Te Tohu Whakahaere Pūtea
Certificate in Money Management

Lesson Plan Workbook

Wāhanga Tuawhā: Ngā Hua me ētahi atu Whakatupuranga

Module 4:
Equity and Other Investments

Contact Delivery

Programme Developers and Authors

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Introduction to Lesson Plan Workbook 4

How to Use this Lesson Plan Workbook

This workbook contains instructions that tell you what you need to do to complete this module of the programme. It consists of five lesson plans, which give you guidance as to how you are to spend the hours of learning associated with each of the five weeks of the module. (Note that these hours of learning are summarised on the following page).

There are two parts to each of the lesson plans in this workbook: The 'Core Lesson Content' and the 'After Lesson Activities'. These are explained further below.

The 'Core Lesson Content' Component of the Lesson Plans

The core lesson content is the programme content that will be covered in the 3-hour weekly classes that you are required to attend. It is useful to review this content before you attend each class. This will assist with your understanding of the content and will provide you with an opportunity to identify any questions that you may wish to ask during class time.

The 'After Lesson Activities'

The second part of each lesson plan in this workbook is titled 'After Lesson Activities'. As the name suggests, this section provides guidance on how you should allocate time associated with the programme *outside* of the 3-hour weekly classes. It shows the amount of time that should be allocated to review the core lesson content as well as to complete your assessments and gives suggestions of activities that you can do to support your learning. For example, it will specify which activities within the Activity Workbook will reinforce what you have learnt during the core component of the lesson.

To summarise, the 'After Lesson Activities' specify:

- When to complete parts of the **Activity Workbook**.
- What other **Activities and Readings** are recommended.
- How much time should be allocated to **reviewing core lesson content** and **completing assessments.**

To get the maximum value out of this programme, it is recommended that you complete all of the 'After Lesson Activities' for each lesson, before you move on to the next lesson within the programme.

Note that you do NOT have to hand the after lesson activities (e.g. your Activity Workbook) in to your tutor to be marked. These activities are only used to support your learning and will not be assessed.

Hours of Learning

The hours of learning for this five-week module are as follows:

Learning Format	**Hours**
Lesson Plans *(five 3-hour lessons)*	15
Lesson Review & Completion of Assessments	75
Activity Workbook	25
Recommended Readings and Activities	25
Support Workshops	10
TOTAL HOURS	**150**

Explanation of Learning Hours

Core Lesson Content **3 hours per week**

The core content of this programme is delivered in one 3-hour class per week. Content will be delivered in an interactive manner and will be reinforced with group activities.

Lesson Review & Completion of Assessments **15 hours per week**

Lesson Review involves spending time during the week reviewing the content of the lesson covered that week and working on assessments. An allocation of 15 hours per week is provided for this. Use this time to make sure that all module readings are complete, you understand the content of the lesson and your assessments are completed on time.

Activity Workbook **5 hours per week**

You have been provided with an Activity Workbook. After each lesson you should read your 'After Lesson Activities' instructions to see which workbook activities you need to complete during the week. These activities will relate to the components of the module covered during the lesson. Therefore, if you are having difficulty completing an activity, refer to the section(s) of the module covered in that particular lesson. An allocation of five hours per week is provided for this.

Recommended Readings and Activities **5 hours per week**

The 'After Lesson Activities' components of the lesson plans provide instructions for activities that you can do to reinforce your learning. This may include, for example, finding out more information about some of the content covered in the module or trialling online tools referred to in the lesson content. Although it is not compulsory to complete these activities, they are designed to improve your understanding of core programme content (which may, in turn, assist you to complete assessments).

Support Workshop **10 hours total**

Throughout the module, two 5-hour support workshops will be provided for tauira. Please check your programme timetable to see when these workshops are scheduled. These workshops will reinforce core lesson content and will offer support on completing assessments.

Lesson Plans

Lesson Plan 1

☐ (*Tick when lesson is complete*) Date Completed: _____

Core Lesson Content

Core Learning Outcomes Covered

- Demonstrate an understanding of how sharemarkets work and how an individual can participate in this type of investment.
- Demonstrate an understanding of general investment terminology and key concepts.

