

COURSE FIN3080: PERSONAL INVESTMENT PLANNING 1**Level:** Advanced**Theme:** User**Prerequisite:** None**Description:** Students are introduced to the capital market and the available securities to choose from when building a personal investment portfolio. Students research and analyze a variety of securities, including equities, fixed income and mutual funds.**Parameters:** Access to computers and the Internet.**Curriculum and Assessment Standards**

General Outcomes	Assessment Criteria and Conditions	Suggested Emphasis
<p><i>The student will:</i></p> <ul style="list-style-type: none"> demonstrate knowledge of investment terminology and concepts assess and compare three corporations competing within the same sector 	<p><i>Assessment of student achievement should be based on:</i></p> <ul style="list-style-type: none"> concept test(s) including: <ul style="list-style-type: none"> the capital market equities fixed income mutual funds. <p><i>Assessment Tool</i> <i>Refer to Investing in Your Future Teacher's Resource, Chapters 1–6, for sample concepts tests</i></p> <p><i>Standard</i> <i>50% or higher</i></p>	20
	<ul style="list-style-type: none"> research report – assess and compare the overall positions of three companies competing in the same sector: <ul style="list-style-type: none"> identify the style of the stock identify the sector identify the type of products and/or services sold find and compare the P/E ratios find and compare the dividend yields identify risk and return of each stock using the rule of 72, calculate how many years it will take for the stock to double explain which you would invest in. <p><i>Assessment Tool</i> <i>Assessment Task: Research Report, FIN3080–1</i></p> <p><i>Standard</i> <i>All components of assessment tool completed</i></p>	30

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Concept	Specific Outcomes	Notes
<p>Personal Investment Planning in a Capital Market</p>	<p><i>The student should:</i></p> <ul style="list-style-type: none"> • prepare realistic mock personal balance sheets; determine assets, liabilities and personal equity (personal net worth) • discuss strategies to improve/increase personal net worth <ul style="list-style-type: none"> – work for others (paycheque) – self-employment – owning your own business (profit/loss) – decrease debt (liabilities) – save more and/or spend less – invest your savings • identify and discuss the three elements of an investment goal: <ul style="list-style-type: none"> – objective (safety of principal, earn income, achieve growth) – time limit (short- medium- or long-term) – strategy (selecting the right investment) • brainstorm and list the different investments a person can choose from: <ul style="list-style-type: none"> – short-term savings, such as savings account, term deposits, T-bills – stocks – bonds – mutual funds – precious metals; e.g., gold – art – jewellery/precious stones; e.g., diamonds – real estate (land/buildings) – mortgages • describe how compound interest works to increase your investments over time • explore the concept of paying yourself first and how the rule of 72 can help determine investment objectives • explain what is meant by “developing a personal investment portfolio” 	<p>Reviews $A = L + C$ at a personal level.</p> <p><www.osc.gov.on.ca/en/HeyKids/hk_videocorner.html> has some short introductory videos on investing.</p> <p>For additional sites, go to <www.investorlearning.ca> and select resources, or <www.albertasecurities.com> for brochures.</p> <p>Investors Learning Centre, call 403-269-9923.</p> <p><u>Formula</u> $72 / \text{Annual interest rate of investment} = \text{no. of years for investment to double.}$</p>

COURSE FIN3080: PERSONAL INVESTMENT PLANNING 1 (continued)

Concept	Specific Outcomes	Notes
	<p><i>The student should:</i></p> <ul style="list-style-type: none"> • explore what is meant by the term “asset allocation” and describe each component—cash/cash equivalent, equities, fixed income • analyze the direct relationship between expected returns and risk in terms of: <ul style="list-style-type: none"> – time limit or horizon—amount of time – cash requirement—amount of money – liquidity—how fast the asset can be turned back into cash – emotional factors; e.g., will you loose sleep over an investment • evaluate and identify “personal tolerance” for risk • explore the financial pages of a newspaper or the Internet and describe the information given • refer to other sources of investment advice: <ul style="list-style-type: none"> – investment newsletters and publications – courses and seminars – books – magazines – television and radio • describe the business cycle in terms of an expanding market versus a recession—bull market versus bear market. 	
Equities	<ul style="list-style-type: none"> • define equity securities in terms of being an owner • define and use basic terminology related to equities securities • explain the term “stock exchange” and list the stock exchanges in Canada, the U.S. and other markets around the world • visit and explore Web sites of major stock exchanges around the world • interpret stock quotes from the newspaper or the Internet 	<p>Video: Demystifying the Stock Market (26 min.) available from 100% Educational Videos 1-800-483-3383; refer to chapter 3 of Investing in Your Future for list of terms.</p> <p><www.cdnx.com> <www.tse.com> <www.nyse.com> <www.nasdaq.com> (this site will connect you to other global Web sites).</p>

