Fidelity INVESTMENTS

MONEY GAINS MAKING IT COUNT

Chapter 1

Summative assignment:
Personal finance case study analysis

Overall expectations:
- Develop skills in managing personal income effectively, such as skills in budgeting, planning, saving and investing.

Specific 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.
- Financial literacy: Understanding basic financial concepts and the ability to make informed financial decisions.

Assignment overview:
In this summative assignment, you will act as a financial advisor and build an investment portfolio for a hypothetical client. The assignment is designed to assess your understanding of financial concepts, critical thinking and ability to make informed investment decisions.

Instructions:
Choose one of the client profiles provided at the end of this document, **OR write your own case study**, and complete Parts 1, 2 and 3 as outlined below.

Part 1: Financial analysis

a. Evaluate the client's current financial situation, considering income, expenses, assets and liabilities.

b. Identify financial goals or concerns the client may have based on the information provided, and the timeline for each.

Rubric

Criteria	Level 1	Level 2	Level 3	Level 4
Knowledge	Limited understanding of financial concepts and terminology.	Some understanding with some gaps in knowledge.	Considerable understanding of financial concepts and terminology.	Comprehensive understanding with accurate use of relevant terminology.
Thinking	Limited critical thinking evident.	Some critical thinking with some consideration evident.	Considerable critical thinking skills with thoughtful consideration.	Excellent critical thinking skills with deep insights.
Application	Limited application of financial analysis principles.	Some application of financial analysis principles.	Considerable application of financial analysis principles.	Considerable application of financial analysis principles.
Communication	Limited clarity and coherence.	Some clarity and coherence.	Clear, well-organized and effective communication of findings.	Exceptionally clear, well-structured and precise communication of findings.

Part 2: Investment portfolio building and risk management

Complete this portion in a Word document.

a. Research and recommend three investment options for your case study subjects. Consider various asset classes such as stocks, bonds and real estate. Justify your investment choices, taking into account the subject's risk tolerance, time horizon and financial goals.

Resources to guide your search:
Fidelity Investment Finder
Google Finance
Savings Account Comparison Tool
GIC Comparison Tool

b. Provide a diversified investment portfolio allocation, specifying the percentage of the client's total investment allocated to each asset class. (5 marks)

What is Asset Allocation?
Fidelity Model Portfolios

c. Discuss three strategies the subject can use to manage financial risks and maximize return.

Common Investing Mistakes
Asset Allocation Mistakes
Dollar-Cost Averaging

Make sure to cite all external sources used for research. Ensure proper grammar, spelling and formatting of written work.

Part 2 Rubric

Criteria	Level 1	Level 2	Level 3	Level 4
Knowledge /10	Demonstrates limited understanding of risk management strategies. Inaccuracies and omissions are evident.	Shows some understanding of risk management strategies. Demonstrates limited depth in analysis.	Demonstrates considerable understanding of risk management strategies. Accurate analysis with clear explanations.	Exhibits a high degree of understanding of risk management strategies. Analysis is thorough and insightful.
Thinking /10	Displays limited critical thinking and analytical skills. Analysis lacks depth and is often unclear.	Shows some critical thinking skills. Analysis is straightforward but lacks depth.	Demonstrates considerable critical thinking skills. Analysis is thorough and logical, connecting relevant concepts.	Exhibits exceptional critical thinking skills. Analysis is insightful, demonstrating a deep understanding of complex financial issues.
Application	Struggles to apply financial concepts to the case study. Recommendations lack relevance and coherence.	Applies financial concepts to the case study with some relevance. Recommendations are basic and lack nuance.	Applies financial concepts effectively to the case study. Recommendations are well-founded and demonstrate a good understanding of the context.	Applies financial concepts exceptionally to the case study. Recommendations are insightful, creative and tailored to the specific needs of the scenario.
Communication	Communication is unclear, disorganized and contains numerous errors that impede clarity. No citations.	Communication is basic, with some organization. Contains some errors that impede clarity. Few citations.	Communication is clear and organized. Minimal errors. Most citations provided.	Communication is exceptionally clear, concise and error-free. All citations provided in text and in a works cited page.

