Financial analytics and key ratios</b>	6 hours	<ul style="list-style-type: none"> <li>• Profit margin ratio</li> <li>• Return on Capital Employed (ROCE)</li> <li>• Return On Total Assets (ROTA)</li> <li>• Earnings Per Share (EPS)</li> <li>• Dividend Cover</li> <li>• Liquidity ratio</li> <li>• Gearing</li> <li>• Total Shareholders' Return (TSR)</li> </ul>	<ul style="list-style-type: none"> <li>• Recap on key financial documents</li> <li>• Calculate index numbers to determine growth ratios and observe trends</li> <li>• Calculate profit margin ratios and analyse these year-on-year and in comparison with competitors</li> <li>• Calculate Return on Capital Employed and analyse these year-on-year and in comparison with competitors</li> <li>• Calculate Return On Total Assets and analyse these year-on-year and in comparison with competitors</li> <li>• Calculate Earnings Per Share and analyse these year-on-year and in comparison with competitors</li> <li>• Calculate Dividend Cover and analyse these year-on-year and in comparison with competitors</li> <li>• Calculate Liquidity ratio and analyse these year-on-year and in comparison with competitors</li> <li>• Calculate Gearing and analyse these year-on-year and in comparison with</li> </ul>

			<ul style="list-style-type: none"> <li>competitors</li> <li>Calculate Total Shareholders' Return and analyse these year-on-year and in comparison with competitors</li> </ul>
<b>Product portfolio analysis and Forecasting</b>	2 hours	<ul style="list-style-type: none"> <li>Product portfolio</li> <li>New product development</li> <li>Opportunity Cost</li> <li>Boston Matrix</li> <li>Problem Child</li> <li>Shooting Star</li> <li>Cash Cow</li> <li>Dog</li> </ul>	<ul style="list-style-type: none"> <li>State the benefits for a business possessing a wide product portfolio.</li> <li>Analyse a company's portfolio of products and services on a year-on-year basis and evaluating forecasts</li> <li>Application of Boston Matrix to Bloomberg Terminal case studies</li> </ul>
<b>Geographical segmentation analysis</b>	1 hour	<ul style="list-style-type: none"> <li>Segmentation</li> <li>MEDC vs LEDC</li> <li>Market saturation</li> <li>Emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>Identify trends for products / services in different regions and countries</li> <li>Describe the benefits and drawback of entering emerging markets</li> <li>Evaluate the sustainability of these trends</li> </ul>
	25 hours		

<b>Unit 4- Technical Chart Analysis</b>	<b>Guided Learning Time</b>	<b>Key Terms</b>	<b>Guidance</b>
<b>Trading</b>	2 hour	<ul style="list-style-type: none"> <li>Buy /Hold</li> <li>Short Selling</li> <li>Fundamental data trader</li> <li>Technical trader</li> <li>Day trading</li> <li>Swing trading</li> </ul>	<ul style="list-style-type: none"> <li>Define the term "Trading" and describe methods of trading</li> <li>Distinguish between Fundamental Trader and Technical Trader</li> <li>Compare and contrast the benefits and drawback of Fundamental trading versus Technical trading</li> <li>Distinguish between Day Trading &amp; Swing Trading</li> </ul>
<b>Introduction and Rationale of Technical Analysis</b>	2 hours	<ul style="list-style-type: none"> <li>Price Action</li> <li>Technician / Chartist</li> <li>Fundamentalist</li> <li>Self-fulfilling prophecy</li> <li>Crowd psychology</li> </ul>	<ul style="list-style-type: none"> <li>Define Technical Analysis</li> <li>Examine the philosophy and rationale Technical Analysis</li> <li>Compare and contrast Technical versus Fundamental Forecasting</li> <li>Evaluate market analysis versus market timing</li> <li>Evaluate the Technical approach versus the Fundamental approach</li> </ul>
<b>Introduction to Charts: Line versus Candlestick</b>	4 hours	<ul style="list-style-type: none"> <li>Bull market</li> <li>Bear market</li> <li>Line chart</li> <li>Daily, Weekly, Monthly charts</li> </ul>	<ul style="list-style-type: none"> <li>Analyse line charts over different periods and forecast an outcome</li> <li>Define Candlestick chart</li> <li>Analyse attributes of the Candlestick</li> <li>Compare and contrast the information</li> </ul>

		<ul style="list-style-type: none"> <li>• Candlestick</li> <li>• Pinbar</li> <li>• Hanging man</li> <li>• Marubozu</li> <li>• The Doji</li> <li>• The Engulfing candlestick</li> <li>• 3 Black Crows / 3 White Soldiers</li> <li>• 3 Inside Up</li> <li>• Evening Star / Abandoned Baby</li> </ul>	<p>content of Candlestick versus line charts</p> <ul style="list-style-type: none"> <li>• Evaluate patterns in Candlestick charts and make recommendations</li> </ul>
<b>Chart Anatomy</b>	4 hours	<ul style="list-style-type: none"> <li>• Trends</li> <li>• Corrections</li> <li>• Consolidations</li> <li>• Breakouts</li> <li>• Trend reversal</li> <li>• Price waves</li> <li>• Swing points</li> <li>• Upward trend</li> <li>• Sideways market</li> <li>• Higher highs</li> <li>• Higher lows</li> <li>• Wave-length</li> <li>• Angle / Steepness</li> <li>• Impulse wave</li> <li>• Correction wave</li> <li>• Swing structure</li> <li>• Exhaustion</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and explain various features of exhibits which can exist in charts</li> <li>• Use of Bloomberg terminal to identify certain features that exist in charts</li> <li>• Analyse the impact of certain features that exist in charts in relation to decision-making</li> <li>• Priorities the usefulness of various features that exist in charts</li> </ul>
<b>Key Chart Patterns</b>	5 hours	<ul style="list-style-type: none"> <li>• Head-and-shoulders (HAS) formation</li> <li>• Neckline</li> <li>• Confirmed breakout</li> <li>• Retest</li> <li>• Inverse HAS</li> <li>• Cup and Handle</li> <li>• Left half of the cup</li> <li>• Right half of the cup</li> <li>• Left edge of the cup</li> <li>• handle</li> <li>• Ascending triangle</li> <li>• Wedges</li> <li>• Classical wedge</li> <li>• Flag</li> <li>• Double and triple top</li> <li>• Retests</li> <li>• Trend lines</li> <li>• Contact points</li> <li>• Bump-and-run formation</li> <li>• Lead-in phase</li> </ul>	<ul style="list-style-type: none"> <li>• Describe how certain key chart patterns act as indicators buying / selling shares, currencies, commodities, bonds, etc</li> <li>• Analysis and interpretation of:</li> <li>• Head-and-shoulders formation</li> <li>• Cup and Handle</li> <li>• Ascending triangle</li> <li>• Wedges</li> <li>• Double and triple top</li> <li>• Trend lines</li> <li>• Support and resistance</li> <li>• Use of Bloomberg terminal to investigate key chart patterns relating to financial products e.g. gold, currencies, shares.</li> <li>• Evaluation of "traps" which can lead to poor decision-making</li> </ul>

