

Investment and Finance 12

GENERAL & SPECIFIC CURRICULUM OUTCOMES

GCO 1 Demonstrate an understanding of how real estate plays an important role in personal financial planning

Real Estate

- demonstrate knowledge of real estate investment and its role in their investment portfolio
- describe how their home is a major investment in their portfolio
- demonstrate an understanding of mortgages and amortization
- examine loan applications

GCO 2 Apply investment math and banking concepts required to make financial decisions

- calculate simple interest
- analyze the relationship between compound interest and the power of time and the rule of 72
- calculate effective and nominal interest
- investigate present and future value
- demonstrate an understanding of key financial terms
- demonstrate understanding of bank reconciliation statements
- demonstrate an understanding of investment yield and how it is calculated for both stocks and bonds.
- demonstrate understanding of Return on Investment (ROI) and other basic financial ratios such as:

Debt Equity ratio

Price Earnings ratio

Earnings Per Share

Working Capital Ratio

Dividend Yield

GCO 3 Demonstrate how credit and debt can impact financial security

- investigate credit cards and their role in daily personal finances
- demonstrate an understanding of the importance of personal loans
- demonstrate an understanding of personal credit rating

GCO 4 Understand and apply financial planning principles to manage and invest money.

- identify three key elements in setting financial goals (time, risk and current financial position)
- demonstrate an understanding of the three types of investment objectives (income, growth and safety)
- demonstrate an understanding of planning for various life stages and life situations

GCO 5 Demonstrate the relevance of personal budget maintenance for financial decision-making.

- create and maintain a budget from data given
- create a personal budget

GCO 6 Demonstrate an understanding of the capital market and recognize how financial products are bought and sold.

- explain the role of the capital market
- identify and compare debt securities and equity securities

GCO 7 Demonstrate an understanding of the need for and the operation of the stock market.

- define the concept of stocks and how they are brought to market
- list the advantages and disadvantages of owning common shares and preferred shares
- explain why stocks are issued and by whom
- give a brief overview of the primary and secondary securities markets
- explain the purpose of a stock exchange
- explain the purpose of the over-the-counter market
- identify and distinguish between the major international financial markets
- explain the major stock market indicators (DOW, TSX, Hang Seng, FTSE)
- outline information an investor should consider when selecting a stock to invest in
- analyze a balance sheet and income statement to determine a company's:

Profitability

Working capital

Debt load

Value ratios

- utilize the technique of financial ratio analysis to determine the investment quality of a company's stock
- read stock quotations
- explain the importance of looking at an industry's prospects when considering a stock to purchase
- explain how the business cycle affects stock prices
- explain the risks involved in purchasing the different types of stocks

GCO 8 Demonstrate an understanding of bonds and how they are part of an investment portfolio.

- describe what bonds are and how they are brought to market
- explain why bonds are issued and by whom
- explain the reasons why investors purchase bonds
- identify the three basic components of a bond (principal, maturity date, coupon)
- calculate the yield to maturity for a bond
- explain how general interest rates affect the price of a bond
- explain the effect that inflation has on interest rates
- explain why issuer quality, term to maturity, and coupon size should be considered before investing in bonds
- describe and compare other fixed income products (example: preferred shares, strip bonds, GIC's, Canada Savings Bonds, debentures)

GCO 9 Demonstrate an understanding of why mutual funds are an easy way to invest in a portfolio of stocks, bonds, and other securities

- describe the key characteristics of mutual funds
- explain why mutual funds are a common investment
- identify and explain the advantages and disadvantages of investing in mutual funds
- describe the types of mutual funds that are available to investors
- describe the types of fees that may be charged by a mutual fund
- describe the factors that an investor should consider when selecting a mutual fund (example: Fund Manager)

GCO 10 Demonstrate an understanding of the importance of financial concepts for life long financial planning

- list and explain the four steps in intelligent investing and use these to select investments that are appropriate for themselves

- explain why it is important for an investor to define goals and financial objectives prior to selecting an investment
- define personal goals and financial objectives
- identify and explain the three asset classes (debt, equity, cash) and match their objectives to asset classes
- describe the four personality traits of investors
- examine the relationship between risk and return, and describe the ways an investor might diversify to reduce risk
- describe the strategies that are generally used in the various stages of life-stage investing, and examine why these strategies may be appropriate
- explain why investment strategies and asset allocation should change as a person goes through life
- explain the tax advantages of Registered Retirement Savings Plans and Registered Education Savings Plans
- describe how capital gains, dividends, and interest income are taxed
- list the different types of financial services companies and describe the services each provides
- explain how brokerage firms are regulated
- list and explain qualities to look for in choosing an investment broker

GCO 11 Investigate investment strategies to develop a portfolio of business investments and to develop a personal financial portfolio

- examine current world events to assess their impact on financial markets (resources: newspapers, internet, magazines, media)
- research a publicly traded company listed on the TSX based on a complete set of criteria and present this research to an audience
- create a complete personal investment portfolio
- create a mutual fund analysis report