

Lesson 4

Chapter 3: How to invest

Subtopic: Breaking down investment styles

Grade level: 9–12

Duration: 60 minutes

Learning objectives

- Define the three main investment styles (active, passive and systematic).
- Compare the pros and cons of each investment style in terms of risk, cost, management involvement and return objectives.
- Describe how each investment style works, including the role of investment managers, the level of involvement and decision-making, and the typical fee structures.
- Differentiate between bottom-up and top-down approaches in active investing.
- Explain the concept of rebalancing in passive investing and why it's important.
- Identify key characteristics and equity factors used in systematic investing, such as size, value and momentum.
- Recognize situations where one investment style may be more suitable than others based on investor goals and preferences.



Cross-curricular connections

MATH (GRADE 9: FINANCIAL LITERACY)

- Modify budgets displayed in various ways to reflect specific changes in circumstances, and provide a rationale for the modifications.

LITERACY (GRADE 9–12)

- Reading: Read and analyze informational scenarios to determine the best course of action for investment.
- Listening and writing: Demonstrate an understanding of oral texts by summarizing important ideas.

- Oral communication: Communicate ideas clearly and effectively in discussions.

CAREERS (GRADE 10)

- Describe factors that affect financial decision making (e.g., risk tolerance, income level, long-term goals).
- Demonstrate an understanding of financial and other resources needed to achieve post-secondary goals.
- Use research and analysis skills to investigate financial markets and investment products.

ACCOUNTING (GRADE 11 AND 12)

- Explain how investment decisions affect the financial position and performance of individuals or businesses.
- Demonstrate an understanding of the importance of financial planning and management.
- Assess risks and returns associated with various types of investments.
- Consider the implications of fees, costs and ethical factors when advising on investments.

21st-century skills

COLLABORATION

Working in groups to solve real-world financial scenarios and demonstrate learning.

CRITICAL THINKING

- Analyzing video content and organizing into comprehensive comparison charts.

- Applying content to given scenarios using advantages and disadvantages.

COMMUNICATION

- Sharing ideas clearly and effectively with peers.

Materials needed

- Video from Fidelity: "Different types on investment styles."
- Projector.
- PowerPoint from Fidelity.
- Video handout sheet (one per student).
- Whiteboards or investment style cards (number of students divided into groups of three or four).
- Independent reflection sheet (one per student).

MINDS ON

ACTIVITY: VIDEO, HANDOUT AND SLIDESHOW

Video duration: 5:45

Materials: Video handout, one per student.

[Video by Fidelity on active, passive and systematic investing](#)

Lesson 4 PowerPoint

Video handout answer key (for teacher only)

Total duration with take up: 15 minutes

Instructions: Watch the video and complete the handout on breaking down investment styles. The teacher can then take up the handout using the slideshow lesson, encouraging student participation by filling in the blanks before revealing the next slide. The teacher can reiterate the points on the slideshow or ask students to read them out loud.

MAIN LESSON

ACTIVITY: GUESS THE INVESTMENT STYLE GAME

Duration: 25 minutes

MATERIALS:

- PowerPoint (go to "Guess the investment style game" section).
- Individual whiteboards (with markers) to be shared amongst teams, or printed out investment style cards with each style name on it (set of three papers for each team).

INSTRUCTIONS:

Objective: Teams compete by identifying which investing style matches each scenario. Teams earn points for correct answers and thoughtful justifications using key terms.

HOW TO PLAY:

1. Split teams up into groups of three or four. Provide each team with either a whiteboard or a set of investment style cards.
2. Read one scenario card aloud to the class. It will be projected on the slideshow as well to aid with retention and understanding.

3. On paper or whiteboards, teams have 60–90 seconds to
 - a. decide which investment style would be best – active, passive or systematic – holding up the card or writing it on the whiteboard; and
 - b. provide a brief reason why they chose this style, based on what they learned and what is provided in the case.
4. Teachers can decide if only the first team to complete its answers will share, or if all teams will share each answer. When discussing answers, encourage all members of the team to share responses. Teams will receive one point for the correct style and one point for a strong explanation using keywords from the lesson. Keep score and declare a winning team!

