

Asset Liability Management

Assignment Semester 1 2024 –
Feedback for students





Feedback materials

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Assignment purpose

The main purpose of the assignment from your perspective is to help you develop skills required to pass examinations at Actuary level. These skills are also required by employers.

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

- acquisition of subject knowledge;
- application of subject material in an unfamiliar context; and
- communication of relevant points in language appropriate to the audience, in a logical and coherent manner.

Overview of assignment content

The assignment is weighted 20% of the available marks for Asset Liability Management. It consists of:

- **Part A** (10 marks) 20 multiple choice questions, delivered online via the learning management system (45 minute time limit); and
- **Part B** (10 marks) short answer questions, released via the learning management system (time limit is balance of 2 hours available after Part A completed).

Part A covered content from Modules 2 through to 7. All these modules had been discussed in a tutorial before the assignment date.

Part B consisted of a single question with three parts. It related to a small business seeking finance to expand from two sources: a venture capitalist- to purchase and equip a suitable factory; and a family member – to purchase a property which could be rented to the business.



Candidates were asked to:

- Explain the advantages and disadvantages of using venture capital to fund the factory, from the business owner's point of view. (4 marks)
- Explain the deal terms that a venture capital would offer (dollar amount and percentage ownership) with reasoning linked to the required risk and return. (2 marks)
- Discuss four investment risks arising from the purchase of a property by a family member to rent to the business (4 marks)

Results summary

Overall, students performed well on the assignment with a pass rate of 99% with an average score of 84.8%. A summary of the results is presented in Table 1 Overall results.

Table 1 Overall results

Grade	Number of students	Percentage of students
Significantly above pass	155	83%
Above pass	24	13%
Pass	5	3%
Below pass	2	1%
Total	186	100%

Table 2 shows past semesters for comparison.

Table 2 Historical results

Semester	Number of students	Percentage of students passing	Average of Mark
2024 S1	186	99%	85%
2023 S2	139	98%	77%
2023 S1	182	85%	70%



Overall feedback

Key observations for this semester's results are:

- we expected most students to pass the assignment because of the guidance provided, short questions and open book environment, and they did;
- 99% passed Part A the multiple-choice quiz;
- 99% passed Part B the short answer questions, which required more thought and an ability to explain those thoughts in writing;
- in reality, there is little time for searching LMS materials for guidance, and little to gain from simply cutting/pasting from the materials; and
- the stronger answers were able to interpret the command verbs correctly, incorporate the provided information and communicate their understanding clearly and concisely.

The following feedback from the assignment has been provided to help you to prepare for the exam.

Fully answer questions.

Make sure you answer the question. It is important to go back to the question after you have started writing to ensure you are answering the question asked. Check you have responded to the command verb appropriately. Check you have applied the information provided in the questions.

After you have drafted your answer, it is always a good idea to re-read the question again and tick off that you have answered all parts of it.

Write concisely and clearly.

Keep your answers concise and use layout to enhance the clarity of your response. Do not 'bury' a single important idea in a lengthy paragraph of less relevant information.

Review your work.

The time allowance for Part B was very generous (at least 75 minutes per 10 marks) compared with the exam (20 minutes per 10 marks). You were expected to spend some time reviewing your work and making sure your response was easy to read and to the point. Lack of conciseness and/or clarity may cost marks. This can be avoided by proof reading and editing.

You should use the automatic spelling and grammar checker in Word.



Results and feedback by question

Table 3 Results by question

	A	B1a	B1b	B1c	B All	Total
Marks	10	4	2	4	10	20
Weighting	50%	20%	10%	20%	50%	100%
Average	8.4	3.6	1.4	4.2	8.6	17.1
Min	0.0	0.0	0.0	0.0	0.0	0.0
Max	10.0	4.0	2.0	4.0	10.0	19.5
% passing	99%	98%	53%	97%	99%	99%

Observations by question

The average mark was at or above pass level on each component of the assignment.

Students performed well on Part A, the multiple-choice questions, with an average mark of 8.4 (compared with 8.3 for last semester). Most questions were answered correctly by over 90% of students. There were three questions that proved the more difficult and less than 75% answered these correctly. They were:

- Question asking which of 4 statements about market indices was false: 35% answered correctly;
- Question about assessing credit risk on bonds: 64% answered correctly; and
- Question about a comparison of returns on Australian and US bank bills: 37% answered correctly.

In Part B, most students gave clear and concise answers which related to the scenario given and showed that they had read and understood and answered each of the stated question parts.

Some students gave weaker answers which indicated that they had either not read the question fully or did not understand what was required. For example some students answered the first question part from the point of view of the venture capitalist rather than from the point of view of the business owner, as required.



Many students achieved only 0.5 or 1 mark out of 2 marks for the second question part, by not explaining the deal terms in the terms asked for: the dollar amount and percentage ownership, with reasoning linked to the required risk and return. This was the least well answered part of Part B.

In relation to the third part of the question some students copied information from the textbook without discussing the risks as they apply to buying the property to rent to a family member. This was insufficient to pass this question part.

Areas for student improvement

Students are encouraged to:

- read all Chapter materials and prepare their own notes, to understand, remember and be able to recall the key terms and concepts;
- read and understand each question and make sure that it is answered;
- not rely solely on searching for and pasting in text from the Chapters, as it does not provide the application to the context given in the question;
- understand the central role and importance of the command verbs and what they mean and the skill level that they are indicating;
- practice writing skills throughout the semester in order to be able to clearly summarise information, be concise and to the point, whilst completely answering the question, when under time pressure; and
- consider the context given with the question and ensure the answer incorporates what is relevant, as generic answers will not get full marks.

Will we get feedback on our assessment?

Our approach to feedback is for students to receive general feedback, sample assignments marked as 'significantly above pass level' and the marking guide.

You should review the feedback that is provided in this document as well as the marking guide and the sample assignment that scored highly. This will help you to identify areas where your submission could have been improved. You should also use the general feedback to identify areas where you could improve your future exam performance.



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 in your understanding. We do not provide students with individual feedback on their assessments.

At the end of the semester, you will also 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 exam performance; and
- the exam marking guide.

Example of assignment

For Part B, a selected answer which was graded “significantly above pass” will be posted to LMS.

Part A questions and answers are not released but all answers can be obtained from a close reading of Chapters 2 to 7.