Lesson 3

Chapter 1: Investing concepts

Recommended course:
Building the entrepreneurial mindset

Recommended course code: BEM10

Previous course: Introduction to business, Grade 9 or 10, Open

Focus: Personal finance

Time: One 75-minute period

Topic: Asset classes

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.

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.

A3.2

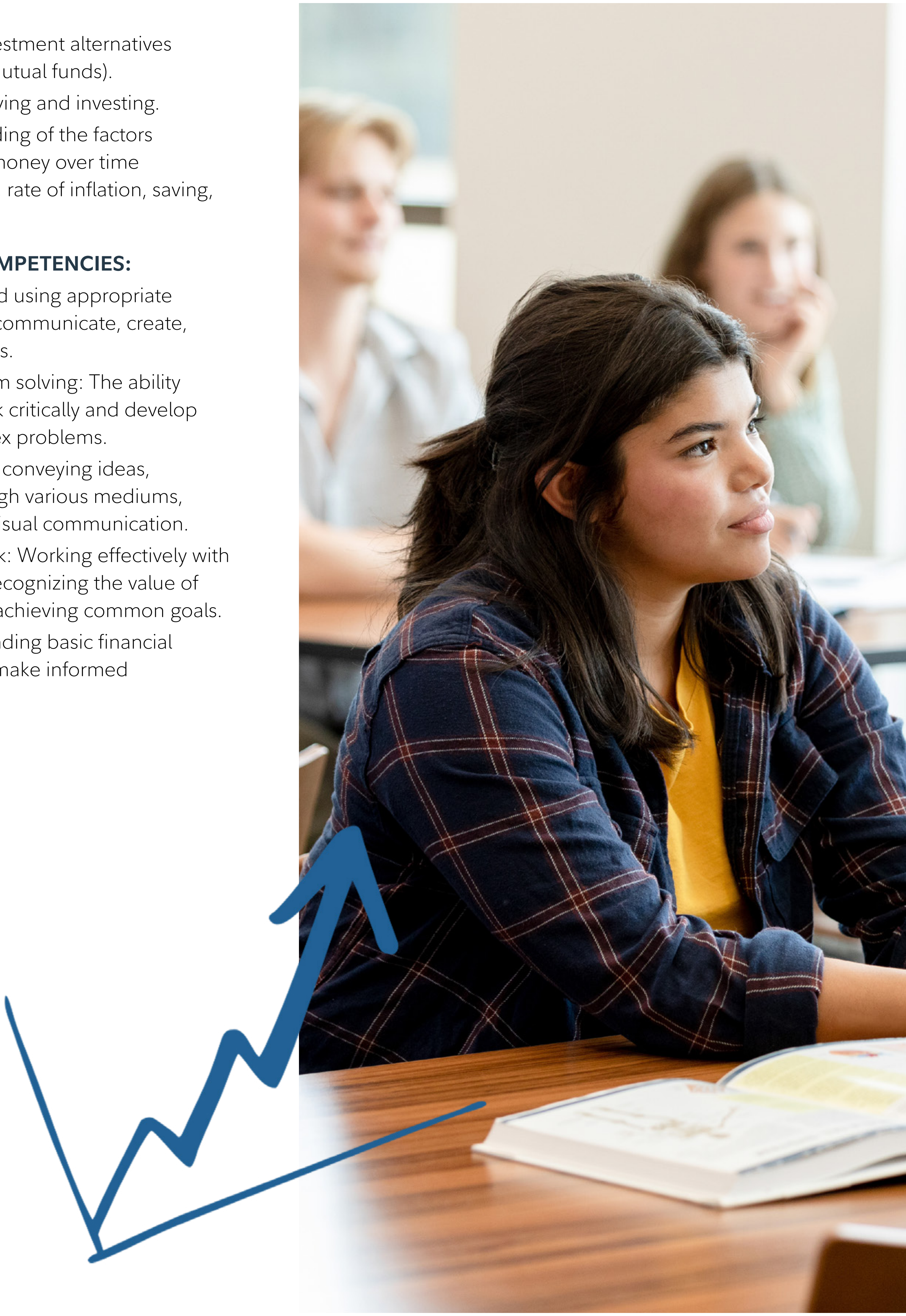
Analyze and explain how business skills and knowledge, including financial literacy, can support learning in other subject areas, in-school job skills programs and community-based programs.

