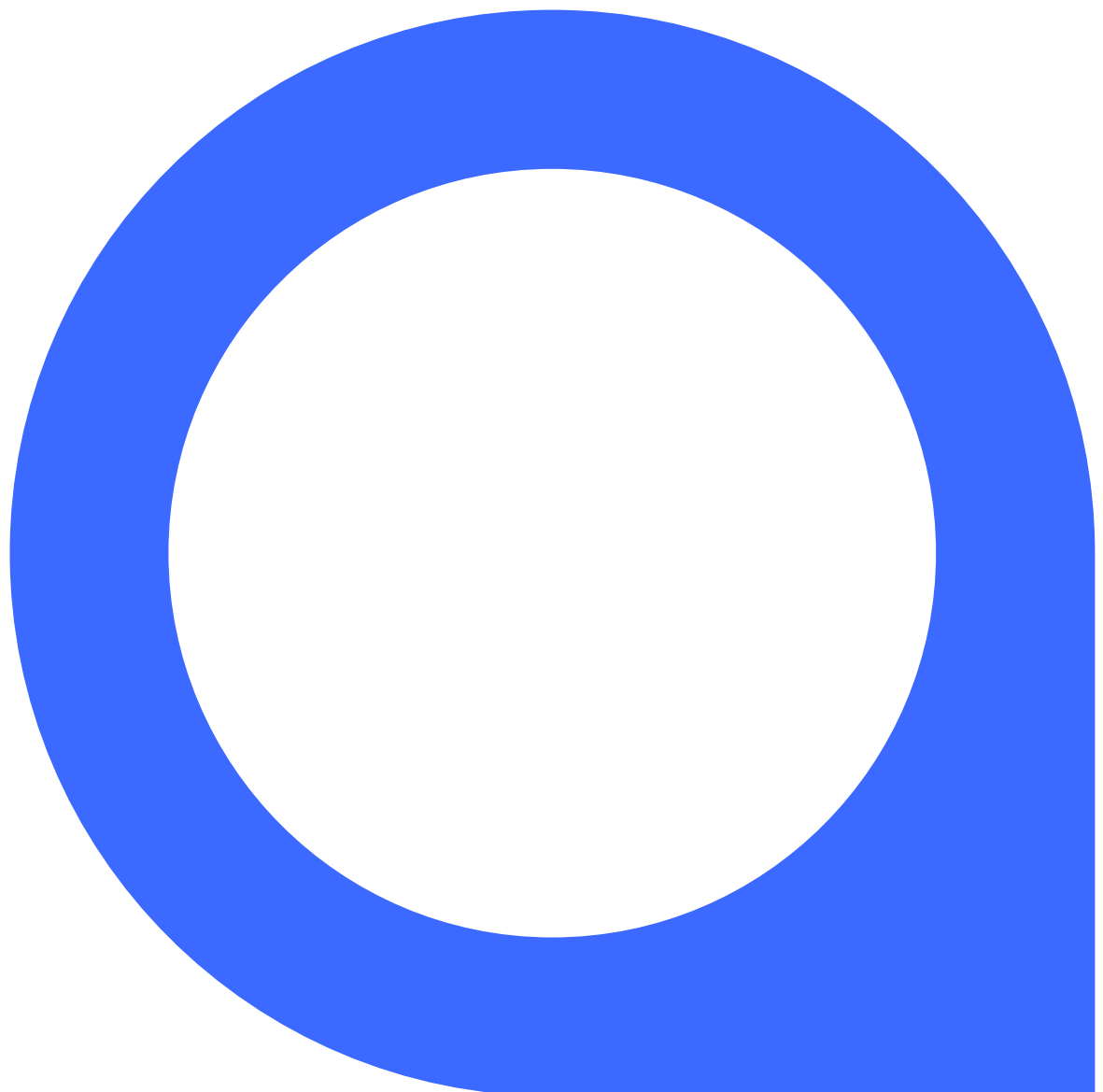


Investment

Assignment Semester 2 2025





Preamble

The main purpose of the assignment from your perspective is to help you to develop your capacity to evaluate a set of capital market assumptions and your skills in analysis and writing.

