Chapter 1: Investing concepts

Recommended course: Building the entrepreneurial mindset

Recommended course code: BEM10

Previous course: Introduction to business, Grade 9 or 10, Open, BBI1O/2O

Focus: Personal finance

Topic: Investment risk

Time: One 75-minute period

Curriculum Connections

OVERALL EXPECTATIONS:

* Develop skills in managing personal income effectively, such as skills in budgeting, planning, saving and investing.

Curriculum expectations

A1.2

Use a project management process to manage the main aspects of a business project, including goals, key performance indicators, resources, delegation of tasks and responsibilities, progress of tasks, deadlines and risks, while demonstrating a leadership style appropriate to each situation.

A1.3

Evaluate tasks and projects on a regular basis in terms of goals, key performance indicators and outcomes, taking into account feedback gathered from a variety of sources.

A2.1

Identify a variety of existing and emerging digital technologies, tools and applications designed to support the completion of various business-related tasks and projects.

A2.3

Select and use the most appropriate digital technologies, tools and applications to complete a variety of business-related tasks and projects.

A3.1

Describe ways in which problem solving and creative and critical thinking can be applied to address local and global real-world opportunities and challenges.

A3.4

Create and maintain a portfolio that illustrates business competencies and growth as an entrepreneur.

C1.2

Research, synthesize and organize information from a variety of sources to support the topic and purpose of various business texts and to provide accurate and credible communication.

SPECIFIC EXPECTATIONS:

- Identify various types of investment alternatives (e.g., GICs, stocks, bonds, mutual funds).
- Compare the benefits of saving and investing.
- Demonstrate an understanding of the factors that will affect the value of money over time (e.g., compounding interest, rate of inflation, saving, investment decisions).

21ST CENTURY/GLOBAL COMPETENCIES:

- Digital literacy: Selecting and using appropriate digital tools to collaborate, communicate, create, innovate and solve problems.
- Critical thinking and problem solving: Detecting patterns, making connections and transferring or applying what has been learned in a given situation to other situations, including real-world situations.
- Communication: Effectively conveying ideas, information and data through various mediums, including written, oral and visual communication.
- Collaboration and teamwork: Students learn from others and contribute to their learning as they co-construct knowledge, meaning and content.
- Financial literacy: Understanding basic financial concepts and the ability to make informed financial decisions
- Cross-curricular connections with geography (comparing investment risk assessment and weather forecasting).

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Assessment and evaluation

Assessment/success criteria:

Students will

- understand the concepts of investment risk, risk tolerance, risk capacity, the risk and return relationship and the risk level associated with various asset classes
- compare investment risk assessment to weather forecasting
- assess and reflect upon their personal investment risk tolerance
- choose investment options tailored to their risk tolerance and investment timelines

Assessment tools: (Assessment FOR/AS learning)

- Questioning.
- Observation.
- Product: reflection.

Prior learning

Prior to this lesson, students will have an understanding of basic asset classes, including cash, equities, bonds, crypto and real estate.

Instructional strategies

- Direct instruction.
- Teacher modelling.
- Real-world examples.
- Small group and whole class discussion.
- Presentation.
- Scaffolding.
- Questioning.

Materials and resources

- Computer, speakers, classroom digital video projector, internet access.
- Money Gains video: Investment risk.
- PowerPoint presentation.
- Student handout of Investment Risk Tolerance Quiz.
- Student devices, classroom computers or shared computers, tablets, laptops, etc.

MINDS ON (15 minutes)

Note: All instructions, along with visual aids, will be explained by the teacher and also presented visually on PowerPoint slides.

1. Play the video of Will Smith skydiving (Slide 2)
2. Think, pair, share (Slide 2):
    - Give students three minutes to discuss, with a partner or in groups of three, whether or not they would go skydiving or bungee jumping, or travel to a dangerous country on vacation.
    - Conduct a class vote (have students raise their hands to vote if they would or would not do each activity).
    - Ask students to volunteer their rationale for why they would/would not do each activity.

ACTION (20 minutes)

1. Introduce the topic of today's lesson to students: investment risk.
2. Play the Money Gains investment risk video (embedded on Slide 1).
3. Go through Slides 3 and 4, discussing the concepts and examples of investment risk, risk tolerance, risk capacity, the risk and return relationship and the risk level associated with various asset classes.
4. Navigate to the "Unpredictable returns" tab of the Fidelity Volatility Tool.
    - Explain to students that the chart shows the minimum and maximum returns for an investment in Canadian shares over the past 66 years, for ten different holding periods, from one year to ten years.
    - The green line on the chart shows the highest average annual return achieved for that holding period, and the blue line shows the lowest average annual return for that holding period.
    - Have students compare the highest and lowest returns when the investment is held for one, three, five, seven and ten years.
    - Ask students, "What do you notice about how volatility changes as the investment is held for a longer period?"
    - Navigate to Slide 6, and summarize: generally, the longer you remain invested, the more predictable your returns become.
5. Go through Slides 7 and 8, explaining risk ratings, investor risk profiles and how investment risk is measured.

CONSOLIDATION AND CONNECTION (45 minutes)

1. Think, pair, share activity (Slide 9):
   - Instruct students to consider, "How is investment risk assessment like weather forecasting?"
   - In groups of three or four, students should make a list of similarities between forecasting the weather and assessing investment risk, considering tools used and factors considered. For example, both use computer models to predict future conditions.
   - After five minutes, go around the class and have each group will share a different similarity.
   - Navigate to Slide 10 and summarize the similarities with students.
2. Risk Tolerance Quiz
   - Distribute the quiz to students (or post it on a digital platform if student's have device access), explaining that they will be completing an investment risk tolerance quiz.
   - Go through the investment risk tolerance quiz with students, explaining each question. Give students time to tally their scores, assisting as needed.
   - After completing the risk tolerance quiz, students should
     a. write a short reflection (three or four sentences) explaining whether they agree with the results or not, based on their general risk tolerance in life
     b. Use the Fidelity Investment Finder to find one fund that interests then and that is in line with their risk tolerance level
     c. explain what the selected fund contains, and why this fund has the risk classification it does
   - Show students Slide 12, which provides an example.

Homework

- Students can finish the risk tolerance quiz reflection and investment selection.
- Inform students that at the following class, they will present their findings in small groups and compare their investment risk tolerances.

Accommodations

- Students can be supported throughout these discussions through teacher prompts.
- Differentiated instruction:
  - Content will be provided auditorily and visually.
  - Charts and other visuals will help to illustrate concepts.
  - Differentiation through letting students choose which investment fund to investigate.
- Chunking/scaffolding:
  - The teacher will model how to use the Volatility Tool and Fidelity Investment Finder.
  - The teacher can share resources to guide students in writing the report.
- Real-world examples will be used to teach abstract concepts.
- Peer learning partners: Strategic heterogeneous grouping (grouping students of various abilities) will help to better encourage conversation and collaborative learning skills as students help and advocate for each other in understanding and communicating their ideas.
- Extra time/adjust pace: Students can be provided with extra class time to complete activities, and the teacher can provide guidance, support and examples.

Lesson 11
Chapter 1: Investing concepts

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