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: The ability to analyze information, think critically and develop creative solutions to complex problems.
- Communication: Effectively conveying ideas, information, and data through various mediums, including written, oral and visual communication.
- Collaboration and teamwork: Working effectively with diverse groups of people, recognizing the value of different perspectives, and achieving common goals.
- Financial literacy: Understanding basic financial concepts and the ability to make informed financial decisions.



Assessment and evaluation

Assessment/Success criteria:

- Students will learn about, and identify, examples of different asset classes and portfolio allocations.
- Students will be introduced to various asset classes, the concept of diversification and their definitions, using a sports team analogy.

Assessment tools: (Assessment FOR/AS learning)

- Questioning
- Conversation
- Observation
- Presentation
- Reflection

Prior learning

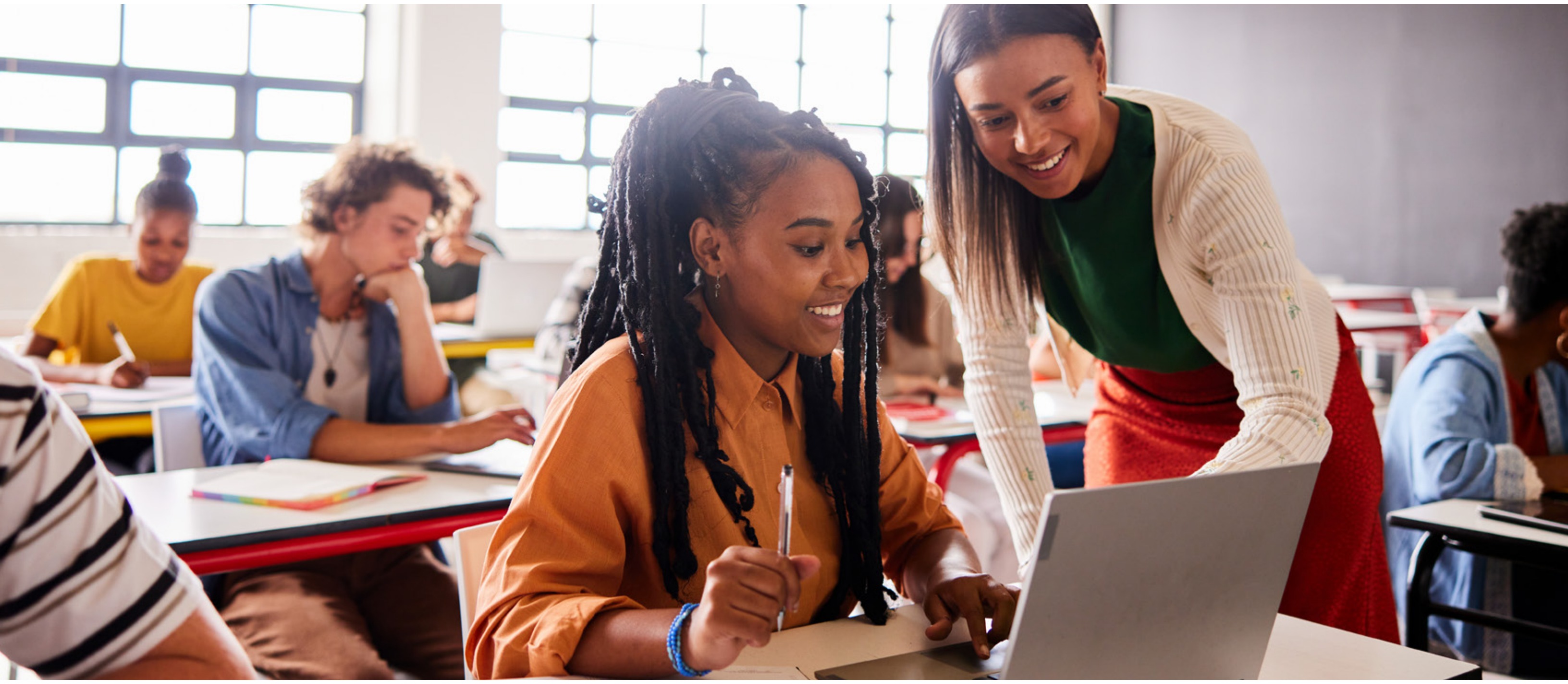
Prior to this lesson, students will have an understanding of the difference between saving and investing.