		<ul style="list-style-type: none"> <li>• Bump phase</li> <li>• Run phase</li> <li>• Trend line breaks</li> <li>• Support</li> <li>• Resistance</li> <li>• Trend reversal</li> <li>• Order Absorption</li> <li>• Zones</li> <li>• Multi-time-frame analysis</li> <li>• Traps</li> </ul>	
<b>Indicators / Strategies</b>	6 hours	<ul style="list-style-type: none"> <li>• Indicators</li> <li>• Lagging indicators</li> <li>• Momentum indicators</li> <li>• Trend indicators</li> <li>• Volatility indicators</li> <li>• Moving average</li> <li>• Moving Average Convergence Divergence (MACD)</li> <li>• Relative Strength Indicator (RSI)</li> <li>• Overbought</li> <li>• Oversold</li> <li>• Bollinger bands</li> </ul>	<ul style="list-style-type: none"> <li>• Analyse and interpret a range of models and indicators that influence decision-making. For example:</li> <li>• Momentum indicators</li> <li>• Trend indicators</li> <li>• Volatility indicators</li> <li>• MACD</li> <li>• RSI</li> <li>• Stochastic</li> <li>• Bollinger bands</li> </ul>
<b>Backtesting technical strategies</b>	2 hours	<ul style="list-style-type: none"> <li>• Backtesting</li> </ul>	<ul style="list-style-type: none"> <li>• Define Backtesting and outline the purpose of it.</li> <li>• Evaluate the success and failure of technical trading strategies over various time horizons by prioritising key factors.</li> </ul>
	25 hours		

<b>Unit 5- Fixed Income</b>	<b>Guided Learning Time</b>	<b>Key Terms</b>	<b>Guidance</b>
<b>Capital Structure</b>	2 hours	<ul style="list-style-type: none"> <li>• Bond</li> <li>• Fixed Income</li> <li>• Gearing</li> </ul>	<ul style="list-style-type: none"> <li>• Define Fixed Income and bonds</li> <li>• List examples of different types of bonds</li> <li>• Examine the size of the bond market</li> <li>• Identify components of capital structure: Loans, equity</li> <li>• Calculate Gearing</li> <li>• Analyse the capital structure of a business</li> <li>• Evaluate the ratio of debt to equity</li> </ul>
<b>Sources of funding</b>	2 hours	<ul style="list-style-type: none"> <li>• Bank loan</li> <li>• Mortgage</li> <li>• Share Issue</li> </ul>	<ul style="list-style-type: none"> <li>• Distinguish between internal and external sources of funding</li> <li>• Distinguish between short, medium and</li> </ul>

		<ul style="list-style-type: none"> <li>• Initial Public Offering (IPO)</li> <li>• Rights Issue</li> <li>• Bond Issue</li> </ul>	<p>long-term sources of funding</p> <ul style="list-style-type: none"> <li>• Explain different sources funding including bank loan, share issue (Initial Public Offering, Rights Issue), bonds.</li> <li>• Identify bond issuers</li> <li>• Examine the benefits and drawbacks of bonds</li> <li>• Evaluate different sources of funding</li> </ul>
<b>Properties, risk and return of bonds</b>	6 hours	<ul style="list-style-type: none"> <li>• Maturity</li> <li>• Tenor</li> <li>• Principal</li> <li>• Coupon</li> <li>• Current bond yield</li> <li>• Yield to maturity</li> <li>• Duration</li> <li>• Credit risk</li> <li>• Bond Rating</li> <li>• Credit rating agency</li> </ul>	<ul style="list-style-type: none"> <li>• Define Maturity and the impact to risk and return</li> <li>• Define Coupon and Current Yield</li> <li>• Calculate Current Yield</li> <li>• Define and calculate Yield to maturity and evaluate the difference between the two yield calculations.</li> <li>• Define, calculate and analyse the concept of Duration and its importance in calculating bond returns</li> <li>• Define Credit risk</li> <li>• Analyse the impact of Credit risk on Bond ratings</li> </ul>
<b>Pricing and Valuation of Bonds</b>	5 hours	<ul style="list-style-type: none"> <li>• Bond price</li> <li>• Bond Spread</li> <li>• Benchmark</li> <li>• LIBOR</li> <li>• Interest rates</li> <li>• Inflation</li> </ul>	<ul style="list-style-type: none"> <li>• Distinguish the difference between the bond price and the share price</li> <li>• Define what the Bond spread means and examine its importance in pricing</li> <li>• Determine the impact of bond spreads to the pricing of corporate bonds using the Bloomberg terminal</li> <li>• Evaluate the drivers in the change of bond spread</li> <li>• Analyse the impact of changes in interest rates on bond prices</li> <li>• Analyse the impact of inflation on the returns on bonds</li> </ul>
<b>Yield Curve and Spread Analysis</b>	5 hours	<ul style="list-style-type: none"> <li>• Yield curve</li> <li>• Short-end of the yield curve</li> <li>• Long-end of the yield curve</li> <li>• Money Market rate</li> <li>•</li> <li>•</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Define and derive the yield curve</li> <li>• Distinguish between the short-end and the long-end of the yield curve</li> <li>• Analyse the shape of yield curve and expectations on future market returns</li> <li>• Analyse trading strategies that benefit from yield curve trades using the Bloomberg Terminal</li> <li>• Compare two different bond to analyse the spread</li> <li>• Analyse the change in spread over time using the Bloomberg Terminal</li> </ul>
<b>Interest Rate Derivatives and Hedging</b>	6 hours	<ul style="list-style-type: none"> <li>• Derivatives</li> <li>• Floating Rate Note (FRN)</li> </ul>	<ul style="list-style-type: none"> <li>• Define what a financial derivative is</li> <li>• Analyse different types of interest rate</li> </ul>

		<ul style="list-style-type: none"> <li>LIBOR (London Interbank Offer Rate)</li> <li>Floating Rate Index</li> <li>Reset Frequency</li> <li>Payment Frequency</li> <li>Day Count convention</li> <li>Net Present Value (NPV)</li> <li>Hedging</li> <li>Interest rate swap</li> <li>Cross-currency swap</li> </ul>	<ul style="list-style-type: none"> <li>derivatives</li> <li>Distinguish between investors requiring a fixed rate return and investors requiring a floating rate-based return</li> <li>Illustrate how interest rate and currency risk can be hedged in times of market volatility</li> <li>Evaluate the use of interest rate derivatives to reduce the cost of borrowing for a company</li> <li></li> </ul>
<b>Macroeconomic effects on Bond Markets</b>	4 hours	<ul style="list-style-type: none"> <li>Fiscal policy</li> <li>Monetary policy</li> <li>Quantitative easing</li> </ul>	<ul style="list-style-type: none"> <li>Analyse the shape of yield curve and relate it to the state of the economic / business cycle</li> <li>Analyse the impact of inflation / deflation on bond yields</li> <li>Distinguish the difference between fiscal and monetary policy, and give examples</li> <li>Evaluate the impact of government fiscal policy on government borrowing rates</li> <li>Evaluate the impact of monetary policy (interest rate setting and quantitative easing) on bond yields</li> <li></li> </ul>
	30 hours		

