

SECURITIES AND INVESTMENTS

COURSE CODE 5277

COURSE DESCRIPTION: In the Securities and Investments course, students will create an investment portfolio using their statistical and evaluative skills to determine the best types of investments depending on personal/professional goals, diversification, market conditions, and risk tolerance. Security markets will be examined, as well as how securities are created and traded. Students will learn about time value of money and the concepts of risk and return. They will examine investments in stocks, bonds, insurance, real estate, mutual funds, and a variety of other investment options. Students will ultimately project the future value of their investment portfolio that will provide a successful bottom line. This course has been vetted and can be used to meet the personal finance graduation requirement.

OBJECTIVE: Given the necessary equipment, supplies, and facilities, the student will complete all of the following core standards successfully.

RECOMMENDED GRADE LEVEL: 10th grade with teacher recommendation
11 - 12

COURSE CREDIT: 1 unit (120 hours)

SUGGESTED PREREQUISITE: Business Finance/Advanced Personal Finance

A. INTRODUCTION TO SECURITIES AND INVESTMENTS

Proficient investment professionals demonstrate a fundamental knowledge of the history and uses of securities and investments. The following accountability criteria are considered essential for students in the Finance program of study.

1. Analyze the history of investing.
2. Differentiate between securities and investments.
3. Compare and contrast risk and return.
4. Explain the concepts and calculations of compound interest and simple interest and the importance of time in accumulating wealth.
5. Demonstrate the time value of money (including the Rule of 72) and the importance of investing early, investing regularly, and reinvesting earnings.
6. Define terms related to investments and securities (e.g., dividends, mutual funds, stocks, bonds, ordinary shares, preferred shares, stock market, capital, debt, assets, return on investments (ROI)).
7. Identify opportunity cost and other tradeoffs for investing.
8. Identify various markets that are used with investments and securities (e.g., bond, stock).
9. Differentiate between real and financial assets.

B. FINANCIAL REGULATIONS

Proficient investment professionals demonstrate knowledge of rules and regulations found in the securities and investments sector. The following accountability criteria are considered essential for students in the Finance program of study.

1. Identify the legal and ethical considerations when buying and selling securities.
2. Analyze state and federal regulations of the securities and investments industry.
3. Describe the role of the National Association of Securities Dealers in the regulation of securities and investment.
4. Identify the regulations of extensions toward credit in the securities industry.
5. Discuss the nature of the Securities Investor Protection Corporation.
6. Analyze taxation issues that impact securities and investments.
7. Compare the nature of Chartered Financial Analysts Institute Code of Ethics and Professional Conduct.
8. Identify governmental agencies that regulate investments and explain how they protect consumers.

C. ETHICS

Proficient investment professionals demonstrate ethical practices within the securities and investments sector. The following accountability criteria are considered essential for students in the Finance program of study.

1. Describe the function of organizations involved in ethical oversight of the financial services industry, such as Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority, Inc. (FINRA), Federal Reserve, and the Office of the State Insurance Commissioner.
2. Identify and describe regulations designed to protect the consumer investors from fraud in the investment industry.
3. Describe incidents of fraud in the investment industry and how it might have been prevented, i.e. Ponzi schemes, Pyramids, Boiler Rooms, and other investment scams.
4. Describe the major rights and responsibilities of a consumer regarding the financial services industry, such as being well-informed, reading and understanding contracts, and understanding transparent fees, etc.
5. Describe the practice of insider trading and research recent cases in which violators have been identified and prosecuted.
6. Evaluate how technological advancements have become a key component that influences ethical decision making.

D. FINANCIAL PLANNING FOR LIFE

Proficient investment professionals demonstrate knowledge of how investments can change due to different stages of life and risk. The following accountability criteria are considered essential for students in the Finance program of study.

1. Identify factors that affect investment choices by analyzing the difference between conservative and speculative investments, differentiating between
2. growth investments and income investments, and explaining why savings and investing plans change as one proceeds through the life cycle.
3. Evaluate how diversification impacts investment risk.
4. Describe different types of investment options, i.e. short-term, long-term, day trade, and retirement (e.g., 401k, 403b, 457, Roth).
5. Analyze factors that can be used to select investment options in creating investment portfolios.
6. Explain Better Investing's four basic investment principles.
7. Identify relevant questions to research before investing.
8. Explain the role of the New York Stock Exchange (NYSE), S&P 500, American Express (AMEX), National Association of Securities Dealers Automated Quotations (NASDAQ), and other securities associations.

E. INVESTMENT POWER

Proficient investment professionals demonstrate knowledge of investments and how they can be used to create wealth. The following accountability criteria are considered essential for students in the Finance program of study.

