

# Unit 2 - Investing

## Objectives

In this lesson we will be learning about the basics of investing.

- We will learn about different types of investments such as stocks, mutual funds, and bonds.
- We will assess the different risks that come with each type of investment and determine when it is a good idea to invest.
- We will learn the importance of researching companies and investing based on what we know.
- We will learn how to identify our financial goals and how to create an investment portfolio that works toward them.

Students will progress through Assignments and Assessments as part of the PersonalFinanceLab curriculum library and begin building their portfolio in the PersonalFinanceLab Stock Game. Students will continue to progress through the PersonalFinanceLab Budgeting Game

## Slideshow

Included in the Investing slideshow are all the challenge questions, key terminology, and project prompts.

### Unit 2.1 - Intro to Investing

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>• Follow through the slides for Unit 2.1</li> </ul>	20 min.
Read Article	In-Class	What is a Stock? <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> <li>• <a href="#">View Slides</a></li> </ul>	10 min.
Read Article	In-Class	What is a Ticker Symbol? <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> <li>• <a href="#">View Slides</a></li> </ul>	5 min.
Read	Home	Why Invest in Stocks?	5 min.

Article	Work	<ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	
Watch Video	In-Class	Stock Game Tutorial Videos <ul style="list-style-type: none"> <li>• <a href="#">View Videos</a></li> </ul>	15 min.
Interactive Activity	In-Class	Stock Game: First Trades <ul style="list-style-type: none"> <li>• <a href="#">Refer to teacher packet.</a></li> </ul>	7 min.

## Unit 2.2 - How the Stock Market Works

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>• Follow through the slides for Unit 2.2</li> </ul>	20 min.
Read Article	In-Class	What is the New York Stock Exchange? <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	5 min.
Read Article	In-Class	Inflation <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	6 min.
Interactive Activity	In-Class	Stock Game: Additional Trades <ul style="list-style-type: none"> <li>• Students should meet with their Teams for the first time and compare their first trades among team members.</li> </ul>	20 min.
Interactive Activity	Home Work	Play 1 month of the Budget Game	15 min.

## Unit 2.3 - How to Research Stocks

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>• Follow through the slides for Unit 2.3</li> </ul>	20 min.
Read Article	In-Class	Getting (and understanding) Stock Quotes <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> <li>• <a href="#">View Slides</a></li> </ul>	8 min.
Read Article	In-Class	Getting Trading Ideas <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> <li>• <a href="#">View Slides</a></li> </ul>	5 min.
Watch	In-Class	Stock Game Research Videos	20 min.

Video		<ul style="list-style-type: none"> <li>• <a href="#">View Video</a></li> </ul>	
Interactive Activity	Home Work	Stock Game: Build Portfolio	15 min.

## Unit 2.4 - Different Security Types

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>• Follow through the slides for Unit 2.4</li> </ul>	20 min.
Read Article	In-Class	What is an ETF? <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	6 min.
Read Article	In-Class	What is a Mutual Fund? <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> </ul>	6 min.
Read Article	In-Class	What is a Bond? <ul style="list-style-type: none"> <li>• <a href="#">View Lesson</a></li> <li>• <a href="#">View Slides</a></li> </ul>	6 min.
Interactive Activity	In-Class	Stock Game: Review and Build Portfolio	10 min.
Interactive Activity	In-Class	Play 1 month of the Budget Game	10 min.

## Unit 2.5 - How to Manage Your Portfolio

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>Follow through the slides for Unit 2.5</li> </ul>	20 min.
Read Article	In-Class	Building a Diversified Portfolio <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> <li><a href="#">View Slides</a></li> </ul>	10 min.
Read Article	In-Class	Investing Strategies <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> <li><a href="#">View Slides</a></li> </ul>	15 min.
Class Project	In-Class	Investing Objectives & Planning a Diversified Portfolio <ul style="list-style-type: none"> <li><a href="#">Refer to teacher packet.</a></li> </ul>	15 min.
Interactive Activity	Home Work	Advanced Investment Return Calculator <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> </ul>	15 min.

## Unit 2.6 - Business Cycles

Activity	Type	Summary	Time
Class Discussion	Lecture	<u>Slideshow</u> <ul style="list-style-type: none"> <li>Follow through the slides for Unit 2.6</li> </ul>	20 min.
Read Article	In-Class	Understanding Price Movements <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> </ul>	7 min.
Read Article	In-Class	The Business Cycle <ul style="list-style-type: none"> <li><a href="#">View Lesson</a></li> </ul>	8 min.
Class Activity	In-Class	Stock Game Portfolio Report <ul style="list-style-type: none"> <li><a href="#">Refer to teacher packet</a></li> </ul>	25 min.
Interactive Activity	Home Work	Stock Game: Build Portfolio	5 min.
Interactive Activity	Home Work	Play 1 month of the Budget Game	10 min.