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## \*ASSESSMENT OVERVIEW

- Coursework 1 (20%), Autumn 2 term- group research and presentation on a chosen business (15%) + individual reflection verbal assessment (5%). Students to work together using the Bloomberg terminal to access and analysis of Key Performance Indicators and making recommendations of findings to investors. Students should also consider competitor analysis.
- Coursework 2 (30%), Spring 2 term - individual research + essay assessment on a specific chosen business that incorporates financial data and forecasts research from the Bloomberg terminal. Students to make an evaluation of the business competitiveness. Students should also consider competitor analysis.
- Controlled assessment (50%), Summer Term- individual investment report (40%) + summary presentation assessment of recommendations (10%). Students are provided pre-released materials and research on two industry sectors. Students will undertake a comparative investigation, using the Bloomberg terminal to research and analyses internal & external factors together with macro & micro factors. Students will produce an investment report that details comparisons, analysis and evaluation on which sector and businesses within that sector, is more investable. Students will make an individual summary presentation to their teacher and peers thereafter that demonstrates their synoptic understanding of financial trading.

### Assessment Objectives

Assessment objectives (AOs) are designed for Level 3 Financial Trading. The UFP places a strong emphasis on this subject in an international context. The following AOs will be applied equally across the candidate's assessments.

	Objective	Weighting
A01	<ul style="list-style-type: none"> <li>• <b>Manage</b> - Identify, design, plan, research and carry out an investigation applying a range of skills, strategies, and methods to achieve objectives</li> </ul>	20%
A02	<ul style="list-style-type: none"> <li>• <b>Use of Resources</b> - Research, choose, organise and use data, and select and use a variety of resources. Data analysis and demonstration of understanding similarities, connections, and complexities of the topic</li> </ul>	20%
A03	<ul style="list-style-type: none"> <li>• <b>Develop and Create</b> - Select and use a variety, technologies, and problem-solving skills, leading to critical decision making and achievement of planned outcomes</li> </ul>	25%
A04	<ul style="list-style-type: none"> <li>• <b>Review</b>- Evaluate all aspects of a project, including results in relation to specified goals and own learning and progress. Select and use a variety of communication and media skills to present the findings and conclusions of a project in an agreed format.</li> </ul>	35%

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## ASSESSMENT OBJECTIVE WEIGHTINGS PER COURSE ELEMENT

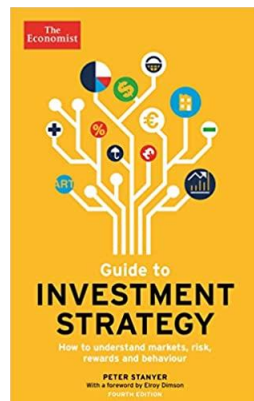
Assessment objectives	Coursework 1		Coursework 2	Controlled Assessment		Overall weighting
	Group research and presentation (16%)	Verbal reflection (4%)	Research and essay (30%)	Investment report (40%)	Summary presentation (10%)	
AO1- manage	5%	0%	5%	10%	0%	20%
AO2- use of resources	3%	0%	7%	10%	0%	20%
AO3- develop and create	3%	0%	8%	10%	4%	25%
AO4- review	5%	4%	10%	10%	6%	35%
	20%		30%	50%		100%

## SUGGESTED READING



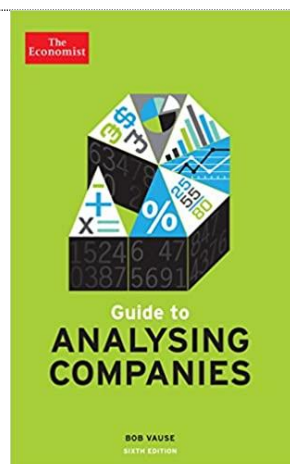
The Economist Guide To Financial Markets  
7th Edition: Why they exist and how they work

ISBN: 978-1788160346



The Economist Guide To Investment Strategy 4th Edition:  
How to understand markets, risk, rewards and behaviour

ISBN: 978-1781259153



Economist Guide to Analysing Companies

ISBN: 978-1781252307

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# APPENDIX A

## GUIDANCE NOTES FOR UFP FINANCIAL TRADING COURSEWORK

### COURSEWORK 1, PART 1-

#### MARKET ANALYSIS OF A MULTINATIONAL BUSINESS USING KEY PERFORMANCE METRICS AND OTHER FACTORS

(Use this information to inform your guidance and communication with students only).

Please remember this is an opportunity for students to demonstrate what they can do independently.

- Allocate students into teams of either 3 or 4 (avoid 2 unless both students are very able). Email list of student teams to Head of Department.
- Allow some class time for students to get into teams and choose a reputable business where they can access information and data on it easily through the Bloomberg terminal.
- Get students to compare timetables and agree times to meet up twice a week, **outside of lesson time**.
- Encourage students to allocate responsibilities of each slide part (see below) to each member of the team.
- Encourage students to share emails and mobile numbers with one another. Perhaps create a “whatsapp” group to share ideas and communicate with one another.

#### Structure of student's PowerPoint presentation

- **Title page**- full assignment 1 title, team member's name, UFP teacher's name and CATS College location.
- **Overview of chosen business**- description of the operations of the business including products and markets it operates in.
- **Stock exchange traded on and Industrial classification**- identification of the stock exchange/s the business trades on reasons why. Examination of the industrial sector the business is included and an understanding as to why
- **Market Share**- use the Bloomberg terminal to access information in determining the market share the products / services of the business has. Examine the product portfolio of the business.
- **Share price**- use the Bloomberg terminal to look at share price charts. Compare your chosen business with others in the same sector. Look at the impact of announcements by the business together with news items and examine how this effects market capitalisation.
- **Key Performance Indicators (KPI)**- use ratios to analyse revenues, costs, profitability and earnings. Determine whether they are positive or negative for the business.
- **Other Factors**- consider other external factors such as the state of economy domestically as well as key export markets. (The impact of COVID 19 for example).
- **Competitor Analysis**- Using the Bloomberg terminal analyse domestic and international competitors to the chosen business. Consider for example the size of competitors in terms of market value as well as geographical segmentation.
- **Conclusion**- Using KPIs and other factors, to what extent has the business been successful? It is important that the student understand that this is focused on investors and to make a recommendation as to whether the shares of the business should be bought, sold or held if owned and the reasons for this. Students need to be encouraged to think and arrive at new strategies which the business could implement to improve share price performance and investor confidence.