Instructional strategies

- Simulation
- Direct Instruction
- Teacher modelling
- Small group work
- Class discussion
- Presentation
- Scaffolding
- Questioning

Materials and resources

- Computer, speakers, classroom digital video projector, Internet access
- Video: "Asset classes"
- Whiteboard and markers, chalk and chalkboard or equivalent
- PowerPoint presentation: "Asset classes"
- Student handout with PowerPoint slides printed 4 or 6 slides per page
- Student devices, classroom computers or shared computers, tablets, laptops, etc.
- Access to Office Online **OR** chart paper and markers
- Optional: Fake money



MINDS ON (5 minutes)

1. Do a class survey to find each student's favourite team sport; record answers on whiteboard or PowerPoint slide.
2. Ask students what types of investments and savings options they know about; record answers on whiteboard or PowerPoint slide.
3. Think, pair, share: Ask students to think about how choosing investment and savings options for your financial portfolio is like managers choosing players on a sports team, or directors and producers choosing various roles for a theatre production.
   - If needed, prompt students by explaining how, just as a successful theatre production requires a diverse cast and crew, and a sports team has players that play different positions, a well-structured investment portfolio combines different asset classes, to manage risk and achieve financial goals.
   - Diversification in the investment world is akin to having a well-rounded mix of actors or players, to create a well-rounded and successful play or team.

ACTION (30 minutes)

1. Students will watch Money Gains: "Asset classes" and answer the following questions (on their handout of PowerPoint slides, or through the class website):
   - How are asset classes in a portfolio like players on a sports team?
   - What three factors should be considered when choosing which asset classes to include in your portfolio?
   - What happens to most people's risk tolerance as they get closer to retirement?
   - What are the three traditional asset classes?
   - Give five examples of alternative assets.
   - What is a stock? How do you make money from a stock?
   - What is a bond? How do you make money on a bond?
   - Rank the following investments from least risky to most risky: stocks, bonds, cash.
   - What is a REIT?
   - What are some examples of commodities?
   - What are some examples of digital asset classes?
   - What is diversification, and why is it smart to "not put all your eggs in one basket"?
2. Invite students to share their answers, choosing a different student each time. When taking up answers, navigate to the appropriate PowerPoint slide to reinforce the concepts explained by students.
   - Stocks: Ownership in a company that represents a share of the company's profits.
   - Bonds: Debt securities with which investors lend money to an entity (government or corporation) in exchange for periodic interest payments and the return of the bond's face value.
   - Savings account: A bank account that earns interest on deposited money.
   - GIC (guaranteed investment certificate): A low-risk, interest-bearing investment offered by banks and trust companies.
   - Real estate: Physical property such as houses, apartments or commercial buildings.
   - Real estate investment trust (REIT): A company that owns and manages income-producing real estate.
   - Commodities: Basic goods that can be traded, such as gold, oil or agricultural products.
   - Collectibles: Cars, art and even baseball cards, and digital assets such as NFTs.
   - Cryptocurrencies: Digital or virtual currencies such as Bitcoin that use cryptography for security.

CONSOLIDATION AND CONNECTION (30 minutes)

STUDENT ACTIVITY "DRAFT DAY"

1. Form groups based on favourite sport (excluding soccer), with no more than six students per team:
   a. Hockey
   b. Basketball
   c. Volleyball
   d. Football
   e. Baseball
   f. Cricket
   g. Cheerleading
   h. Ultimate frisbee
   i. Field hockey
2. Explain that students will compare each asset class to a specific position on a sports team. Model, using soccer as an example:
   - Stocks: Centre forward/strikers (high risk, high reward)
   - Bonds: Midfielders (stable, consistent performance)
   - Savings account: Goalkeeper (safe, but limited returns)
   - GIC: Defence (secure, low risk)
   - Real estate: Coach (provides stability and potential income)
   - REITs: Midfielders (property investments with diversification)
   - Commodities: Wingers (unique, can provide explosive growth)
   - Cryptocurrencies: Utility players (emerging, volatile)
3. Explain that each group is acting as an investment management team.
   - Assign each group a set budget to build their "sports team" portfolio. (Optional: Give out fake money.)
   - Students should:
     1. Figure out which asset classes (players) they need.
     2. Decide what percent of their budget they should spend on each player, where each player represents an asset class.
     3. Research specific assets to hypothetically purchase.
   - They can record their findings on chart paper, or electronically.
     - It's up to the teacher's discretion how in-depth they expect students to go.
   - Examples on slides 8, 9, 10 and 11.

Portfolio presentation (15 minutes):

- Each group presents its portfolio strategy, explaining the rationale for their choices and how it relates to the soccer team analogy.
- Discuss the pros and cons of their selected asset classes and the idea of diversification.