1. Locate and identify sources of information for various investment types.
2. Describe fundamental analysis used in making investment decisions.
3. Compare and contrast investing and saving.
4. Describe how inflation, transaction costs, and taxes can reduce the returns on investments.
5. Identify four basic rules for taking advantage of the long-term power of investing (e.g., goals, balance, cost, discipline).
6. Compare primary and secondary capital markets.
7. Analyze the relationship between risk and return.
8. Describe investment analysis and selection theory, including the Modern Portfolio Theory, Capital Asset Pricing Model, and the Arbitrage Pricing Theory.

F. STOCK INVESTMENTS

Proficient investment professionals demonstrate knowledge of how investing in stocks can be used as an alternative to create wealth. The following accountability criteria are considered essential for students in the Finance program of study.

1. Define stocks, their purpose, and their value in the investor's portfolio.
2. Analyze the features and types of various stocks.
3. Determine how the market environment impacts the price of stocks (e.g., supply, demand, stock splits, current events).
4. Explain the process for buying and selling stocks.
5. Compare and contrast the bull and the bear market conditions to determine when to buy and sell stock.
6. Calculate stock-related values such as the value of a constant growth stock, the expected value of future dividends, and expected rate of return.
7. Demonstrate understanding of the nature of margin accounts, short sales, market timing, international strategies, and online trading.
8. Participate in a stock market game simulation.
9. Explain how to read a NASDAQ stock table, *Value Line*, and *Standard & Poor 500's*
10. Stock Report.
11. Use probability and statistical skills for analyzing and interpreting data (e.g., stock quote).

G. BOND INVESTMENTS

Proficient investment professionals demonstrate knowledge of investing in bonds and how it can be used as an alternative to create wealth. The following accountability criteria are considered essential for students in the Finance program of study.

1. Define bonds, their purpose, and their value in the investor's portfolio.
2. Identify the characteristics of bonds (e.g., maturity, coupon, interest rate, callability).
3. Analyze the features, grades, and types of bonds, i.e., corporate, federal and municipal government, junk, taxable and tax-exempt bonds.
4. Explain the process for buying and selling bonds.
5. Calculate bond-related values such as the price of a bond given its yield to maturity, the coupon interest payment for a bond, and the effects of interest rates on the price of a bond.
6. Evaluate the various types of risks associated with bonds: interest rate risk, credit/default risk, prepayment risk
7. Compare and contrast factors that impact bond ratings (e.g., high-yield, speculative, junk) that are identified by rating agencies.

H. MUTUAL FUNDS

Proficient investment professionals demonstrate knowledge of investing in mutual funds and how it can be used as an alternative to create wealth. The following accountability criteria are considered essential for students in the Finance program of study.

1. Describe mutual funds and explain the advantages of mutual fund investing.
2. Calculate and interpret financial ratios.
3. Research the performance, diversification, and management features of mutual funds.
4. Analyze a mutual fund's portfolio and asset allocation.
5. Evaluate statistical information related to performance, fees, costs, and risk.
6. Discuss different types of investment options (growth, income, money market, global, index, and exchange traded funds).

I. OTHER INVESTMENT OPTIONS

Proficient investment professionals demonstrate knowledge of investing in real estate and other investment options and how they can be used as alternatives to create wealth. The following accountability criteria are considered essential for students in the Finance program of study.

1. Describe direct and indirect real estate investments (REITs).
2. Explain the nature and scope of real estate titles, i.e. sole ownership, joint tenancy, right of survivorship, and tenancy in common.
3. Discuss some risks and responsibilities of owning rental property.
4. Describe investments in precious metals, gems and collectibles.
5. Discuss the nature of futures and options markets.
6. Analyze examples of high-risk investment options such as hedge funds and venture capital and when they should be used.
7. Evaluate the different types of insurance policies beneficial in investing (e.g., whole life, annuities, IUL).
8. Identify other investment options made available by advancements in technology, current events, and trends (e.g., cryptocurrencies, ETFs, future commodities).

J. PROJECTING THE FUTURE (FORECASTING)

Proficient investment professionals have knowledge of various tools used to make projections to determine effective investment choices. The following accountability criteria are considered essential for students in the Finance program of study.

1. Analyze sources of investment information and use tools that analyze trends and movement of investments.
2. List four major precautions when projecting future growth rates.
3. Explain the guidelines for making reasonable growth rate projections.
4. Draw projection lines for sales and EPS growth.
5. Calculate for a company:
 - a. the current and the average five-year P/E.

- b. the percentage of high yield during the last five years.
 - c. percent earned on equity
 - d. upside/downside ratio
 - e. future price appreciation
5. Forecast high and low prices that the company's stock might reach in the next five years.
 6. Establish and justify price ranges for buying, holding, and selling stock.