Upon completion students answer questions about the presentation from two teacher judges.

**Specific Guidance for PowerPoint presentation:**

- PowerPoint presentation should be a maximum of 30 slides
- Each slide should summarise the key data and points of discussion and students must effectively explain the details.
- Include suitable images, colour and charts/graphs to engage the audience
- No more than 35 words per slide
- Practice the presentation beforehand
- Use key terms learnt so far
- Two teachers must observe the presentation
- Video the presentation and discuss with students afterwards to promote self-reflection and development of communication skills.

	<b>Objective</b>
<b>A01</b>	<ul style="list-style-type: none"> <li>• <b>Manage</b> - Identify, design, plan, research and carry out an investigation applying a range of skills, strategies, and methods to achieve objectives</li> </ul>
<b>A02</b>	<ul style="list-style-type: none"> <li>• <b>Use of Resources</b> - Research, choose, organise and use data, and select and use a variety of resources. Data analysis and demonstration of understanding similarities, connections, and complexities of the topic</li> </ul>
<b>A03</b>	<ul style="list-style-type: none"> <li>• <b>Develop and Create</b> - Select and use a variety, technologies, and problem-solving skills, leading to critical decision making and achievement of planned outcomes</li> </ul>
<b>AO4</b>	<ul style="list-style-type: none"> <li>• <b>Review</b>- Evaluate all aspects of a project, including results in relation to specified goals and own learning and progress. Select and use a variety of communication and media skills to present the findings and conclusions of a project in an agreed format.</li> </ul>

## MARK SCHEME – COURSEWORK ONE

Mark Scheme/ assessor’s grid (total 20 marks)

Group being marked:	1 <sup>st</sup> Marker Name & Signature:
Group Tutor:	2 <sup>nd</sup> Marker’s Name & Signature:

Date of presentation:

Student Names:	Student CEG no:
1.	
2.	
3.	
4.	

**Marking Scheme for group presentations**  
**Mark for detail, then award overall mark for each section**

1=poor 5=excellent

1	2	3	4	5
---	---	---	---	---

**Content- A01, A02 and A03**

Students have provided <b>Overview</b> and description of your chosen business					
Students have <b>identified</b> the stock exchange/s it trades together with its Sector / industry classification					
Students have <b>identified</b> the market weighting of this business in the stock exchange and within its industrial sector					
Students have <b>identified</b> and been able to <b>analyse</b> market share in its industrial sector					
Students have been able to <b>analyse</b> the share price and its impact on market capitalisation					
Students have <b>identified</b> and been able to <b>analyse</b> revenue, costs, profitability and earnings using key performance indicators					
Students have <b>identified</b> and be able to conduct domestic and international competitor <b>analysis</b> including Market Cap and Geographical Segmentation. Two different ways the business use big data collection to help promote their business activities and <b>analyse</b> the benefits and drawbacks of these.					

Assessor’s comment:	Content Mark based on Mode Average:
	/5

**Marking Scheme for group presentations**  
**Mark for detail, then award overall mark for each section**

1=poor 5=excellent

1	2	3	4	5
---	---	---	---	---

**Evaluation- AO4 Students have provided an evaluation with a clear focus on the question throughout.**

Students have made a clear judgement in determining success or failure of the business considering key performance indicators and other factors

Students have provided a justification to support their judgement.

Students have made recommendations to investors to either buy, sell or hold shares in the business providing justification for this

Students have recommended new strategies which the business could implement to improve share price performance and increase investor confidence

Students have provided a list of websites/books and have effectively referenced their sources

**Assessor's comment:**

**Evaluation Mark based on Mode Average:**

/5

**Marking Scheme for group presentations**  
**Mark for detail, then award overall mark for each section**

1=poor 5=excellent

1	2	3	4	5
---	---	---	---	---

**Media – AO4**

Visual aids (1): appropriate, well executed, pictures, tables and diagrams (if used) that have been used effectively.

Visual aids (2): argument/understanding enhanced by pertinent visual aids, no spelling and grammatical mistakes

The students effectively used slides to communicate to the audience

**Assessor's comment:**

**Evaluation Mark based on Mode Average:**

/5



**Marking Scheme for group presentations**  
**Mark for detail, then award overall mark for each section**

1=poor 5=excellent

1	2	3	4	5
---	---	---	---	---

**Process/Professionalism: AO4**

**Clear speech:** audible, nervousness controlled.

**Personal energy:** has enthusiasm, show confidence/control; avoids reading from notes; addresses whole audience, projects personality, makes eye contact, does not read from prompt cards, positive body language

**Engaged:** listens to whoever else is speaking

**Questions:** (note down what questions you asked and how effectively the students responded)

1.

2.

3.

**Timekeeping: Finished in allocated time?**

**Assessor's comment:**

**Evaluation Mark based on Mode Average:**

/5

Add the marks for each section together to mark out of 20:

/20

## COURSEWORK 1, PART 2- INDIVIDUAL REFLECTION ON GROUP PRESENTATION

Mark Scheme/ assessor's grid (total 5 marks)

Candidate 's Name:

Candidate 's Group:

Date of 1:1 reflection meeting with teacher:

### Marking Scheme for candidate reflection

1=poor 5=excellent

1 2 3 4 5

The candidate identified and explained 2-3 individual strengths

(can include research or actual contribution during the presentation)

The candidate identified and explained 2-3 individual areas of development (can include research or actual contribution during the presentation)

The candidate identified and explained 2-3 strengths of the group

(can include planning, time management, team working or actual contribution during the presentation)

The candidate identified and explained 2-3 areas of the development of the group

(can include planning, time management, team working or actual contribution during the presentation)

The candidate identified 1-2 challenges faced within the group, and made recommendations how to improve in the future

The candidate recognised the limitations of their research

The candidate is able to explain what they have learnt from this coursework experience

The candidate confidently responded to questioning, and provided reflective and insightful responses

Assessor's comment:

Content Mark based off Mode Average:

/ 5

Assessor's name: .....

Assessor's signature: .....