The specific skills that are being developed and assessed in the assignment are the ability to:

- Research, explain and evaluate subject material which may be unfamiliar to you;
- communicate relevant points in language appropriate to the readership, in a logical and coherent manner; and
- meet business standards for presentation of written materials.

These skills will also help you pass the end of semester examination and perform well in the workplace.

This assignment provides an opportunity for you to think deeply, spend time preparing a detailed answer and self-reflect on your **writing** skills. Whilst there is ample time to write your assignment answers, you should ask yourself if you need to spend more time improving your writing skills to help you pass time-limited examinations.

There may not be a single correct answer to the question(s) posed. Ensure you have adequately demonstrated your steps, assumptions, reasoning and checks to the marker(s) so that your answer can be considered in context.



Marking Guide

A percentage mark of at least 60% is required to achieve at least a pass grade for this assignment, which is consistent across all the subjects' assignments. This is only an indicative pass mark and the final pass mark for the subject overall may be different.

This assignment represents 20% of the available marks for the Investment subject¹. Your assignment mark will be combined with your exam mark to determine your overall result for the subject.

If you choose not to submit an assignment, or if you do not submit a reasonable attempt, then you are still entitled to sit the examination, but it is unlikely that you will reach pass standard for the subject.

It is anticipated that you will spend at least 20 hours to complete the assignment. In past semesters, some students have spent significantly more time than this, particularly those students who aim for a grade of Above Pass Level or Significantly Above Pass Level.

A detailed rubric is provided with the assignment question and will be used by the markers to assess your performance. The rubric has been posted on the Assignments page of Canvas to guide you as to what is required to achieve full marks for each part of the assignment. You should check that the components of your answer cover the items in the rubric.

You should use a clear structure in your written report, to make it easy for markers to find where you have responded to each of the rubric criteria.

Submission

Deadline

The deadline for submission is 12:00 pm (midday) Sydney time (AEST) on 25 August 2025.

Submit your assignment via the Assignments page in Canvas. If you experience technological issues when submitting your assignment, please send a copy of your assignment by email to education@actuaries.asn.au.

¹ For students completing the subject as a microcredential Certificate path, the assignment represents 100% of the available marks for the microcredential.



Penalties apply for late submissions (see section on 'Penalties'). You should anticipate potential delays by preparing and submitting your work in advance of the deadline.

Should circumstances arise that mean you cannot submit your assignment on time, you should contact education@actuaries.asn.au in advance of the deadline and apply for special consideration.

File format

The submitted answer is to be a single WORD document. The naming convention for files is:

Investment 2025 S2 Assignment member ID (file extension as appropriate).

Please note that if you resubmit an assessment, Canvas automatically adds a suffix to the file name (such as '-1' for the first resubmission). You do not have to make any adjustment for this.

Coversheet

A coversheet for the assignment is provided on the Assignments page in Canvas. Complete and attach this coversheet as the front page of your assignment.

Complete the questions on the coversheet and ensure you are complying with the statements.

Word limit

The assignment has a specific **word** limit of 3000 words, including all words used in tables. Markers may not read or mark any part of your answer that exceeds this limit. Keep your **word** count within that limit. The **word** count does not include:

- cover page;
- contents table or index; and
- references to sources used.

Keep in mind one of the key principles taught in the Communication, Modelling and Professionalism subject: always write as clearly and succinctly as possible, while still including enough information that will be useful for your audience. With that in mind, consider whether each word, sentence or paragraph you include in your assignment adds to or detracts from the message you are trying to convey. Importantly, know that 'more' is usually not 'best'.



Plagiarism

By submitting your assignment, you are implicitly stating that the work is your own.

Remember that an important aspect of being a professional actuary is to always act with integrity. Committing plagiarism by copying another person's work or not properly referencing other sources (including AI sources) used in your assignment is a breach of the Integrity principle under the Actuaries Institute's Code of Conduct.

Any suspected plagiarism will be referred to the Institute's Executive General Manager, Education for review. Depending on findings, a penalty may be applied, and/or a complaint regarding the member may be made to the Institute's Conduct Committee. Subject marks may not be released until the matter is resolved.

Penalties

Late submissions

Penalties will be applied to late submissions without prior approval.