SCENARIO QUESTIONS AND ANSWERS

Scenario 1

Chris wants to analyze a company's balance sheet and financial reports in detail before investing. He's comfortable making frequent trades based on performance and earnings.

Which investment style would be most appropriate, and why?

Answer: Active

Reasoning: This fits a bottom-up, hands-on approach focused on company fundamentals.

Scenario 2

Jamie wants to invest in the overall stock market with minimal time commitment. They're okay with matching market returns and prefer low fees.

Which investment style would be most appropriate, and why?

Answer: Passive

Reasoning: Jamie doesn't want to beat the market, just match it – classic passive investing.

Scenario 3

Taylor is tech-savvy and wants to invest using a computer-driven strategy. They are interested in using factors like momentum and quality to choose stocks.

Which investment style would be most appropriate, and why?

Answer: Systematic

Reasoning: Taylor is using data-driven rules and factors, which is systematic investing.

Scenario 4

Morgan believes economic trends (like rising interest rates) signal which industries will do well. They want to shift investments based on these forecasts.

Which investment style would be most appropriate, and why?

Answer: Active

Reasoning: This is top-down analysis and involves hands-on decision-making.



Scenario 5

Dana wants to focus on investing in the technology sector and is looking for a low-cost, long-term option without making frequent changes.

Which investment style would be most appropriate, and why?

Answer: Passive

Reasoning: Buying a sector-based ETF to match tech performance is a passive approach.

Scenario 6

Lee wants their portfolio to be managed by artificial intelligence using historical stock data, trends, and computer models to make decisions.

Which investment style would be most appropriate, and why?

Answer: Systematic

Reasoning: Using AI and raw data for investing is part of systematic (quantitative) investing.

Scenario 7

Sasha reads economic reports and market news to decide which industries to invest in each quarter. They want to actively manage their portfolio based on this information.

Which investment style would be most appropriate, and why?

Answer: Active

Reasoning: Using broad economic data fits the top-down method in active investing.

Scenario 8

Pat is building a diversified portfolio using a model that prioritizes small companies with strong value scores. They want a balance of automation and control.

Which investment style would be most appropriate, and why?

Answer: Systematic

Reasoning: Using equity characteristics (size and value) and models = systematic investing.

Scenario 9

Jordan wants to invest in as many stocks as possible to mimic the entire market index and reduce risk. They plan to rebalance occasionally.

Which investment style would be most appropriate, and why?

Answer: Passive

Reasoning: Replicating the index with periodic rebalancing is a passive strategy.

Scenario 10

Casey likes to study market trends, company performance, and earnings calls. They believe they can beat the market by trading often and adjusting their portfolio as needed.

Which investment style would be most appropriate, and why?

Answer: Active

Reasoning: Frequent trading based on expert judgment is the hallmark of active investing.

CONSOLIDATION

ACTIVITY: INDEPENDENT REFLECTION

Duration: 15 minutes

Materials: Student reflection handout, one per student

Instructions: Students will complete the handout independently to demonstrate assessment for learning based on today's lesson. The teacher can use this information for assessment or for observation/completion. An answer key is provided to help guide teachers.

Citations

Fidelity Investments Canada ULC. (n.d.). *Money gains*. Fidelity Canada. <https://www.fidelity.ca/en/investor-education/moneygains/>

Ontario Ministry of Education. (2009). *The Ontario curriculum, grades 11 and 12: Business studies*. Government of Ontario. <https://www.edu.gov.on.ca/eng/curriculum/secondary/business1112currb.pdf>

Ontario Ministry of Education. (2009). *The Ontario Curriculum, Grade 10: Career Studies*. Link (PDF): <https://www.edu.gov.on.ca/eng/curriculum/secondary/grades10career.pdf>

Ontario Ministry of Education. (2021). *The Ontario curriculum, grades 9 and 10: Mathematics – MTH1W: Grade 9 de-streamed mathematics course*. Government of Ontario. <https://www.dcp.edu.gov.on.ca/en/curriculum/secondary-mathematics/courses/mth1w>

Ontario Ministry of Education. (2021). *The Ontario curriculum, grades 9 and 10: Mathematics – MTH1W: Grade 9 de-streamed mathematics course*. Government of Ontario. <https://www.dcp.edu.gov.on.ca/en/curriculum/secondary-mathematics/courses/mth1w>