

COURSE FIN3090: PERSONAL INVESTMENT PLANNING 2**Level:** Advanced**Theme:** User**Prerequisite:** Personal Investment Planning 1**Description:** Students expand their knowledge of investing by analyzing the financial statements of a variety of companies, interviewing and critiquing an investment advisor, and creating investment portfolios using the steps of intelligent investing for short-term and long-term goals.**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"> • calculate ratios and evaluate and compare the financial statements of two companies 	<p><i>Assessment of student achievement should be based on:</i></p> <ul style="list-style-type: none"> • financial statement project—calculate ratios; evaluate and compare the financial position of two companies in terms of: <ul style="list-style-type: none"> – working capital – debt/equity ratio – earnings/share – P/E ratio – dividend yield. <p><i>Assessment Tool</i> <i>Refer to Investing in Your Future, Teacher’s Resource, pages 35–37 and 40–41, Essay Assignment and Ratio Analysis Organizer</i></p> <p><i>Standard</i> <i>Ratio Analysis Organizer and Comparison Essay completed</i></p>	<p>30</p>

COURSE FIN3090: PERSONAL INVESTMENT PLANNING 2 (continued)

General Outcomes	Assessment Criteria and Conditions	Suggested Emphasis
<p><i>The student will:</i></p> <ul style="list-style-type: none"> • research and build an investment portfolio for a short-term goal using the steps of intelligent investing and taking into consideration: <ul style="list-style-type: none"> – age and lifestyle of investor – specific goals and financial objectives of investor – risk tolerance of investor • demonstrate basic competencies. 	<p><i>Assessment of student achievement should be based on:</i></p> <ul style="list-style-type: none"> • Investment Planning Project 2 – Using the Internet and the steps for intelligent investing, create a mock investment portfolio for a short-term goal: <ul style="list-style-type: none"> – identify the age, lifestyle and risk tolerance of investor – identify amount to invest – identify specific goals; e.g., I want a car three years from now – identify objectives and make a plan to reach your goal – select a variety of investments for the portfolio, use asset allocation and diversify equities – justify the selection of investments based on goals and financial objectives suited to the age and lifestyle of investor – track and monitor the portfolio over a period of time. <p><i>Assessment Tool</i> <i>Refer to Taking Stock in Your Future, page 129, Culminating Activity, Investment Portfolio Report Rubric</i></p> <p><i>Standard</i> <i>Rating of 3 or higher on each component of Investment Portfolio Report Rubric.</i></p> <ul style="list-style-type: none"> • observations of individual effort and interpersonal interaction during the learning process <p><i>Assessment Tool</i> <i>Basic Competencies Reference Guide and any assessment tools noted above</i></p>	<p>25</p>

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Concept	Specific Outcomes	Notes
Financial Statements	<p><i>The student should:</i></p> <ul style="list-style-type: none"> • evaluate a variety of companies through their financial statements • calculate a company’s financial positions through their: <ul style="list-style-type: none"> – balance sheet <ul style="list-style-type: none"> • assets, liabilities, capital • working capital ratio (current assets/ current liabilities) • debt/equity ratio (total debt/shareholders’ equity) – income statement <ul style="list-style-type: none"> • calculate earnings per share (company’s net earnings/number of common shares) • price per earnings ratio (P/E ratio = market price of stock/earnings per share) • dividend yield. 	<p>Find current annual reports on the Internet.</p> <p><i>Investing in Your Future, Chapter 3 and Appendix C.</i></p>
Selecting an Investment Advisor	<ul style="list-style-type: none"> • describe the different types of financial service companies: <ul style="list-style-type: none"> – banks – trust companies – insurance companies – mutual fund dealers – full-service brokers – discount brokers • discuss the <i>Financial Consumers Act</i> in terms of: <ul style="list-style-type: none"> – how the act protects investors – what financial products and services are covered – what rights and responsibilities investors have when buying financial products and services – what the act says about disputes, financial planners and plain language • describe how an investor is protected under the Canadian Investors Protection Fund (CIPF) • identify the different designations of professionals in the field of investment and financial planning: <ul style="list-style-type: none"> – CFP—Certified Financial Planner – FCSI—Fellow of Canadian Securities Institute – CIM—Canadian Investment Manager – CFA—Chartered Financial Analyst – FMA—Financial Management Advisor 	<p>Alberta Consumer and Corporate Affairs— Bulletin “<i>The Financial Consumers Act: What It Means to You.</i>”</p>