Component of Module

- Section 1: Introduction to the Sharemarket

Assessment

- Part One of Assessment 1: Sharemarkets and Investment Options

After Lesson Activities

Lesson Review & Completion of Assessments

Spend approximately 15 hours reviewing content covered in the 'Core Lesson Content' and completing the specified component(s) of the assessment before the next lesson.

Activity Workbook

Complete the following activities in your Activity Workbook:

- Activity 1: Investment Word Find (30 min)
- Activity 2: Terminology Test (1 hour 30 min)
- Activity 3: Calculating Stock Market Indices (1 hour)
- Activity 4: International Stock Market Indices (30 min)
- Activity 5: Sharemarket Quiz (45 min)
- Activity 6: From the Newspapers (45 min)

Recommended Readings and Activities

- **Online Activity: NZX Website** (1 hour)

  Get to know the NZX website (www.nzx.com). Spend time going through the site to see what type of information is held there.

  When you do this, register for 'My NZX'. This is an online facility that lets you track the performance of shares you are interested in (i.e. your 'Watchlist') as well as shares that you actually own (i.e. your 'Portfolio'). It also provides information about these shares.

  Note that some of the other activities for this module require you to register for this service.

- **Activity: Identifying NZ Companies of Interest** (3 hours)

  Throughout the remainder of this module, one of the recommended activities each week will involve monitoring the performance of several publicly listed companies. In this particular activity, you will be identifying which companies you are interested in monitoring.

  Identify five companies listed on the NZSX that you are interested in following for the next five weeks. These may be companies that you would think about investing in or are simply interested in learning more about.

  You can identify these companies in a number of ways – one way is to select from companies that are currently in the news. For example, you could watch the news on television, read the Business section of the newspaper, or check out the Business section of websites such as www.stuff.co.nz. You could also do this by looking at the NZX website (www.nzx.com).

- **Online Activity: My NZX Watchlist** (1 hour)

  This activity follows on from the previous recommended activity. Once you have identified which five New Zealand companies you want to follow for the next five weeks, log in to 'My NZX' on the NZX website (remember, you registered for this facility in the first recommended activity for this module) and add these five companies to your 'Watchlist'.

  Once you have added the five companies you selected to your 'Watchlist', a list of the latest announcements for these companies will be presented to you. Read through these announcements to start to get to know these companies. Also make note of the share prices for these companies.

Lesson Plan 2

☐ (*Tick when lesson is complete*) Date Completed: _____

Core Lesson Content

Core Learning Outcomes Covered

- Demonstrate an understanding of how managed fund investments operate and of key factors to consider when utilising this type of investment.
- Demonstrate an understanding of general investment terminology and key concepts.

Component of Module

- Section 2: Managed Funds

Assessment

- Part Two of Assessment 1: Sharemarkets and Investment Options

After Lesson Activities

Lesson Review & Completion of Assessments

Spend approximately 15 hours reviewing content covered in the 'Core Lesson Content' and completing the specified component(s) of the assessment before the next lesson.

Activity Workbook

Complete the following activities in your Activity Workbook:

- Activity 7: My Managed Fund (Week 1) (1 hour)
- Activity 8: Managed Funds Missing Words (30 min)
- Activity 9: KiwiSaver Limerick (30 min)
- Activity 10: KiwiSaver True or False Quiz (45 min)
- Activity 11: Dollar Cost Averaging (45 min)
- Activity 12: Risk Crossword (30 min)

- Activity 13: Taxation of Foreign Investments (1 hour)

Recommended Readings and Activities

- **Activity: Managed Fund Fees** (3 hours)

  Learn more about managed fund fees. Do this by getting copies of Investment Statements for at least three different managed funds.

  You could, for example, choose to identify three KiwiSaver fund providers (you can do this by looking at the list of scheme providers on the KiwiSaver website, www.kiwisaver.govt.nz). You can then go to their websites and download a copy of their Investment Statements.

  Alternatively, you may phone a fund manager and request that some investment statements be sent out to you. Compare the fees for each of the three funds and identify which fund you think provides the best deal.