Assessment objective	Mark band	Assessment criteria
AO4- review	4-5 marks	Candidate is able to provide detailed and careful verbal evaluation of the strengths and weaknesses of themselves and the group in relation to the planning, implementation and outcomes, and the candidate's own learning during the coursework's process
	3 marks	Some evaluation of the strengths and weaknesses of themselves and the group in relation to the planning, implementation and outcomes, and the candidate's own learning during the coursework's process.
	1-2 marks	Limited evaluation of the strengths and weaknesses of themselves and the group in relation to the planning, implementation and outcomes, and the candidate's own learning during the coursework's process.
	0 marks	No relevant response, or candidate missed 1:1 meeting with UFP teacher with no legitimate reason

## FINANCIAL TRADING UFP COURSEWORK 2:

**Title- With reference to your own research, evaluate the competitiveness and long-term profitability of a Multinational Business**

**(30% of overall UFP grade)**

### **Background Information**

Using the Bloomberg Terminal, you will be able to access the vast array of analytical tools available to research and analyse businesses, including the markets in which they operate, together with the economic and political environments in which they exist.

### **Your task: to be completed individually:**

Decide upon and research an existing multinational business of your choice which actively trades on a recognised stock exchange.

Produce a 1500 to 2000 word essay (total 20 marks available) which answers the above title question, using the framework below:

**Introduction-** Overview and description of your chosen business and examination of key definitions of Competitiveness and Profitability

---

**Favourable Analysis:** Research and evidence supporting your argument examining the strengths of the business: highly competitive and good long term profitability outlook. Make reference to your research examples using screen shots from Bloomberg and other sources to illustrate the points you make.

---

**Unfavourable Analysis** Research and evidence supporting your argument examining the weaknesses of the business: not highly competitive and poor long term profitability outlook. Make reference to your research examples using screen shots from Bloomberg and other sources to illustrate the points you make.

---

**Evaluation & Conclusion-** Justified opinion relation to the essay title question. Include one recommendation on how to improve competitiveness AND include one recommendation on improving long term profitability.

### **In your research, you should consider the following:**

1. Introduction including definitions e.g., competitiveness, profitability, etc.
2. Background into the business's activities and operations e.g. product portfolio, geographical markets it operates in, market share, market value, etc.
3. Fundamental Research examining the business's financial position. E.g. balance sheet, income statements, cashflows and calculate key ratios derived from this data
4. Product portfolio and geographical analyses in comparison to its competitors
5. Relative Value research using key metrics of the business in comparison with its competitors. E.g. profitability, share price, market value, earnings, etc.
6. Provide forecasts as part of your analysis to justify your assessment of future profitability. E.g. forecasts on revenue, costs, profit, etc.

## ASSESSMENT OBJECTIVES

- Assessment objectives (AOs) are designed for Level 3 Financial Trading. The UFP places a strong emphasis on this subject in an international context. The following AOs will be applied equally across the candidate's assessments.

	Objective
A01	<ul style="list-style-type: none"> <li><b>Manage</b> - Identify, design, plan, research and carry out an investigation applying a range of skills, strategies, and methods to achieve objectives</li> </ul>
A02	<ul style="list-style-type: none"> <li><b>Use of Resources</b> - Research, choose, organise and use data, and select and use a variety of resources. Data analysis and demonstration of understanding similarities, connections, and complexities of the topic</li> </ul>
A03	<ul style="list-style-type: none"> <li><b>Develop and Create</b> - Select and use a variety, technologies, and problem-solving skills, leading to critical decision making and achievement of planned outcomes</li> </ul>
A04	<ul style="list-style-type: none"> <li><b>Review</b> - Evaluate all aspects of a project, including results in relation to specified goals and own learning and progress. Select and use a variety of communication and media skills to present the findings and conclusions of a project in an agreed format.</li> </ul>

Assessment objectives	Coursework 2
	<b>Research and essay (30%)</b>
A01- manage	5%
A02- use of resources	7%
A03- develop and create	8%
A04- review	10%
<b>Total</b>	<b>30%</b>

### Deadlines:

- Students must submit the first draft VIA Canvas to their teacher by the designated date.
- Late submission of the first draft will lead to one half day off timetable, in isolation, where you will produce a draft in limited time.
- Your teacher will then give you feedback on your first draft by a designated date.
- You will then have a week to make any changes and improvement.
- You must submit your final version by the designated date (VIA Canvas)

### Additional Information

- Submissions of the final draft after the deadline will not be permitted and the student will be awarded a score based on the first draft submitted
- Any student who does not meet the first draft deadline will be isolated for one half day and will have to complete the draft in limited time provided by the teacher.
- The essay should be around 1500-2000 words long, not including title, appendices and/or bibliography.
- Joint projects will not be acceptable
- All the work must be completed by the student without help, a declaration form must be completed to confirm this - If the teacher suspects that the work has been copied or written by a third party the student will have to undergo an academic viva.
- The student must use quotes and references to support the argument.
- The student MUST reference all quotes using Harvard referencing; they should also include a full bibliography.
- Once the final submission has been made there will be no further opportunities to edit the work. Sanctions resulting from identification of plagiarism will be taken based on this submission.
- All coursework (first draft and final) will be automatically tested on Turnitin as the piece is submitted through Canvas. The student will be issued with the report after the first draft submission and will have an opportunity to edit at this point.
- The final submission MUST show a similarity percentage of 10% or less. Any figure higher than this will be deducted from the final percentage grade.

## MARK SCHEME – COURSEWORK TWO

**With reference to your own research, evaluate the competitiveness and long-term profitability of a Multinational Business (20 marks)**

**Please note:** Students should be rewarded for their depth of understanding rather than the quantity of points they make. Students should consider both the positive and negative effects of globalisation. Accept one side for analysis/application and the other side for evaluation.

**Answers might include:**

### **1. Introduction including definitions of competitiveness, profitability for example overview of the business.**

#### **Competitiveness**

The ability of a business to deliver better value to customers than competitors. A key part of all business activity – in which marketing plays a key role – is the search for sustainable competitive advantage. This phrase means exactly "what is says on the tin".

Competitive advantage means: The ability of a business to add more value for its customers than its rivals and attain a position of relative advantage. A situation where a business has an advantage over its competitors by being able to offer better value, quality and/or service. The key word in the bullets above is "value". Value is what a customer is prepared to pay for. A business that offers better value than competitors will enjoy an advantage

#### **Profitability**

Profitability is closely related to profit – but with one key difference. While profit is an absolute amount, profitability is a relative one. It is the metric used to determine the scope of a company's profit in relation to the size of the business. Profitability is a measurement of efficiency – and ultimately its success or failure. A further definition of profitability is a business's ability to produce a return on an investment based on its resources in comparison with an alternative investment.

### **2. Overview of the business**

#### **Background of Business**

Examine that there are sufficient details of what the business's activities and operations are. This should include which sector and what exchange the shares trade on. Information of sources of revenues and cost base should be included together with market capitalisation and share price chart. Analysis of the supply chain would be useful to have. Check that there is relevant charts and diagrams incorporated. These could include screenshots from Bloomberg.