By the end of the lesson, students will:

- Understand the basics of how to grow their wealth
  - Identify various scams
  - Understand the importance of not falling victim to a scam
  - Protect themselves from financial scams
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## Key Glossary Terms

The key terminology is covered in each of the sub-units, here is a complete list of all the terms introduced in the Investing Unit.

Stocks	A share (or percentage) of ownership in a company, which includes partial ownership of a company's assets and profits.
Dividends	The distribution of some of a company's profits, usually paid quarterly.
Common Stock	Gives a shareholder one vote for every share owned at shareholder meetings. Common stockholders may also be entitled to dividend payments.
Preferred Stock	These stockholders have a higher claim to dividends than common stockholders, and usually do not have voting rights.
Ticker Symbol	A unique one to five letter code used by the stock exchanges to identify a company.
Stock Exchange	A market in which securities (stocks, ETFs etc.) are bought and sold.
NYSE	The New York Stock Exchange, the largest stock exchange in the world.
Inflation	The increase in prices and fall in the purchasing value of money.
Deflation	The reduction of the general level of prices in an economy.
Consumer Price Index (CPI)	The Consumer Price Index is the most basic way to measure inflation, where economists set a basket of goods and compare their prices between years.
Gross Domestic Product (GDP)	The total value of goods produced, and services provided in a country for one year.

Stock Quote	Provides the essential information about a particular stock at a point in time, and may include the name of the company, the ticker symbol, the price, the day's high and low prices, and the trading volume.
Day's Change	How much the stock price changed in the last trading day.
Bid/Ask Price	How much buyers and sellers in the real market are willing to pay for this stock. The Bid Price is the highest price a buyer is willing to pay for the stock. The Ask Price is the lowest price a seller is willing to sell the stock.
Time Stamp	When this quote was issued.
Volume	How many shares of this stock traded so far today, or the last trading day
Dividend Yield	The percentage of the stock's price that is paid out in dividends per year
Exchange Traded Fund (ETF)	Exchange Traded Funds are traded like stocks on the stock exchange. Their value is determined both by the value of the underlying assets and the value of the ETF itself.
Mutual Fund	A type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. The price doesn't fluctuate during market hours but is settled at the end of each trading day.
Net Asset Value (NAV)	Net Asset Value, is calculated by dividing the total value of the securities in the portfolio by the total amount of shares outstanding.
Bond	Investors buy the bond in return to interest over a given period. Both governments and companies can issue bonds to raise capital for their operations. It's like a formal I.O.U. between an investor and an institution.
Diversification	A risk management strategy whereby an investment portfolio contains assets from different sectors, industries, and different types of securities to limit the risk of losing money.
Asset Allocation	To own a variety of investments like real estate, stocks, bonds, gold/silver, and cash.

Over-Diversification	When a portfolio has too many different asset types and/or is in too many different sectors, so the potential to realize gains or profits is low or none.
Liquidity	The ease with which an asset or security could be turned into cash.
Certificates of Deposit	CDs are like a savings account with a locked-in interest rate that cannot be withdrawn for a certain period.
Derivatives	A contract or security that derives its value from an underlying asset, the value of an exchange rate, or index, (such as a stock index)
Buy and Hold	A passive investment strategy where an investor buys a stock or other security and hold them for a long period regardless of the fluctuations in the market. Warren Buffet is one the biggest proponents of this style of investing.
Value Investing	Involves picking stocks that appear to be trading for less than their intrinsic or book value. This means looking for companies that seem to be growing strongly but have not yet attracted much market attention or looking for new players with solid foundations and the potential for growth.
Active Trading	When stocks are bought and sold regularly with the intent to take advantage of market swings to earn a profit. Active trading requires a more advanced knowledge of chart patterns, fundamental and technical analysis, and an appetite for risk.
The Business Cycle	A cycle or series of cycles of economic expansion and contraction (decline).
Economic Expansion	During periods of growth there is more job creation and the total value being produced by an economy is going up.
Economic Recession	Recessions typically occur every 7-15 years, often following an asset bubble bursting, followed by a large loss of value in an economy. Recessions typically have higher levels of unemployment, with low or negative GDP growth.
Systematic Risk	Includes events such as wars, interest rate fluctuations, recession, and geopolitical occurrences. These events tend to affect all stocks regardless of company specific performance and growth prospects.

Unsystematic Risk	Includes company or industry specific events. These risks can greatly affect a stock and often cause sharp declines in prices.
Interest Rates	The proportion of a loan that is charged as interest to the borrower, typically expressed as an annual percentage of the loan outstanding.
Credit Ratings	An estimate of the ability of a person or organization to fulfill their financial commitments, based on previous dealings. When the debt rating for a company goes up, the price of the bonds increases accordingly, and any new bonds they release will have a lower interest rate.
IPO	Initial Public Offering, when a company first offers ownership in the company to the public through the sale of shares.