

Investigate Answers (page 468)

Answers may vary. Sample answers:

1.

Mutual Fund	One-Year Rate of Return (%)	Five-Year Rate of Return (%)	Ten-Year Rate of Return (%)
Hillsdale Cdn Performance Equity–A	5.54	17.60	17.86
Front Street Small Cap Canadian	9.31	31.42	18.34
Sun Life Sunfund (Fund A)	15.89	14.72	15.62
CIBC Energy	3.30	26.87	15.37
BMO Japanese	–7.54	3.52	–1.25
Teachers’ RSP – Equity Section	19.19	11.37	12.31

- a) The Teachers’ RSP—Equity Section had the greatest growth with a one-year rate of return of 19.19%.
- b) The BMO Japanese Fund had the least growth (the greatest loss) with a one-year rate of return of –7.54%.
- c) The rate of return on a mutual fund can vary greatly, and can even drop into negative values.
2. The Sun Life Sunfund has remained steady at about a 15% rate of return over the years. The rate of return on other funds, such as the CIBC Energy fund, has been quite variable. The CIBC fund’s rate of return has varied from 3.3% to 26.87%.

3.

Mutual Fund	Ten-Year Rate of Return (%)	Value of a \$1000 Investment After 10 Years (\$)
Hillsdale Cdn Performance Equity–A	17.86	5172.07
Front Street Small Cap Canadian	18.34	5386.61
Sun Life Sunfund (Fund A)	15.62	4269.03
CIBC Energy	15.37	4177.62
BMO Japanese	–1.25	881.80
Teachers’ RSP – Equity Section	12.31	3192.89

Examples

- Have students work through the Examples as a class before proceeding to the Discuss the Concepts. Alternatively, have students complete the Examples independently or in small groups before reviewing them as a class.
- The process used to solve Examples 1 and 2 is similar to the process used in Section 9.1. Discuss with the class how investing always carries an element of risk and that investments sometimes lose value.
- Work through Example 3 carefully. Different variables are used in the TVM Solver and N takes on a different meaning. You may wish to refer students to the Technology Appendix in the Student Book for support using the TVM Solver.

Key Concepts

- Wealth is, most often, accumulated over time.
- Have students define wealth in their own words, then research some definitions.

Discuss the Concepts

- Give students time to record their responses before conducting a discussion.
- You may wish to assign one or more of the Discuss the Concepts questions as a journal entry.
- It may be necessary to discuss the difference between assets and liabilities. Assets increase in value over time or generate income. Liabilities decrease in value over time or cost money to maintain. Most people buy liabilities (for example, cars, computers, televisions); wealthy people buy assets.

Discuss the Concepts Suggested Answers (page 472)

- D1.** The power of compound interest lies in earning interest on interest. The earlier you start your investments, the more time there is to accumulate interest.
- D2.** Some investments, such as government bonds, are very safe. The government is quite stable, so it is very unlikely it would be unable to repay a bond. Other investments, such as owning shares in a new company, are risky. If the company is successful, there is a potential for significant earnings. If the company fails, the investment may be lost.
- D3.** I am willing to take moderate financial risks. In general, I will not invest money in a risky investment unless I can afford to lose it.

Practise (A)

- Encourage students to refer to the Investigate and the Examples before asking for assistance.
- **Questions 1 and 2** follow directly from **questions 3 and 9** of Prerequisite Skills
- You may wish to have students complete only one of **questions 3 and 4**.

Apply (B)

- Ensure students understand the answer to **question 8, part c)**, will be an approximation. Using an average growth rate will give a ballpark figure at best.
- **Question 9** is a Literacy Connect. You may wish to assign this question as a journal entry or to discuss the question as a class. Literacy Connect questions offer the opportunity to explore literacy issues in the mathematics classroom and within the context of mathematics.
- **Question 11** can be done as a small group discussion. Students can rank their answers and compare their results with those of other groups.
- For **question 12**, students can research RESPs to gain a deeper understanding of this type of investment.
- **Question 13** links to the Chapter Problem. Remind students to keep the solution to this question handy as the methods they used may help them with the Chapter Problem Wrap-Up.
- **Question 15** is an Achievement Check question. It can be used as a diagnostic or formative assessment, or assigned as a small summative assessment piece. You may wish to use **BLM 9-5 Section 9.2 Achievement Check Rubric** to assist you in assessing your students.

Extend (C)

- Assign the Extend question to students who are not being challenged by the Apply questions.
- **Question 16** allows students to discuss their answer with others. They can discuss the relative merits of each other's plans. There are no real right or wrong answers.