### **3. Fundamental Research**

Analysis of the Financial Position and Income Statement and Cashflow of the Business. Use ratio analyses to assess the performance of the business. This could include Profit Margin Ratio, ROCE, ROTA, EPS, Dividend Cover, Liquidity ratio, TSR, Equity Risk Premium, WACC. Information can be presented in table or graphical form with clear analysis interpreting the information. No credit would be given for graphics that do not have any analysis attached to it.

### **4. Product Portfolio and Geographical Analyses**

Clear analyses showing key products of the business using the Boston Matrix. Identify patterns and changes over time and the factors that have influenced this. Examine geographical mix of products sold in different regions and improvement that you think could be made using evidence to support this for example data and research from the Bloomberg terminal.



## 5. Relative Value Research

Using key ratios and other metrics, examine the performance of your chosen business with its competitors. Use graphs and charts from Bloomberg or other sources to examine the relative performance of your chosen business in terms of long-term profitability and competitiveness.

## 6. Forecasts

Look at the plausibility of forecast made relative to historical data. Is there evidence and analysis to justify the figures. How are these forecasts used to justify the future profitability (or lack of) for the business? Is there a methodology used?

## 7. Conclusion

In conducting research and analysis on their chosen business, the student should be able to present a clear and coherent approach in terms of whether their chosen business is competitive with its peers and whether the business would be profitable in the long term based on forecasts given. Greater marks should be given to students who can come to logical, supported conclusions.

	Objective
A01	<ul style="list-style-type: none"><li>• <b>Manage</b> - Identify, design, plan, research and carry out an investigation applying a range of skills, strategies, and methods to achieve objectives</li></ul>
A02	<ul style="list-style-type: none"><li>• <b>Use of Resources</b> - Research, choose, organise and use data, and select and use a variety of resources. Data analysis and demonstration of understanding similarities, connections, and complexities of the topic</li></ul>
A03	<ul style="list-style-type: none"><li>• <b>Develop and Create</b> - Select and use a variety, technologies, and problem-solving skills, leading to critical decision making and achievement of planned outcomes</li></ul>
A04	<ul style="list-style-type: none"><li>• <b>Review</b> - Evaluate all aspects of a project, including results in relation to specified goals and own learning and progress. Select and use a variety of communication and media skills to present the findings and conclusions of a project in an agreed format.</li></ul>



## MARKING CRITERIA

**Criterion 1: MANAGE (this criterion assesses the extent to which the student uses appropriate economic terminologies and concepts):**

3 marks

LEVEL/MARK	DESCRIPTION
0	Relevant terms are not defined
1	There is some basic knowledge of terms but lacks development and relevance
2	There is good knowledge of relevant terms demonstrated but needs further development
3	Accurate usage and understanding of relevant terms (terms does not have to be explicitly defined but accurate understanding of them has to be shown)

**Criterion 2: USE OF RESOURCES (this criterion assesses the extent to which the student uses/applies diagrams, data and/or examples in the context of the issues being discussed):**

3 marks

LEVEL/MARK	DESCRIPTION
0	There is no application of data obtained, with insufficient diagrams screenshots, formatted data and/or examples
1	There is some attempt to apply data obtained, insufficient diagrams, screenshots, formatted data and/or examples
2	Data obtained, some diagrams, screenshots, formatted data and examples are used but not applied effectively
3	Data obtained, diagrams, screenshots, formatted data and examples are used and applied effectively where appropriate

**Criterion 3: DEVELOP AND CREATE Analysis (this criterion assesses the extent to which the student can explain, develop or demonstrate a high level of depth and insight within the context of the research question):**

8 marks

LEVEL/MARK	DESCRIPTION
0	There is no analysis
1 - 3	Answers considering at least 2 factors with some attempt to analyse. Analysis is weak and may have significant errors
4 - 6	Answers considering at least 3 factors with a good level of analysis demonstrated
7 - 8	Answers considering at least 3 factors with detailed explanation and no significant errors

**Criterion 4: REVIEW part 1 (this criterion assesses the extent to which the student synthesises his/her analysis in order to make judgements that are supported by reasoned arguments):**

4 marks

LEVEL/MARK	DESCRIPTION
0	There is no attempt at evaluation
1 - 2	There is a basic attempt at evaluation. Answers considering at least one evaluative point. Judgements and conclusions might be made but are poorly supported.
3 - 4	Evaluation recognises different viewpoints and is critical of the evidence provided and/or the assumptions underlying the analysis enabling informed judgements to be made.  Recommendation on how to improve competitiveness AND another on improving long term profitability.  Conclusion and recommendation are based on logical and supported conclusions.  Relevant reasoning and appropriate reference to the context provided.

**Criterion 5: REVIEW part 2: Rubric requirements (Referencing, word count)**

The written work does not exceed the prescribed word limit (2000 words)

Allow a margin of + or – 10% for word count.

There is appropriate use of references

Similarity index does not exceed 10%

2 marks

LEVEL/MARK	DESCRIPTION
0	None of the above requirements are met
1	At least one requirement is met
2	All the three requirements are met

# APPENDIX B

## FINANCIAL TRADING UFP CONTROLLED ASSESSMENT STUDENT PREPARATION NOTES – BOOKLET 1

Produce an Investment Report and Presentation comparing European Telecoms and European Retail Staples sectors. Make recommendations as to which sector you prefer and which business an investor should invest in. Refer to research and analysis you have undertaken when making your recommendations.

### Student instructions:

- You are required to produce a typed-up report (2000- 2500 words) answering the above question under controlled conditions at CATS College.
- In order to do this, you must collect information from various secondary sources (e.g. Bloomberg, websites, published reports, newspaper articles).
- You will need to organise your collected information; you can use this booklet (10 marks).
- If you do not submit your collected information to your Financial Trading UFP teacher, you sacrifice your opportunity to bring any preparation notes into the controlled conditions to assist your type up of the report.
- If you submit your collected information late to your Financial Trading UFP teacher, you will sacrifice up to 5/10 marks allocated to this preparation booklet task.

### Part 1- what is the purpose and structure of an investment report and what information do you require to create it?

Definition and key components of investment report	Website reference
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### Part 2- Sector Background European Telecoms including key businesses - : Key information and analysis using pre-release and other information?

Key points	Website, Bloomberg or other references
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Description including businesses in the sector	
--	--

Sector Financial Analysis including Ratios	
--	--

Relative Valuation	
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### Part 3- Sector Background Retail Staples including key businesses - Key information and analysis using pre-release and other information?