COURSE FIN3090: PERSONAL INVESTMENT PLANNING 2 (continued)

Concept	Specific Outcomes	Notes
<p>Selecting an Investment Advisor (continued)</p>	<p><i>The student should:</i></p> <ul style="list-style-type: none"> • research and determine the criteria for selecting an investment advisor • construct a set of questions to ask an investment advisor • evaluate an investment advisor. 	
<p>Strategies for Creating Investment Portfolios</p>	<ul style="list-style-type: none"> • examine the history of the stock market over the past 50 years to: <ul style="list-style-type: none"> identify bull and bear markets find patterns between risk versus returns • discuss the role inflation plays in determining actual or real return on investments • compare the risks and returns between a variety of stocks, bonds and mutual funds • calculate actual returns on a variety of investments • analyze asset allocation in relationship to the life stage of an investor • reevaluate your tolerance for risk • discuss the social and ethical implications of purchasing stock in certain companies; e.g., Ethical investing—environmental, social view points • develop a personal investment strategy for short-term and long-term plans • describe the steps of intelligent investing to build an investment portfolio: <ul style="list-style-type: none"> – set specific goals and financial objectives – match investment objectives to asset classes – analyze and select investments within the different asset classes in terms of risk, return, liquidity and time – spread out risk; diversify your portfolio through size, style, sector and geography 	<p>% of return on investment minus % of inflation = real return on investment before taxes.</p>

COURSE FIN3090: PERSONAL INVESTMENT PLANNING 2 (continued)

Concept	Specific Outcomes	Notes
<p>Strategies for Creating Investment Portfolios (continued)</p>	<p><i>The student should:</i></p> <ul style="list-style-type: none"> • investigate other strategies for reducing risk; e.g., dollar cost averaging • describe the characteristics of a Registered Retirement Savings Plan (RRSP): <ul style="list-style-type: none"> – investment portfolio created over a lifetime – asset allocation—components could include cash/cash equivalent, fixed income, diversified equities or mutual funds – maximum tax deductible contribution per year is 18% of previous year’s earnings – long-term – 70% Canadian content – 30% foreign content – reduces taxes on current income – investment grows tax free until withdrawn • examine the advantages and disadvantages of investing in an RRSP in Canada • describe the characteristics of a Registered Education Savings Plan (RESP): <ul style="list-style-type: none"> – tax-deferred investment plan normally set up by parents for their children’s post-secondary education – money is taxed when student withdraws it – plan must be set up before age 16 to make contributions – government will contribute 20% of RESP up to a maximum of \$2000 through the Canadian Education Savings Grant • use the steps of intelligent investing to develop an investment plan for a short-term goal (under five years; e.g., a vacation, a car) • use the steps of intelligent investing to develop an investment plan for a long-term goal (20 years or more; e.g., retirement) • describe the tax implications of investing: <ul style="list-style-type: none"> – tax on interest – tax on dividends – tax on capital gains – tax sheltered until stock is sold – RRSP 	

COURSE FIN3090: PERSONAL INVESTMENT PLANNING 2 (continued)

Concept	Specific Outcomes	Notes
Strategies for Creating Investment Portfolios (continued)	<p><i>The student should:</i></p> <ul style="list-style-type: none"> • discuss the concept and value of being part of an investment club. 	<p>Refer to page 165 of <i>Investing in Your Future, Teacher's Resource</i> for setting up an investment club in your school.</p>
Investing and the Internet	<ul style="list-style-type: none"> • make use of the Internet as an investment tool to: <ul style="list-style-type: none"> – learn investment concepts and strategies – research companies – get stock and bond quotes – investigate mutual funds – create mock portfolios – take concept tests • distinguish the difference between fact and fiction when using the Internet for investing • realize the pitfalls of the Internet as an investment tool; remember the basic concept, "If it seems too good to be true, it usually is." • make use of news groups as a form of sharing; do not make decisions on potentially unreliable sources. 	<p>See <www.albertasecurities.com> for a brochure on investing and the Internet.</p> <p>See <i>Teacher's Resource, Investing in Your Future</i>, Appendix C, pp. 173–177, for full list of potential Web sites.</p>

