

Lesson 4

Independent reflection sheet

Part 1: Complete the investing styles comparison chart

Investing style	How are investment decisions made?	Goal of investing	Typical fees	Hands-on or hands-off?
ACTIVE INVESTING				
PASSIVE INVESTING				
SYSTEMATIC INVESTING				

Part 2: Scenario matching

Read each investor scenario below and choose the best investing style for them. Explain your choice in one or two sentences.

- Bella wants a low-cost investment that tracks the entire stock market without much maintenance.**

Best style:

Explanation:

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2. **Charlie prefers a strategy that uses computer models and data analysis to build a portfolio automatically.**

Best style:

Explanation:

3. **Alex wants to beat the market by analyzing individual companies deeply and making frequent trades.**

Best style:

Explanation:

Part 3: Reflection questions

1. If you were to invest your own money, which investing style do you think you'd feel most comfortable with? Why?
2. How do you feel about using technology or computer programs (like AI) to help make important decisions? Would you trust systematic investing for your money? Why or why not?
3. What do you think could be challenging about trying to "beat the market" with active investing? Would you be willing to put in the time and effort it requires?

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Answer key

Part 1: Complete the investing styles comparison chart

Investing style	How are investment decisions made?	Goal of investing	Typical fees	Hands-on or hands-off?
ACTIVE INVESTING	Managers use research and expertise; continually buying and selling securities (bottom-up or top-down analysis).	To outperform the market (beat the index).	Higher fees	Hands-on
PASSIVE INVESTING	Investors buy a broad market or index fund and hold; rebalancing occasionally to keep in line with the index.	To match the market returns (not beat it).	Lower fees	Hands-off
SYSTEMATIC INVESTING	Investment decisions are made by predefined rules using computer models, factors and data analysis; can be active or passive.	To use data-driven models for diversification and automation, aiming for targeted results.	Lower fees (similar to passive)	Can be hands-on or hands-off depending on management style

Part 2: Scenario matching

Read each investor scenario below and choose the best investing style for them. Explain your choice in one or two sentences.

- Bella wants a low-cost investment that tracks the entire stock market without much maintenance.**

Best style: **Passive**

Explanation: **Bella wants to match the market with minimal management and lower fees, which is the core of passive investing.**

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2. **Charlie prefers a strategy that uses computer models and data analysis to build a portfolio automatically.**

Best style: **Systematic**

Explanation: **Charlie's approach of using computer-driven models and data fits systematic (quantitative) investing.**

3. **Alex wants to beat the market by analyzing individual companies deeply and making frequent trades.**

Best style: **Active**

Explanation: **Alex uses detailed company analysis and frequent trading to try to outperform the market, which is active investing.**

Part 3: Reflection questions

Note: Answers will vary by student. Below are sample answers based on lesson content.

1. If you were to invest your own money, which investing style do you think you'd feel most comfortable with? Why?
Sample answer: I think I'd feel most comfortable with passive investing, because I want to match the market returns without having to make frequent decisions or pay high fees.
2. How do you feel about using technology or computer programs (like AI) to help make important decisions? Would you trust systematic investing for your money? Why or why not?
Sample answer: I feel positive about using technology, because it can analyze a lot of data quickly and avoid human bias. I would trust systematic investing, because it uses tested models and can be less expensive.
3. What do you think could be challenging about trying to "beat the market" with active investing? Would you be willing to put in the time and effort it requires?
Sample answer: It seems challenging because active investing requires constant research, quick decisions and higher fees. I'm not sure I would have the time or expertise to do it well.