- **Online Activity: FundSource and KiwiSelect** (1 hour)

  Check out the past performance of KiwiSaver funds on the FundSource website (www.fundsource.co.nz). Follow the instructions in Sections 2.1.4 and 2.2.1.2 of your module to see how to use this site. Based on past performance and the type of fund you are interested in (e.g. conservative, growth), which fund would you choose?

  Next, visit the KiwiSelect website (www.kiwiselect.co.nz). Go through the process on this website to see what KiwiSaver fund is recommended for you.

  Is the fund recommended to you by KiwiSelect the same fund that you chose when you visited FundSource? If not, which of the two funds do you prefer?

- **Online Activity: My NZX Watchlist** (1 hour)

  This activity follows on from recommended activities in the previous week. Log in to 'My NZX' on the NZX website (www.nzx.com) and make note of the share prices for the five companies you are following. Also read through any new announcements about these companies.

Lesson Plan 3

☐ (*Tick when lesson is complete*) Date Completed: _____

Core Lesson Content

Core Learning Outcomes Covered

- Demonstrate an understanding of a range of investment options and tools.
- Demonstrate an understanding of general investment terminology and key concepts.

Component of Module

- Section 3: Bonds, Derivatives and Other Investments

Assessment

Parts Three and Four of Assessment 1: Sharemarkets and Investment Options

After Lesson Activities

Lesson Review & Completion of Assessments

Spend approximately 15 hours reviewing content covered in the 'Core Lesson Content' and completing the specified component(s) of the assessment.

Activity Workbook

Complete the following activities in your Activity Workbook:

- Activity 7: My Managed Fund (Week 2) (1 hour)
- Activity 14: Compound Interest (45 min)
- Activity 15: Derivatives and Commodities (30 min)
- Activity 16: Investments – Make them Right! (1 hour)
- Activity 17: The Effects of Exchange Rates (1 hour 15 min)
- Activity 18: IPO Quick Questions (30 min)

Recommended Readings and Activities

- **Online Reading: Bonus Bonds** (30 min)

  Visit the Bonus Bonds website at www.bonusbonds.co.nz to learn more about this form of investment.

- **Online Activity: The Facebook IPO** (30 min)

  Facebook became a publicly traded company when it listed on the NASDAQ exchange in May 2012. In the months after listing, the share price drastically dropped. Why was this? Conduct an online search to find reasons for the decrease in share price.

- **Online Activity: Understanding Options** (3 hours)

  Options trading can be very complicated. If you conduct an internet search to find out how options work, it is likely that you will come across a number of graphs which show the profits and losses you can get from buying various options.

  Visit the website www.theoptionsguide.com and look through the site to find a graph that shows the profits and losses possible when you buy a call option. Spend time trying to understand this chart. When you think you have figured it out, try drawing a chart showing the profits or losses possible when you write (sell) a call option. Check your answers by finding a graph online which shows this information.

  Repeat this exercise for put options. If you find this exercise difficult, go to YouTube and search for tutorials which explain how options work.

- **Online Activity: My NZX Watchlist** (1 hour)

  This activity follows on from recommended activities in the previous weeks. Once again, log in to 'My NZX' on the NZX website (www.nzx.com) and make note of the share prices for the five companies you are following. Also read through any new announcements about these companies.

  Evaluate the performance of these five companies over the past few weeks.

  - Which company performed the best?
  - How did share price movements reflect news announcements?

Lesson Plan 4

☐ (*Tick when lesson is complete*) Date Completed: _____

Core Learning Outcome Covered

- Identify and explain key considerations regarding private equity investment.

Component of Module

- Section 4: Equity Investment

Assessment

- Part One of Assessment 2: Business Purchase Case Study

After Lesson Activities

Lesson Review & Completion of Assessments

Spend approximately 15 hours reviewing content covered in the 'Core Lesson Content' and completing the specified component(s) of the assessment before the next lesson.

Activity Workbook

Complete the following activities in your Activity Workbook:

- Activity 7: My Managed Fund (Week 3) (1 hour)
- Activity 19: Pros and Cons of Buying a Business (1 hour)
- Activity 20: Is Business Right for Me? (1 hour)
- Activity 21: Understanding the Financials (1 hour 15 min)
- Activity 22: Buying a Business (45 min)

Recommended Readings and Activities

- **Activity: Finding a Business for Sale** (2 hours)

  This activity involves identifying a business that you would be interested in buying (assume that you have made the decision that buying a business is right for you).

