

Lesson 9

Chapter 1: Investing concepts

Recommended course: Building the entrepreneurial mindset

Recommended course code: BEM10

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

Subject: Personal finance

Time: One 75-minute period

Topic: Understanding your investment returns



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.



BB110/20 EXPECTATIONS:

- Explain how fluctuations in interest rates affect saving, investing and spending decisions.
- 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.

Assessment and evaluation

Assessment/success criteria:

Students will

- use stock indexes to calculate return on hypothetical investments
- explain the difference between earning investment returns from a change in the price of the asset (realized/unrealized capital gains/losses) and earned income (interest and dividends)
- use scenarios involving hypothetical investors to understand and compare time-weighted vs. dollar-weighted returns and cumulative vs. annualized returns
- compare returns across different investment funds
- analyze political, economic, social and environmental factors that influenced the performance of funds

Assessment tools: (Assessment FOR/AS learning)

- Questioning.
- Observation.
- Presentation.
- Product: The PowerPoint that students create can be assessed, along with the reflection.

Prior learning

Prior to this lesson, students will have an understanding of

- the difference between saving and investing
- basic asset classes, including cash, equities, bonds, crypto, real estate
- the importance of setting goals and time horizons

Instructional strategies

- Direct instruction.
- Teacher modelling.
- Problem-based learning.
- Real-world examples..
- Class discussion.
- Presentation.
- Scaffolding.
- Questioning.

Materials and resources

- Computer, speakers, classroom digital video projector, internet access.
- Video: Money Gains, "[Investment returns.](#)"
- PowerPoint Presentation: "Investment returns."
- Student handout of PowerPoint slides (options to share digitally rather than printing).
- Student devices, classroom computers or shared computers, tablets, laptops, etc.
- Access to Office Online (free to all students) and Google Finance.





MINDS ON (10 minutes)

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

1. The teacher will go through Slides 2 and 3, and explain to students the practices of initial public offering (IPO) and a stock split.
2. Complete the Minds on activity (Slides 4 and 5).
 - a. First, students guess
 - i. the current share price of each stock
 - ii. how much money they would have today if they purchased ten stocks in the IPO
 - b. Have students then calculate what their return would be today if they purchased 10 and 100 shares in the IPO.

Discuss as a class: Did students over- or underestimate what the return would be?

ACTION (20 minutes)

1. Watch Money Gains, "Understanding your investment returns" and complete the following questions (students would be provided with a worksheet):
 - What are investment returns?
 - What are the two components of investment returns?
 - What's the difference between time-weighted return and dollar-weighted return?
 - What's the difference between cumulative and annualized returns?
2. Take up the answers, and discuss as a class by going through PowerPoint Slides 6–11.

CONSOLIDATION AND CONNECTION (50 minutes)

1. Explain the activity outlined on Slide 12:

Pretend that starting five years ago, you invested \$500 each month in a security and held it for five years (so over the five years you invested $500 \times 12 \times 5 = \$30,000$). Choose a security using the Fidelity Investment Finder that has existed for more than five years, and create a PowerPoint presentation that answers the following questions:

- *What does this fund invest in?*
 - *Why did you choose this fund?*
 - *What was the value of your investment at the end of the five years?*
 - *What was your total return in dollars?*
 - *What was the time-weighted return after the five years?*
 - *Do you think that you could have earned more from putting your money in a savings account or GIC and earning interest? Explain.*
2. Model how to use the Fidelity Investment Finder: show students how to filter investments and how to change the view to five years.
 3. Go through the example on Slides 14–18.
 4. Give students 30 minutes to work.
 5. Students debrief first in small groups and then as a class (Slide 19) (ten minutes).
 - a. Students form groups of four or five.
 - b. Students share investment choices and determine who had the highest return and who had the lowest return in each group.
 - c. One representative from each group will share the findings with the class.
 - d. Discuss what trends there are for the highest and lowest performers?
 6. Instruct students to submit their PowerPoints for assessment.

Explain the research assignment (outlined below under homework and on Slide 20), and go through the rubric (Slide 21).

Homework

- Students should conduct research to investigate what caused the investment fund to fluctuate the most during the five-year period. Write a 400–500 word report covering the leading causes of the fund’s growth and decline over this period. Consider political, environmental and economic factors such as COVID-19, wars and interest rates. (Assignment on Slide 20; rubric on Slide 21.)
- Option to give students a work period the following class.

Accommodations

- Students can be supported throughout these discussions through teacher prompts.
- Differentiated instruction:
 - Content will be provided auditorily and visually.
 - Differentiation through letting students choose which investment fund to investigate.
- Provide organizers/notes: Students will be provided with a handout of the PowerPoint slides so they can refer to the concepts.
- Chunking/scaffolding:
 - The teacher will model how to use the Fidelity Investment Finder.
 - The teacher can share resources to guide students in writing the report.
- Peer learning partners: Strategic heterogeneous grouping (grouping students of various abilities) will help to better encourage conversation and collaboration learning skills as they help and advocate for each other in understanding and communicating their ideas.
- Extra time/adjust pace: Students can be provided with class time to complete the report, and the teacher can provide guidance, support and examples



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