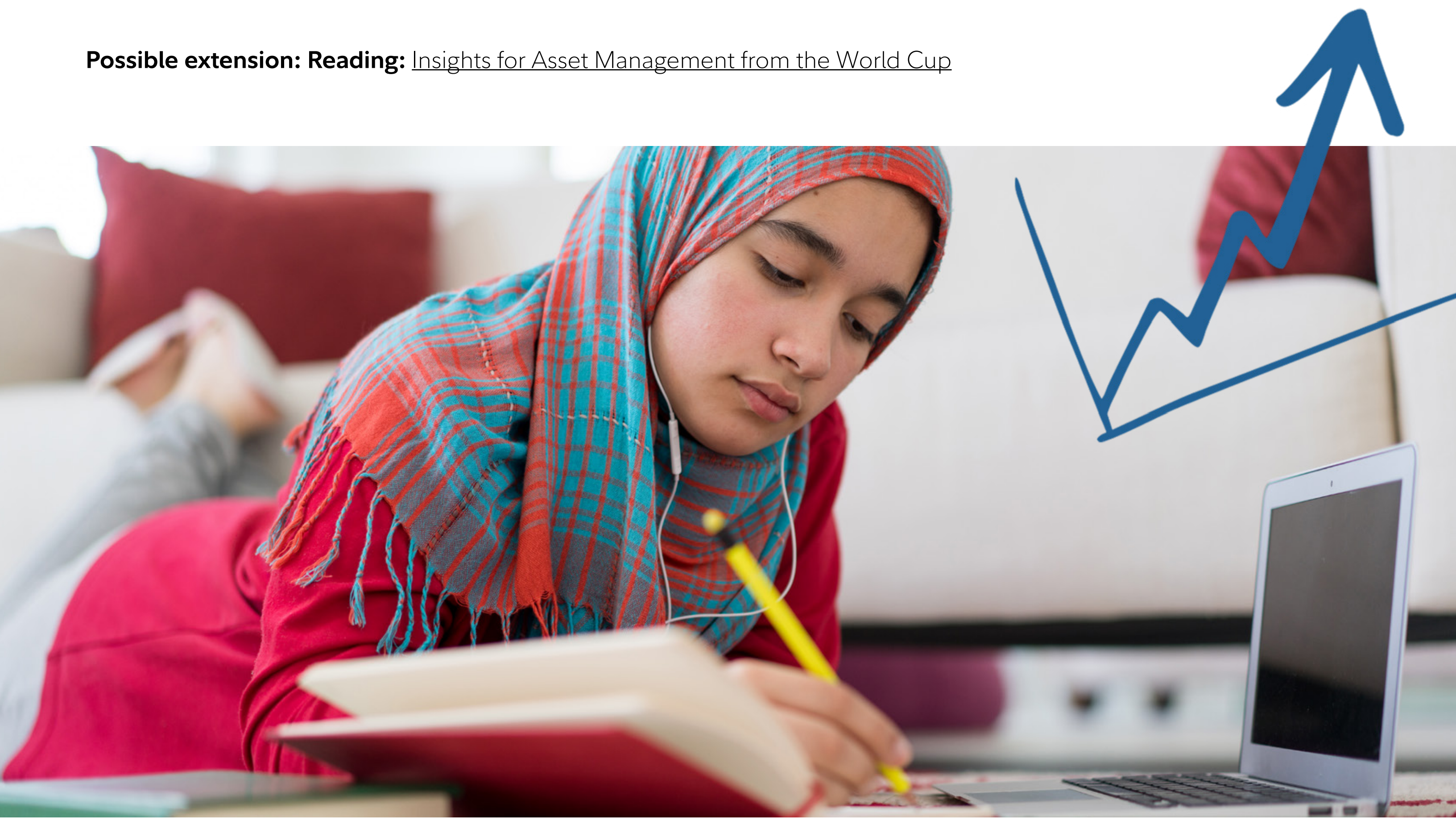
Homework

- The teacher should post the following discussion question on the class website forum (or have students complete an exit card): "What are the benefits of diversification and what is the role of different asset classes in managing risk and achieving financial goals? Use concrete examples to support your response."
- Teacher can evaluate responses or simply have a class discussion the following day.

Accommodations

- Differentiation through student choice.
- Use a mix of visual, auditory and kinesthetic activities.
- Clear learning objectives.
- Visual aids.
- Accommodations for diverse needs: Text-to-speech software, extended time.
- Hands-on activities.
- Discussion and collaboration.
- Personalized support.
- Real-life examples.
- Scaffolded instruction.
- Assessment flexibility.
- Regular check-ins.

Possible extension: Reading: Insights for Asset Management from the World Cup



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