

Course Outline - Savings and Investment Course

DISCUSSION AREAS	CLASS ACTIVITIES
<p>LESSON 1: PERSONAL FINANCIAL PLANNING</p> <ul style="list-style-type: none"> a) Examine personal money management practices and identify areas that can be improved b) Matching income and expenses (your budget) c) Your Debt Profile – What Bank’s Assess 	<ul style="list-style-type: none"> • Developing Your Personal Financial Mission Statement • Developing A Budget
<p>LESSON 2: FACTORS AFFECTING FINANCIAL DECISIONS</p> <ul style="list-style-type: none"> a) Simple Explanation of the Time Value Of Money Concept b) Risk Return Relationship of Financial Decisions c) Financial Decisions and their Impact on One’s Cash Flow d) Simple Probability Analysis in Evaluating Financial Decisions e) Computing One’s Personal Net Worth 	<ul style="list-style-type: none"> • Financial Stock Taking Exercise • <u>Case Study</u>: Susan’s Finances
<p>LESSON 3: DEVELOPMENT OF A PLAN TO REACH FINANCIAL GOALS</p> <ul style="list-style-type: none"> a) Developing SMART Goals b) Understanding the impact of compound interest on savings and loans. c) The Impact of Interest Rates on Financial Goals: Add-on vs. Reducing Balance d) What you need to know about interest rates when taking loans: nominal versus effective e) Strategies to create positive cash flow so as to have a surplus to reach one’s financial goals. This should include a discussion of the pros and cons of a) mortgage refinancing b) debt consolidation c) using mortgage equity loans 	<ul style="list-style-type: none"> • Designing SMART Financial Goals

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<p>LESSON 4: TYPES OF INVESTMENT INSTRUMENTS</p> <ul style="list-style-type: none"> a) Definitions and characteristics of various financial instruments b) Calculating basic financial ratios c) Assessing the rates of returns on ECCU government securities d) Matching investment instruments with one's investment objectives 	<ul style="list-style-type: none"> • Matching investments with investors of different investment profiles • Designing A Mutual Fund
<p>LESSON 5: HOW TO PROTECT ONE'S SELF AGAINST FINANCIAL RISK</p> <ul style="list-style-type: none"> a) Evaluating the risks and returns associated with various financial instruments b) Understanding Simple Risk Management Strategies c) Simple illustration of the volatility of returns d) Understanding Bond Ratings (S&P code) 	<ul style="list-style-type: none"> • Identifying your investment preferences • <u>Case Study: Restructuring of Grenada's Debt</u>
<p>LESSON 6: TYPES OF FINANCIAL MARKETS</p> <p>Functions of Financial Markets</p> <ul style="list-style-type: none"> - Borrowing and Lending - Price Determination (existing and newly issued instruments) - Information Aggregation and coordination (information on asset values and the flow of funds) - Risk Sharing (risk transfer from borrower to lender) 	<ul style="list-style-type: none"> • <u>Trading Exercise: Repurchase Agreements</u> • Designing the concept for a Fictitious Futures Market applicable to your country.

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<p>Liquidity (sell or liquidate assets) Efficiency (transactional and informational costs)</p> <p>a) Various types of financial markets: Money markets, which provides short term debt financing and investment. Stock markets, which facilitate the buying and selling of stocks and shares. Bond markets, which provides financing through the buying and selling of bonds and notes. Foreign exchange markets which deal with international currencies. Futures/Derivatives markets which provide standardised contracts for trading assets at some forward date and other instruments for handling financial risks.</p>	
<p>LESSON 7: HOW SECURITIES ARE BOUGHT AND SOLD</p> <p>a) Establishing an account with a Broker Dealer Trading on the Eastern Caribbean Securities Exchange (ECSE)</p> <p>b) Key terms in securities trading</p> <p>c) Placing Buy and Sell orders with a Broker Dealer</p> <p>d) Understanding the Single Price Auction Methodology used by the ECSE</p>	<ul style="list-style-type: none"> • <u>Trading Exercise:</u> 2- minute speed trading • <u>Case Study:</u> Smart Broker Dealers
<p>LESSON 8: REGULATION OF FINANCIAL MARKETS</p> <p>a) Purpose and objectives of market regulation</p> <p>b) Regulatory Framework of the Eastern Caribbean Securities Market</p> <p>c) Identifying regulatory infractions</p>	<ul style="list-style-type: none"> • Debate on the merits of market regulation • Fictitious Hearing of the Eastern Caribbean Securities Commission -Case No# 502: Mr Best versus Aunt Bertha
<p>LESSON 9 FACTORS THAT AFFECT PRICE</p> <p>a) Market movements as a result of the actions of investors to</p>	<ul style="list-style-type: none"> • <u>Presentation:</u> The Principles of Finance

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<ul style="list-style-type: none"> - Business conditions - Government actions - Economic indicators - International events and conditions <p>b) An overview of fundamental and technical analysis</p>	<ul style="list-style-type: none"> • Discussion on investors' responses to economic and business indicators as well as the actions of the FED, and the resulting impact on the prices of securities.
<p>LESSON 10: DEVELOPING AND MANAGING YOUR INVESTMENT PORTFOLIO</p> <ul style="list-style-type: none"> a) Market risk and diversification b) Assessing your investment profile c) Designing your investment portfolio 	<ul style="list-style-type: none"> • Charting and discussing the price movements of the stocks used in the group trading exercise. • Debate on the merits of portfolio diversification.