Fidelity INVESTMENTS

MONEY GAINS MAKING IT COUNT

Lesson 7

Chapter 3: How to invest

Subtopic: Monitoring portfolio performance

Grade level: 9–12

Duration: 60 minutes

Learning objectives

- Explain the importance of monitoring an investment portfolio
- Describe how monitoring supports long-term financial goals and risk management
- Define and identify common investment benchmarks
- Recognize benchmarks, such as the TSX, S&P 500, NASDAQ, and Dow Jones Industrial Average
- Explain how benchmarks are used to evaluate portfolio performance
- Calculate basic portfolio returns using a simplified example
- Use a formula to determine returns based on asset value changes and income (dividends/interest)
- Differentiate between price appreciation and income in investing
- Understand how investments grow through both value increases and earned income
- Describe the concept of volatility and how it is measured
- Define standard deviation and beta as tools for measuring risk and volatility
- Interpret risk-adjusted return using the Sharpe ratio
- Explain how the Sharpe ratio helps assess whether an investment's return justifies its risk
- Understand the purpose and process of portfolio rebalancing
- List the steps involved in rebalancing a portfolio and explain why it helps manage risk

Cross-curricular connections

MATH (GRADE 9: FINANCIAL LITERACY)

- Demonstrate an understanding of the use of financial tools and strategies in planning for and managing finances.

LITERACY (GRADES 9-12)

- **Media literacy:** analyze how media texts (video) convey information and influence understanding.
- **Reading:** demonstrate an understanding of a variety of texts by summarizing important ideas and citing supporting details.

CAREERS (GRADE 10)

Demonstrate financial literacy skills necessary for managing their finances and planning for the future.

BUSINESS (GRADE 10)

Demonstrate an understanding of personal financial planning.

ACCOUNTING (GRADE 11)

Analyze and interpret financial information for decision making.

21st-century skills

COLLABORATION

Working in teams to discuss, debate, and justify portfolio strategies using peer input.

CRITICAL THINKING

Analyzing investor profiles and financial data to make informed, goal-aligned investment decisions.

COMMUNICATION

Explaining investment decisions clearly using financial vocabulary and presenting ideas effectively to peers.

Materials

- Fidelity Video: Monitoring the performance of your portfolio
- Projector
- Fidelity PowerPoint
- Video quiz handout (printed, one per student)
- Portfolio cards (printed and cut out; as many as needed for the number of groups)

MINDS ON

Activity: case study

Duration: 10 minutes

Materials: Fidelity slideshow

INSTRUCTIONS:

1. Set the stage: "Today, we're going to learn how to monitor how well your investments are doing. But before we get into the video and slideshow, let's think like investors!"
2. Use the PowerPoint slides to guide the Would You Rather Game. For each slide, read the scenario aloud. Allow students to vote by raising hands, going to different sides of the room, or writing "A" or "B" on a mini whiteboard or piece of paper. Ask one or two students to explain why they chose their option. Encourage personal reasoning: comfort with risk, patience, curiosity, etc.
3. Facilitate brief discussion: After the final slide, prompt reflection with questions like:
   - "Did anyone change their mind as we went through the choices?"
   - "What kinds of things made one option feel 'better' to you?"
   - "Do you think investors in real life have to think about these kinds of choices?"

Emphasize that investing isn't just about picking something and walking away; it involves evaluating risks and checking how your choices perform over time.

Transition to the lesson: *"Now that we've warmed up our investor brains, let's dive into the video and find out how real investors monitor the performance of their investments and make smart decisions based on data."*

MAIN LESSON AND ACTIVITY

Activity:

Video duration: 7.5 minutes

Slideshow duration: 15 minutes

Activity duration: 20 minutes

Total duration: ~45 minutes

Materials:

- Video quiz handout (printed, one per student)
- Fidelity slideshow
- Portfolio cards (6) and Concept cards (20); print as many as needed for the number of groups.

1. Video and quiz question handout: Distribute the quiz question handout to each student for them to fill in while they watch the Fidelity video. You may pause the video where necessary to allow students to think and respond.
2. Slideshow lesson: Share the slideshow, which goes over key concepts. The slideshow will show the quiz question prior to showing the full information. Allow students to vote for their choice before displaying the correct answer.
3. Matching activity:
   a. Print and cut out the cards: Portfolio cards (6) and Concept cards (20 cards).
   b. Arrange the classroom seating into small groups of three or four students, ideally having six groups.
   c. Set the scene:
      i. Explain the goal: "Today, you will work in small teams to match fictional investors with the best monitoring concepts and strategies for their portfolios. This will help you apply what you've learned about benchmarks, volatility, Sharpe ratio, and rebalancing."
   d. Each group receives one investor profile and a set of concept/strategy cards. Their task is to match each investor with three cards that best fit their profile based on their goals, risk tolerance, and portfolio type. Encourage discussion and collaboration within each group. Circulate to assist, prompt with questions like:
      - "Why did you choose this benchmark for this investor?"
      - "How does volatility relate to this investor's risk tolerance?"
      - "Why might rebalancing be important for this portfolio?"
   e. Use the slideshow as a guide for the answer key (separate sheet also provided). Before revealing each profile answer, each group picks one investor and presents their matches and reasoning. Discuss any differences or interesting points brought up by the groups.

CONSOLIDATION

Activity: wrap-up and discussion

Duration: 15 minutes

MATERIALS:

- Fidelity Slideshow
- Exit ticket (printed, one per person)

INSTRUCTIONS:

1. **Group reflection:** Ask groups to reflect on the hardest match in the game and any surprises. Invite each group to share one key takeaway with the class.
2. **True or false quiz:** Read each true or false statement aloud or display on the slide. Ask students to vote by thumbs up/down. After voting, reveal the answer slide and briefly explain why it's true or false. Encourage quick questions or clarifications before moving on.
3. **Scenario challenge:** Present the Mason scenario. Allow a few minutes for students to discuss in pairs or small groups (optionally, have them jot down a quick response). Facilitate a short whole-class discussion using the suggested answers, emphasizing understanding of beta and portfolio decisions.
4. **Exit ticket:** Distribute exit tickets. Allow students to complete before leaving class, and submit for formative assessment.

Citations

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