

# Investing

This lesson explores what investing is, different types of investments and their risks, how to invest safely and where to begin.

## Outcomes

Students will:

- understand assets and how they work
- appreciate how different types of investments work
- analyse investments and their risk
- know where to go for trusted guidance
- discover ways to diversify
- grasp the importance of superannuation
- recognise how to avoid investment scams
- explore probabilities

## Curriculum links v9.0

### Maths

[AC9M10A03](#)

[AC9M10A04](#)

[AC9M10A05](#)

[AC9M10ST01](#)

[AC9M10P02](#)

### HASS

[AC9HE10K01](#)

[AC9HE10K03](#)

To share: The world of investing can be exciting, but it can also be daunting as there are a lot of concepts to understand.

## Getting started (10 mins)

Open a conversation with your students:

- Who is an investor? Share experiences about the sort of investments students have had or witnessed. Why can investing be so exciting?
- What is an investment?

Snippets to share with your class: Investing money is when you buy a financial asset with the aim of making a profit, either by selling it at a higher price than when you bought it, or by earning an income. (You may wish to further unpack the concept of 'investing'.) We invest time in education and learning, to broaden our experiences, and to improve our chances of getting a better job or other opportunities. We invest in networks to fulfil our interests. We also invest by giving to others.

## Discovery (50 mins)

### 1. INVESTING GLOSSARY

NB - Keep this activity short (5 minutes) as the glossary can continue to grow over time. When your students come across a new term during the lesson, have them add it to the list. (Alphabetise for easy referencing if working digitally.) This quick activity will sharpen thinking and bring the class to an equal footing when discussing investment terminology.

- In groups have your students compile a list of asset classes in investing. What can people invest in? E.g., gold, shares, bonds, term deposits, ETFs, managed funds, property. The template on **Worksheet 1** will help you get started.
- Add a hard copy table pasted to a classroom wall, or post a digital table in a classroom app. Both can be viewed while they develop.
- Moneysmart's glossary is a good place to begin: [Glossary - Moneysmart.gov.au](#).
- Students are building the list for one another, so it is important for students to understand and clearly explain definitions they find.
- (Optional) Add value to the exploration by including definitions of investment terms e.g., asset allocation, risk and return, dividends, diversification, portfolio, investment scams, capital gains, liquid asset.
- Did anyone mention superannuation? Have students watch this short video on [Understanding superannuation - YouTube \(1:12\)](#) which explains how superannuation is an investment for their retirement. Students could also investigate Moneysmart's page [How super works](#) and share what resonates with them.



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## Other resources

### Webpages

[Bonds](#)

[Cryptocurrencies](#)

[Develop an investment plan](#)

[Australians are losing more money to investment scams \(acc.gov.au\)](#)

### Videos

[Are you ready to invest? \(1:13\)](#)

[Smart ways to invest \\$10,000 - YouTube \(1:10\)](#)

### Interactive

[Sharemarket Game \(asx.com.au\)](#)

2. **ASSET CLASS** – [Asset class](#) (glossary definition).
  - What are the risks in investing? Discuss.
  - Begin work on **Worksheet 2**. Ask your students to research 3-5 features of asset classes. Include their advantages, disadvantages, and risks (change or further unpack the assets to suit your students' interests.)
3. **DIVERSIFICATION** – [Diversification](#) (glossary definition).
  - Discuss what a 'diversification strategy' is and why it's important. Affirm or add value to the discussion by watching this short Moneysmart video: [What is diversification? - YouTube. \(1:20\)](#)
  - Hand out **Worksheet 3** for completion. The worksheet also includes a hard copy definition of diversification.
4. **STARTING TO INVEST**
  - Have your students watch this short video: [Make an investment plan. \(1:18\)](#)
  - In the remaining lesson time ask students to explore Moneysmart's online [Investor toolkit: Investor toolkit - Moneysmart.gov.au](#). It will reinforce students' understanding of investing essentials.

## Extension (60 mins)

Investing always involves an element of risk. Understanding the risk inherent in different investments is part of an investor's decision to invest in a particular product. Students can learn about risk by exploring different probabilities.

1. The odds of winning at different familiar games of chance and skill are shown below. Open a discussion about the different odds of winning at different activities.

These odds for games of chance and skill are from a reference on problem gambling. For teacher reference only: The real odds of winning when gambling | Community support | Queensland Government ([www.qld.gov.au](http://www.qld.gov.au))

- 1st division in Gold Lotto (one game) - **1 in 8,145,060**
- Top prize on a poker machine (playing maximum lines) up to **1 in 7,000,000**
- 1st division in Powerball (one game) - **1 in 134,490,400**
- The trifecta in a 13-horse race - **1 in 1,716**
- The 10 number jackpot on Keno (one game) - **1 in 8,911,711**
- The top prize on an Instant Scratch - Its \$5 Crossword game - **1 in 1,700,000**



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2. What sort of risk is inherent in financial investments? Using the information in [Moneysmart: Types of investments and returns](#) ask students to consider the impact of different risk, returns on investment and investing timeframe based on the different types of investment illustrated. What investments do students think are worth the risk and why? Would that choice change if they were willing to invest for a longer timeframe?

## PRESENTATION

3. Individually or in pairs, prepare a short 5 mins+ presentation on an aspect of investing that hasn't yet been explored. [ACCC www.accc.gov.au](http://www.accc.gov.au) (Australian Competition and Consumer Commission) and [Moneysmart](#) are two trusted government sites where your students can begin this research.

Examples to explore:

- What are some long-term investment trends?
- What are the risks of cryptocurrencies?
- What do super funds invest in?
- What's a pump and dump scam?
- How does a Ponzi scheme work?
- How to spot the signs of an investment scam.
- Examine a specific scam and how it works.
- Examine how investments are taxed.

# Worksheet 1: Investment glossary



Use the following table to fill in investment types (asset classes) and a definition of asset classes. What can people invest in? E.g., gold, shares, bonds, term deposits, ETFs, managed funds, property.

- (Optional) Add value to the exploration by including definitions of investment terms e.g., asset allocation, risk and return, dividends, diversification, portfolio, investment scams, capital gains, liquid asset, financial adviser.

Investment types and terms	Definitions



# Worksheet 2: Investment Features



Break into small teams. Research a number of investment types to complete this table.

Use the suggested investments or choose your own.

Asset Class	Features	Advantages	Disadvantages	Risks	Income or capital growth	Typical return over the long term
Shares						
Property						
Fixed interest deposit						
Cryptocurrency						
Cash based investments						

# Worksheet 3: Diversification



Diversification means spreading your investments across different asset classes, or within an asset class, to reduce investment risk. It is an investment strategy that lowers your investment portfolio's risk and helps you get more stable returns. You diversify by investing your money across different asset classes — such as [shares](#), [property development](#), [bonds](#), [cash investments](#), and [equity investment](#).

Diversification lowers your portfolio's risk because different asset classes may perform better at different times.

In the table below, suggest how the investors could apply diversification to their investment portfolios.

Use Moneysmart's [diversification](#) page for more guidance.

Investor and investments	Suggest how to diversify within the asset class	Suggest how to diversify outside of the asset class
Anna has \$100,000 invested in Australian mining company shares.		
Kent has \$35,000 invested in a managed fund that invests solely in commercial properties (e.g., factories).		
Billie has four investment properties on the Gold Coast.		
Ranjith has \$200,000 in a savings account.		