If you submit an assessment after the due date and time (whether that is the original due date or any extended due date you have been granted), the following penalties apply:

- within 24 hours of due date and time: 20% x maximum mark available (i.e. deduct 4 marks if a 20 mark assignment, deduct 10 marks if a 50 mark assignment);
- more than 24 hours (1 day) late: 100% x maximum mark available (i.e. assessment score = 0).

Incorrectly formatted submissions

There is no direct penalty if an assessment is submitted in a format with an incorrect file name or an incorrect format (e.g. NOT submitted as a WORD document). However, you may be required to resubmit your work with the correct file format, particularly relevant to modelling or coding assignments.

If a submission does not include the correct identifier (member ID) in the file name, then it may take time to identify you as the student and you may be asked to resubmit your work with an appropriate identifier.



If either situation arises then this will probably cause you to submit late and hence incur the late submission penalties outlined above. Students should therefore follow all assessment instructions provided.

Feedback

Our approach to feedback is for students to receive their grade, general feedback and a sample assessment marked as 'Significantly above pass level'.

You should review the general feedback that is provided to all students as well as the sample assessment. After reviewing the general feedback, you should use the rubric to grade the sample assessment and your submission. This will help you to compare the assessments and identify areas where your submission could have been improved.

Our belief is that this active approach to studying will provide you with a deeper understanding of where you need to improve. This is the best way for you to learn about your areas of strength and weakness. We do not provide students with individual feedback on their assessments.

At the end of the semester, you will receive:

- a letter to indicate whether you have passed or failed the subject;
- if you have failed the subject, a breakdown of your grade for each assessment;
- general feedback to all students about assessment performance; and
- sample assessment(s) that were graded as 'Significantly above pass level'.



Assignment Context

You are advising the Board of a sovereign wealth management fund which has portfolio with a significant allocation to:

1. Equity securities which are publicly listed on global securities exchanges including 40% of the portfolio invested in US Large capitalisation equities, diversified across all industry sectors of the market such that no single sector dominates;
2. Debt securities including tradeable bonds including 20% of the portfolio invested in bonds issued by the Treasury of the United States of America with maturities ranging from 3 months to 30 years;

When setting its overall long term and short-term investment strategy the Board has in recent years used inputs derived from various sets of Capital Market Assumptions (CMA) prepared and published by a variety of sources. These sources have included several major investment management firms.

You have been asked by the Board to provide a report evaluating, as of mid-2025, one of the sets of Capital Market Assumptions, which the Board has used extensively, to provide the Board some understanding of the degree of uncertainty in the assumptions and how this may influence its continued use of such inputs in determining its investment strategy.

Available information

You are provided with several documents from various sources that relate to Capital Market Assumptions (CMA) across various asset classes:

- SSGA 2024 Q4 Long-Term Asset class Forecasts/ Q4 2024
- SSGA Geopolitical Outlook 2025
- Capital Group cma-white-paper-long-read-2025
- bii-global-outlook-2025
- Morningstar 2025 Outlook Report
- PineBridge AUD Capital Market Line 31 Dec 2024
- PIMCO_Cyclical_Outlook_Apr2025

You may also search for other information or documents that may assist you in the evaluation of the nominated set of capital market assumptions (SSGA 2024 Q4 Long-Term Asset class



Forecasts/ Q4 2024 and are relevant to the questions set out below, which you must answer in your report. Please cite references for any material that you use.

The nominated set of Capital Market Assumptions to be evaluated in your report are the assumptions about Large Cap US Equities and US Government Bonds as forecast in the SSGA 2024 Q4 Long-Term Asset class Forecasts/ Q4 2024 document.



Assignment Questions **(Total 20 Marks)**

1. Explain what you consider to be the three most important factors that may influence the total returns of each of the following two asset classes: Large Cap US Equities and US Government Bonds over the next 5 years, noting that the three factors affecting each asset class may be different.

(12 out 20 marks or 60% of the Assignment)

2. Evaluate the Capital Market Assumptions for the intermediate term (3 to 5 years) for Large Cap US Equities and US Government Bonds as forecast in the SSGA 2024 Q4 Long-Term Asset class Forecasts/ Q4 2024 document having regard to all the information and opinions that you have been provided with, and other information and opinions that you have sourced, indicating the degree of uncertainty in the CMA over the intermediate term of the next 3 to 5 year period.

(8 out 20 marks or 40% of the Assignment)

END OF ASSIGNMENT