COURSE FIN3080: PERSONAL INVESTMENT PLANNING 1 (continued)

Concept	Specific Outcomes	Notes
	<p><i>The student should:</i></p> <ul style="list-style-type: none"> • describe equities in terms of: <ul style="list-style-type: none"> – size; e.g., small cap or large cap – style; e.g., growth, value, income, high quality – geographic location; e.g., Canadian, U.S., Asian, European • describe equities in terms of the sector they are in: <ul style="list-style-type: none"> – interest sensitive; e.g., banks, insurance, utilities, real estate, pipelines – consumer; e.g., merchandise, communication and media – industrial; e.g., technology, transportation, conglomerates – resources; e.g., oil and gas, metals, minerals, paper and forestry, gold and other precious metals • describe what a diversified equities portfolio would look like; e.g., varies in style, size, geographic location and sector • create a diversified equities portfolio to track over a specific period of time • analyze the diversified portfolio on a daily, weekly or monthly basis, buying and selling as necessary to meet a specific goal or objective. 	<p><www.globeinvestor.com> gives sector information.</p> <p>Use a free Internet site, such as <www.globeinvestor.com> or <www.tse.com> to create and maintain a personal portfolio of stock picks.</p>
Fixed Income	<ul style="list-style-type: none"> • define debt securities in terms of being a lender • list and describe the different debt securities available on the market: <ul style="list-style-type: none"> – corporate bonds – provincial bonds – Canada Savings Bonds – debentures – treasury bills (T-Bills) – guaranteed investment certificates (GICs) • describe fixed-income securities in terms of risk and return; e.g., safety, income, return of principal 	

COURSE FIN3080: PERSONAL INVESTMENT PLANNING 1 (continued)

Concept	Specific Outcomes	Notes
	<p><i>The student should:</i></p> <ul style="list-style-type: none"> • identify the components of a bond: <ul style="list-style-type: none"> – maturity date – principal or face value – interest rate (coupon) • describe and compare bond yields for a variety of bonds • evaluate bonds in terms of when to buy and when to sell: <ul style="list-style-type: none"> – interest rates – a company’s financial outlook – bond yield • interpret bond quotes from the newspaper or the Internet • define and describe the cash/cash equivalent portion of an investment portfolio • identify cash equivalents: <ul style="list-style-type: none"> – savings accounts – term deposits – money markets • explain why an investor might allocate a portion of his/her portfolio to cash or cash equivalents • research and select fixed-income securities that meet particular goals and objectives. 	
Mutual Funds	<ul style="list-style-type: none"> • distinguish the basic differences between stocks, bonds and mutual funds • describe common types of mutual funds such as: <ul style="list-style-type: none"> – money market funds – fixed income funds – growth or equity funds – balanced funds – ethical funds – global or foreign funds – index funds – specialty funds 	

COURSE FIN3080: PERSONAL INVESTMENT PLANNING 1 (continued)

Concept	Specific Outcomes	Notes
	<p><i>The student should:</i></p> <ul style="list-style-type: none"> • compare different mutual funds and describe their makeup or contents in terms of asset allocation • list the advantages of investing in mutual funds: <ul style="list-style-type: none"> – affordable – diversification – liquidity – professional management – flexible amounts – record keeping • list the disadvantages of investing in mutual funds: <ul style="list-style-type: none"> – management fees and expenses – loss of control over investment decisions – managers’ mistakes – tax efficiency • describe the fees associated with mutual funds: <ul style="list-style-type: none"> – management expense ratio (MER) – sales commissions—front end versus back end versus no load • analyze investment styles of mutual fund managers such as: <ul style="list-style-type: none"> – growth managers—focus on stocks with high earning potential – value managers—bottom-up strategy, focus on undervalued companies – GARP (Growth at a Reasonable Price)—combination of value and growth – core—combination of both growth and value. 	<p><www.globefund.com>—fund filter allows students to research mutual funds using a variety of filters. Under Resources click on Glossary to review definitions.</p>