Key points	Website, Bloomberg or other references
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Description including businesses in the sector	
--	--

Sector Financial Analysis including Ratios	
--	--

Relative Valuation	
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### Part 4- Sector Recommendation

Name of Sector	Description of Strengths / Opportunities AND Weakness / Threats	Website reference	Impact on sector (data, analysis)	Website reference
European Telecoms				
European Retail Staples				

**Part 5- Chosen Business as an outcome of Sector Recommendation**

Key points	Website, Bloomberg or other references
Company Background: Products / Services; Product & Geographical Analysis; Market Capitalisation; Appropriate graphs / tables	
Investment Thesis: 2 to 3 factors which you think are not factored into the price	
Catalysts: Key events which could drive prices higher e.g., new product, acquisition / demerger, earnings announcement, divestments, etc	
Fundamental Valuation: Financial Analysis including Ratios together with projections using Annual Report, Balance Sheet, Income Statement, Cashflow Statement	
Investment Risks: 2 to 3 market / company specific factors which might impact your investment thesis and what could be done to mitigate these risks	
Recommendation: Target Price with BUY / SELL / HOLD and justification	

**Part 6- what are the limitations of the research you found**

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## ASSESSMENT CRITERIA

Marks	Descriptor	Achieved? (teacher to tick)
0 marks	<ul style="list-style-type: none"> <li>Student did not submit prep booklet by deadline date.</li> </ul>	
1-2 marks	<p><b>Level 1</b></p> <ul style="list-style-type: none"> <li>The candidate has provided limited comment on a limited range of relevant sources, with reference to their utility and reliability.</li> </ul>	
3-4 marks	<p><b>Level 2</b></p> <ul style="list-style-type: none"> <li>The candidate has provided some comment on a limited range of relevant sources, with reference to their utility and reliability.</li> </ul>	
5-6 marks	<p><b>Level 3</b></p> <ul style="list-style-type: none"> <li>The candidate has collected majority of the information or fully completed, but submitted late.</li> <li>The candidate has provided some evaluation of a good range of relevant sources demonstrating an appreciation of their utility and reliability.</li> <li>There is some analysis of and discrimination between sources, although comments on their relative merits may not be highly developed or entirely convincing.</li> </ul>	
7-8 marks	<p><b>Level 4</b></p> <ul style="list-style-type: none"> <li>The candidate has collected all the information and submitted on time.</li> <li>The candidate has provided a strong evaluation of a good range of relevant general and more specialised sources.</li> <li>The candidate has analysed the sources used and has discriminated effectively between them to provide a supported judgement on their relative merits.</li> </ul>	
9-10 marks	<p><b>Level 5</b></p> <ul style="list-style-type: none"> <li>The candidate has collected all the information and submitted on time.</li> <li>The candidate has analysed a very good range of relevant, specialised and suitably challenging sources and has provided a strong and effective evaluation of their relative worth.</li> <li>The candidate displays an impressive understanding of source material and discriminates very effectively in order to provide some well-supported judgements.</li> </ul>	

Financial Trading UFP Teacher's name:

Signature:

Date:

**UFP FINANCIAL TRADING**

**CONTROLLED ASSESSMENT  
INVESTMENT REPORT PRESENTATION**

**MARK SCHEME/ ASSESSOR'S GRID (TOTAL 10 MARKS)**

<b>Student:</b>	<b>1<sup>st</sup> Marker Name &amp; Signature:</b>
<b>CEG No:</b>	<b>2<sup>nd</sup> Marker's Name &amp; Signature:</b>

**Date of presentation:**

Marking Scheme for presentation Mark for detail, then award overall mark for each section	1=poor 5=excellent				
	1	2	3	4	5
<b>1) Content- A01, A02 and A03</b>					
Student has provided an <b>Introduction</b> highlighting their investment analysis process for the Telecoms and Retail Staples sectors					
Student has examined <b>Sector Background</b> for the European Telecoms sector and performed comparative analysis and an examination of the external environment affecting these sectors (Appropriate use of visual images and data used)					
Student has examined <b>Sector Backgrounds</b> for the Retail Staples and performed comparative analysis and an examination of the external environment affecting these sectors (Appropriate use of visual images and data used)					
Student has conducted <b>Background</b> research on their <b>chosen business</b> e.g. Products / Services; Product & Geographical Analysis; Market Capitalisation; Appropriate graphs / tables					
Student has identified and analysed <b>Catalysts</b> or drivers which would support their view of the business e.g. new product, acquisition / demerger, earnings announcement, divestments					
Student has derived their <b>Investment Thesis</b> for their chosen business through <b>analysis</b> of research and data and provided supporting evidence using appropriate use of visual images and data used					
<b>Assessor's comment:</b>	<b>Content Mark based on Mode Average:</b>  /5				

**Marking Scheme for presentation**  
**Mark for detail, then award overall mark for each section**

**1=poor 5=excellent**  
**1 2 3 4 5**

**2) Evaluation- AO4 Students have provided an evaluation with a clear focus on the question throughout.**

Student has made a clear judgement on their chosen sector using evidence to support their view					
Student has been able to evaluate the Investment Risks which could affect their Investment Thesis in terms of share price performance					
Student has made a recommendation about the business Buy / Hold / Sell giving a target price and justification					
Student has provided a list of Bloomberg functions used / websites /books and other resources and has effectively referenced their sources					
<b>Assessor's comment:</b>	<b>Evaluation Mark based on Mode Average:</b>  /5				

**Marking Scheme for group presentations**  
**Mark for detail, then award overall mark for each section**

**1=poor 5=best**  
**1 2 3 4 5**

**3) Media**

<b>Visual aids (1):</b> appropriate, well executed, pictures, tables and diagrams that have been used effectively.					
<b>Visual aids (2):</b> argument/understanding enhanced by pertinent visual aids, no spelling and grammatical mistakes					
The students effectively used slides to communicate to the audience					
<b>Assessor's comment:</b>	<b>Media Mark based on Mode Average:</b>  /5				



**Marking Scheme for group presentations**  
**Mark for detail, then award overall mark for each section**

**1=poor 5=excellent**  
**1 2 3 4 5**

**4) Process/Professionalism:**

**Clear speech:** audible, nervousness controlled.

**Personal energy:** has enthusiasm, show confidence/control; avoids reading from notes; addresses whole audience, projects personality, makes eye contact, does not read from prompt cards, positive body language

**Engaged:** listens to whoever else is speaking

**Questions:** (note down what questions you asked and how effectively the students responded)

1)

2)

3)

**Timekeeping:** Finished in allocated time?

**Assessor's comment:**

**Process Mark based on Mode Average:**

**/5**

**Add the marks for each section together to mark out of 20:**

**/20**

**Divide this by 2 to generate the mark for the Presentation: /10**



## FINANCIAL TRADING UFP CONTROLLED ASSESSMENT – MARK SCHEME

### ASSESSMENT OBJECTIVES (30 Marks)

Assessment objectives (AOs) are designed for Level 3 Financial Trading. The UFP places a strong emphasis on this subject in an international context. The following AOs will be applied equally across the candidate's assessments.