K. THE BOTTOM LINE

Proficient investment professionals have knowledge of various tools used to determine effective investment choices. The following accountability criteria are considered essential for students in the Finance program of study.

1. Calculate a stock's dividend yield to determine a good or bad investment.
2. Find the estimated annual total return for the next five years.
3. Evaluate whether the investment portfolio yield met the investor's expectations.

L. CAREERS IN INVESTING

Proficient investment professionals demonstrate professionalism at all times in the business workplace. The following accountability criteria are considered essential for students in the Finance program of study.

1. Describe skills, job responsibilities, education, dress, and licensing requirements for careers in investing (i.e. broker, investment advisor, financial planner, commodities representative, financial consultant, trader, mutual fund manager).
2. Compare and contrast the Series 6 Limited Securities License and Series 7 General Securities Registered (GSRE), and Series 65 Uniform Investment Adviser licensing exams required to sell securities and other financial products.
3. Analyze professional designations used in the securities and investments industry such as Certified Fund Specialist, Chartered Financial Analyst, Board Certified in Asset Allocation, Board Certified in Securities, Certified Senior Consultant, and Certified Financial Planner.

Safety, Student Organizations, Technology Knowledge, Personal Qualities and Skills, and Professional Knowledge are to be embedded in course standards A-L.

SAFETY

Business professionals know the academic subject matter, including safety as required for proficiency within their area. The following accountability criteria are considered essential for students in any program of study.

1. Review school safety policies and procedures.
2. Review classroom safety rules and procedures.
3. Review safety procedures for using equipment in the classroom.
4. Identify major causes of work-related accidents in office environments.
5. Demonstrate safety skills in an office/work environment.

STUDENT ORGANIZATIONS

Business professionals know the academic subject matter, including professional development. The following accountability criteria are considered essential for students in any program of study.

1. Identify the purpose and goals of a Career and Technology Student Organization (CTSO).
2. Explain how CTSOs are integral parts of specific clusters, majors, and/or courses.
3. Explain the benefits and responsibilities of being a member of a CTSO. List leadership opportunities that are available to students through participation in CTSO conferences, competitions, community service, philanthropy, and other activities.
4. Explain how participation in CTSOs can promote lifelong benefits in other professional and civic organizations.

TECHNOLOGY KNOWLEDGE

Business professionals know the academic subject matter, including the ethical use of technology. The following accountability criteria are considered essential for students in any program of study.

1. Demonstrate proficiency and skills associated with the use of technologies that are common to a specific occupation.
2. Identify proper netiquette when using e-mail, social media, and other technologies for communication purposes.
3. Identify potential abuse and unethical uses of laptops, tablets, computers, and/or networks.
4. Explain the consequences of social, illegal, and unethical uses of technology (e.g., piracy; illegal downloading; cyberbullying; licensing infringement; inappropriate uses of software, hardware, and mobile devices in the work environment).
5. Discuss legal issues and the terms of use related to copyright laws, Creative Commons, fair use laws, and ethics pertaining to downloading of images, photographs, Creative Commons, documents, video, sounds, music, trademarks, and other elements for

- personal use.
6. Describe ethical and legal practices of safeguarding the confidentiality of business-related information.
 7. Describe possible threats to a laptop, tablet, computer, and/or network and methods of avoiding attacks.

PERSONAL QUALITIES AND EMPLOYABILITY SKILLS

Business professionals know the academic subject matter, including positive work practices and interpersonal skills. The following accountability criteria are considered essential for students in any program of study.

1. Demonstrate creativity and innovation.
2. Demonstrate critical thinking and problem-solving skills.
3. Demonstrate initiative and self-direction.
4. Demonstrate integrity.
5. Demonstrate work ethic.
6. Demonstrate conflict resolution skills.
7. Demonstrate listening and speaking skills.
8. Demonstrate respect for diversity.
9. Demonstrate customer service orientation.
10. Demonstrate teamwork.

PROFESSIONAL KNOWLEDGE

Business professionals know the academic subject matter, including positive work practices and interpersonal skills. The accountability criteria are considered essential for students in any program of study.

1. Demonstrate global or “big picture” thinking.
2. Demonstrate career and life management skills and goal-making.
3. Demonstrate continuous learning and adaptability skills to changing job requirements.
4. Demonstrate time and resource management skills.
5. Demonstrates information literacy skills.
6. Demonstrates information security skills.
7. Demonstrates information technology skills.
8. Demonstrates knowledge and use of job-specific tools and technologies.
9. Demonstrate job-specific mathematics skills.
10. Demonstrates professionalism in the workplace.
11. Demonstrates reading and writing skills.
12. Demonstrates workplace safety.

Additional Materials and Resources

Course Academic Indicators