Part 3: Presentation

Create a visually appealing and informative **infographic (poster, brochure, etc.), video, PowerPoint slide presentation or website** summarizing your financial analysis, investment recommendations and risk management strategies to present to your clients. Include visuals (images, charts and tables).

Make sure to cite all external sources used for research. Ensure proper grammar, spelling and formatting of written work. If you are submitting a video, you must include a transcript.

Part 3 Rubric

Category	Level 1	Level 2	Level 3	Level 4
Application	Limited or ineffective use of visuals; does not enhance the presentation.	Some use of visuals, but could be more engaging or relevant.	Considerably effective use of visuals, enhancing understanding and engagement.	Outstanding use of visuals; highly relevant and significantly enhances the presentation.
Communication	Numerous grammar and spelling errors. Limited or no citations of external sources.	Some grammar and spelling errors; generally clear writing. Proper citation of most external sources.	Minimal grammar and spelling errors; clear and concise writing. Proper citation of all external sources used for research.	Impeccable grammar, spelling and exceptional writing quality. Proper citation of all external sources, following the required citation style accurately.

Case study 1: The young professional – Emily

Age: 25

Investment timeline: Long-term (40+ years)

Financial goal: Wealth accumulation for early retirement

Risk tolerance: High

Background: Emily is a 25-year-old software developer earning $60,000 annually. She has minimal expenses, lives frugally and has already saved $10,000 in an emergency fund. Emily is passionate about early retirement and envisions a life of financial freedom to pursue her interests in travel and entrepreneurship. Emily has no outstanding debt. She has a high-risk tolerance and is open to investing in individual stocks and high-growth sectors. Emily plans to increase her income significantly over the next decade as she advances in her career.

Case study 2: The mid-life couple – David and Maria

Ages: 45 (David) and 43 (Maria)

Investment timeline: Medium-term (15–20 years)

Financial goal: Children's education funding and comfortable retirement

Risk tolerance: Moderate

Background: David, a project manager, and Maria, a part-time accountant, have a combined income of $120,000. They have two children, ages 12 and 15. The couple is concerned about funding their children's college education and ensuring a comfortable retirement in their early 60s. David and Maria contribute to retirement accounts but haven't fully optimized their investment strategy. They have moderate risk tolerance but want a balanced portfolio with a mix of stocks and bonds. The couple is open to reallocating investments as their children approach college age.

Case study 3: The pre-retiree – Robert

Age: 58

Investment timeline: Short-term (5–7 years)

Financial goal: Retirement income generation

Risk tolerance: Low to Moderate

Background: Robert, an IT consultant, plans to retire at 65. His current income is $80,000, and he has saved $500,000 for retirement. Robert is concerned about generating a stable income during retirement while preserving his capital. Robert has a pension plan that will contribute to his retirement income. He owns a paid-off home, which is a significant asset. Robert is risk-averse and prefers investments that provide steady income, such as dividend-paying stocks and bonds.

Case study 4: The entrepreneur – Lisa

Age: 35

Investment timeline: Variable (depends on business success)

Financial goal: Business expansion and financial independence

Risk tolerance: High

Background: Lisa is a 35-year-old entrepreneur who owns a successful tech startup. Her business income is variable but has the potential for significant growth. Lisa is ambitious and aims for financial independence while continuing to expand her business. Lisa's business is valued at $1 million, and she owns 100% of it. She is open to taking calculated risks, including investing in emerging markets and innovative technologies. Lisa has a diversified income stream from her business, stock options and a small investment portfolio.

Case study 5: The retirees – Charles and Eleanor

Ages: 70 (Charles) and 68 (Eleanor)

Investment timeline: Preservation of wealth for heirs

Financial goal: Legacy planning and maintaining lifestyle

Risk tolerance: Very Low

Background: Charles, a retired professor, and Eleanor, a former librarian, have a combined retirement income of $100,000. They own a paid-off home and have $1.5 million in retirement savings. The couple is focused on preserving their wealth for their heirs and maintaining their comfortable lifestyle. Charles and Eleanor have two adult children with successful careers. They want to leave a financial legacy for their grandchildren. The couple prefers low-risk investments such as conservative mutual funds, bonds and dividend-paying stocks.

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