- **AO1 - Manage** - Identify, design, plan, research and carry out an investigation applying a range of skills, strategies, and methods to achieve objectives. **6 Marks**
- **AO2 – Use of Resources** - Research, choose, organise and use data, and select and use a variety of resources. Data analysis and demonstration of understanding similarities, connections, and complexities of the topic. **8 Marks**
- **AO3 - Develop and Create** - Select and use a variety, technologies, and problem-solving skills, leading to critical decision making and achievement of planned outcomes **8 Marks**
- **AO4 - Review**- Evaluate all aspects of a project, including results in relation to specified goals and own learning and progress. Select and use a variety of communication and media skills to present the findings and conclusions of a project in an agreed format. **8 Marks**

## AO1 - MANAGE

Mark band	Assessment Criteria
5-6 marks	Student clearly demonstrates comprehensive knowledge of terms, concepts, theories, methods, and models to show an understand of the subject of the report.
3-4 marks	Student has shown some demonstration of knowledge of terms, concepts, theories, methods and models to show some understand of the subject of the report.
1-2 marks	Student has shown limited demonstration of knowledge of terms, concepts, theories, methods, and models to show some understand of the subject of the report. .
0 marks	Student has shown no demonstration of knowledge of terms, concepts, theories, methods, and models.

## AO2 – USE OF RESOURCES

Mark band	Assessment Criteria
6-8 marks	<p>Student has shown strong evidence of detailed research involving the selection and evaluation of a wide range of relevant resources.</p> <p>High quality critical analysis and application of the resources with clear links made to appropriate theories and concepts.</p>
4-5 marks	<p>Student has shown some evidence of detailed research involving the selection and evaluation of a wide range of relevant resources.</p> <p>High quality critical analysis and application of the resources with clear links made to appropriate theories and concepts.</p>
1-3 marks	<p>Student has shown limited evidence of research involving the selection and evaluation of a wide range of relevant resources.</p> <p>High quality critical analysis and application of the resources with clear links made to appropriate theories and concepts.</p>
0 marks	No evidence of research.

## AO3 – DEVELOP AND CREATE

Mark band	Assessment Criteria
<b>6–8 marks</b>	<p>Student has taken appropriate decisions and appropriate data is collected and thoroughly analysed.</p> <p>There is clear evidence of analyses of selected sectors and detailed analysis of the individual business using a wide range of criteria meeting the aims and objectives.</p> <p>Students communicate their findings fluently in an appropriate format, synthesising information from a variety of sources and present them within a logical and coherent structure which addresses closely the nature of the assessment.</p>
<b>4–5 marks</b>	<p>Student has taken some appropriate decisions and some appropriate data is collected and adequately analysed.</p> <p>There is some evidence of analyses of selected sectors and some analysis of the individual business using a range of criteria meeting some of the aims and objectives.</p> <p>Students communicate their findings clearly in an appropriate format, with some ability of synthesising information from different sources and present them in a structured manner appropriate to the assessment.</p>
<b>1–3 marks</b>	<p>Student has taken few decisions and a little data is insufficiently analysed.</p> <p>There is little evidence of analyses of selected sectors and little analysis of the individual business using a range of criteria meeting some of the aims and objectives. Student has communicated their findings by drawing on a limited number of sources and presented them in a manner not always appropriate for the assessment.</p>
<b>0 marks</b>	No relevant response.

## AO4 - REVIEW

Mark band	Assessment Criteria
6-8 marks	<p>Student has provided detailed and careful evaluation of each sector and the individual chosen business which must include a recommendation where there is clear logical evidence leading to sound judgement based on appropriate and relevant analysis undertaken. Comprehensive evaluation of the investment risks are specified.</p> <p>The report is well-structured and appropriately presented. Student has clearly communicated their findings and recommendations which are based on sound evidence and judgement.</p>
4-5 marks	<p>Student has provided some evaluation of each sector and the individual chosen business which includes a recommendation based on some evidence leading to a judgement based on sometimes relevant analysis undertaken. Some evaluation of the investment risks are made.</p> <p>The report has a structure but this may not be organised in clear or coherent manner and may lack balance. Student has communicated their findings and recommendations which are based on some evidence and judgement.</p>
1-3 marks	<p>Student has provided limited evaluation of each sector and the individual chosen business which may include a recommendation based on little if any evidence. Limited if any evaluation of the investment risks are made.</p> <p>The report may not be particularly well structured or appropriately presented. Student has communicated some of their findings and conclusions which are based on little or no evidence and judgement.</p>
0 marks	No relevant response.

#### **AO1- Definition:**

Investment (Equity) Research is the analysis of stocks to help investment / portfolio managers / traders make better-informed investment decisions. It uses problem-solving skills, data interpretation, and various other tools to understand and predict a given share's behavioural outlook. This often involves quantitatively analysing a share's statistical data in relation to recent market activity. Equity research would involve understanding the idiosyncratic differences of sectors and individual companies and making recommendations or similar

#### **AO2 & AO3 Examples of Sector Analysis:**

- Use and application of pre-release information to guide sector background and comparative analysis
- Use of Relative Valuation metrics including PE ratios, Dividend Yield, Earnings, Industry drivers, Consensus earnings
- Use of Bloomberg illustrating performance and valuation of Telecoms and Retail Staples
- Use of Excel spreadsheets highlighting valuations of each sector and companies within each sector
- Use of macroeconomic factors e.g., GDP growth, inflation, exchange rates, employment
- Analysis of the external environment e.g., COVID 19

#### **AO2 & AO3 Examples of Chosen Business Analysis:**

- Business background detailing products / services as well as geographical spread with data and visuals
- Fundamental Valuation methods used which can include the following as part of the analysis:
  - Price/Earnings ratio.
  - Profit margin ratio
  - Earnings Per Share (EPS)
  - Dividend Cover
  - Dividend yield ratio.
  - Return on Capital Employed (ROCE)
  - Return On Total Assets (ROTA)
  - Liquidity ratio
  - Gearing
  - Total Shareholders' Return (TSR)
  - Revenue Projection
  - Cashflow Projection
  - Historical Analysis of Earnings, Revenues & Costs
  - Equity Risk Premium
  - Weighted Average Cost of Capital (WACC)
  - Capital Asset Pricing Model (CAPM)
  - BETA
  - Discount Cashflows
  - Financial Analysis based on:
    - ♣ Annual Report
    - ♣ Balance Sheet
    - ♣ Income Statement
    - ♣ Cashflow Statement
- Investment Thesis building upon sector and individual business analyses with clear logical thinking in presenting the recommendation based on evidence
- Catalysts building upon sector and individual business analyses with clear logical thinking in presenting drivers of share price performance

#### **AO4- Evaluation & Recommendations:**

- Sector Analysis Choice
  - Judgement backed by evidence e.g. growth of market, macro environment, business cycle
- Business Recommendation:
  - Evaluation of risks relating to the Investment Thesis
  - Judgement backed evidence to determine target price and thus recommendation of BUY / HOLD / SELL