  Search for a business for sale. You can do this by looking in the newspaper, looking in town for businesses with 'for sale' signs displayed, or even by looking online (e.g. on Trade Me – www.trademe.co.nz). You do not need to limit yourself to your local region, however, you may choose to.

  Select which business you would most likely choose to buy, based on what is currently available. Identify what your selection criteria included – that is, why did you choose this business?

- **Online Activity: Business Grants Research** (1 hour)

  Several sources of business grants are identified in Section 4.2 of the module. Visit each of the websites listed in this section of the module to learn more about the grants available. Would you be eligible for any of them?

- **Activity: Due Diligence** (1 hour)

  This activity follows on from the first recommended activity for this lesson plan. Conduct some due diligence on the business that you identified you would most be interested in purchasing.

  Unless you are genuinely interested in buying the business, do not go as far as to request copies of financial statements. However, you can do some investigation into:

  - trying to understand the reasons that the business is for sale, and
  - identifying any potential problems / issues facing the business.

- **Online Activity: My NZX Watchlist** (1 hour)

  This activity follows on from recommended activities in the previous weeks. Once again, log in to 'My NZX' on the NZX website (www.nzx.com) and make note of the share prices for the five companies you are following. Also read through any new announcements about these companies.

Lesson Plan 5

☐ (*Tick when lesson is complete*) Date Completed: _____

Core Lesson Content

Core Learning Outcome Covered

- Conduct a basic valuation of a business for investment purposes.

Component of Module

- Section 5: Business Valuations

Assessment

- Part Two of Assessment 2: Business Purchase Case Study

After Lesson Activities

Lesson Review & Completion of Assessments

Spend approximately 15 hours reviewing content covered in the 'Core Lesson Content' and completing the specified component(s) of the assessment.

Activity Workbook

Complete the following activities in your Activity Workbook:

- Activity 7: My Managed Fund (Week 4) (1 hour)
- Activity 23: Capitalisation Rates (45 min)
- Activity 24: Capitalisation Case Studies (1 hour)
- Activity 25: Discounting Cashflows (1 hour 30 min)
- Activity 26: Valuation Quiz (45 min)

Recommended Readings and Activities

- **Online Activity: Determining Capitalisation Rates** (1 hour)

  The most difficult aspect of using the capitalisation rate valuation method is deciding which capitalisation rate to use. Use an online search engine such as Google (www.google.co.nz) to conduct some research into finding out which rate you should use.

  In one of the recommended activities last week, you identified a business that you may be interested in buying. Using the information you found online, decide what capitalisation rate (approximately) you would use for this business.

- **Activity: Cashflow Valuation** (3 hours)

  Think of a business that you would be interested in operating. This could either be the business you identified that you may be interested in purchasing in previous activities, or it could be a different business altogether.

  For your chosen business, prepare a very basic cashflow budget for the next three years. Do this by:

  (1) Estimating the amount of money to be received from sales each year,

  (2) Estimating the amount of money that will be paid by the business each year for expenses and other outgoings (such as asset purchases), and then

  (3) Calculating the cash surplus (or deficit) for each of the three years. This is calculated as your answer to (1) minus your answer to (2) above.

  Try to estimate the value of the business by applying the capitalisation formula to the three cashflow figures that you calculated. Do this by following the example given in Section 5.3.3 of your module.

  In order to do this, you will also have to make an assumption about what the net cashflow would be from Year 4 onwards.

  When it comes to deciding which capitalisation rate to apply, use the information you gained from the previous recommended activity to do this.

- **Online Activity: My NZX Watchlist** (1 hour)

  This activity follows on from recommended activities in the previous weeks. Once again, log in to 'My NZX' on the NZX website (www.nzx.com) and make note of the share prices for the five companies you are following. Also read through any new announcements about these companies.

Congratulations!

You have now completed the core requirements of Module 4: Equity and Other Investments.

If you have finished the previous three modules, you will have now completed the Certificate in Money Management Programme.