Unit 3: Bonds, Mutual Funds and EFTs

Content Area: **Business Management and Information**
Course(s):
Time Period: **Marking Period 2**
Length: **4-5 weeks**
Status: **Published**

Summary

This course introduces students to the principles of investing and the ways individuals can build wealth responsibly over time. Students will explore a range of investment options, from stocks, bonds, and mutual funds to real estate, commodities, and digital assets, all while learning how to balance risk and reward through diversification and asset allocation. Through hands-on simulations and interactive activities, students will apply core concepts such as the time value of money, ethical investing, and fraud awareness to real-world financial decisions. By the end of the course, students will be able to analyze investment opportunities, understand market behavior, and make informed choices aligned with their financial goals and values.

This unit is part of the larger aforementioned course sequence and specifically focuses on deepening students' understanding of government and corporate bonds, comparing the structures of mutual funds and exchange-traded funds (ETFs), mastering the strategic mechanics of portfolio diversification, and applying rigorous risk assessment models and credit ratings to investment choices. By the end of this unit, students will be able to distinguish between government and corporate bonds, compare the characteristics and benefits of mutual funds and ETFs, explain the importance of portfolio diversification in managing investment risk, and evaluate investment opportunities using risk assessments and credit ratings to make informed financial decisions.

Students in Business Management and Information Systems classes develop skills that are intended to give them a competitive advantage in the workplace. Through the study of core business topics and current events, this curriculum encourages students to refine their speaking and listening skills, collaborate with their peers, and explore and research potential career paths.

Revision Date: August 2026

Standards

9.1.12.FP.3: Relate the concept of delayed gratification (i.e., psychological distance) to meeting financial goals, investing and building wealth over time.

9.1.12.FP.7: Determine how multiple sources of objective, accurate and current financial information affect the prioritization of financial decisions (e.g., print information, prospectus, certified financial planners, internet, sales representatives, etc.)

9.1.12.PB.2: Prioritize financial decisions by considering alternatives and possible consequences.

9.1.12.RM.2: Identify types of investments appropriate for different objectives such as liquidity, income, and growth.

9.3.12.BM.1 Utilize mathematical concepts, skills and problem solving to obtain necessary information for decision-making in business.

9.3.12.FN.8 Describe and follow laws, regulations and ethical standards that affect finance operations and transactions.

9.3.12.FN.13 Manage a financial product or service mix in order to respond to market opportunities.

9.3.12.FN-SEC.2 Manage the use of financial resources to perform key duties in the securities and investments industry.

9.3.12.FN-SEC.3 Plan, monitor and manage day-to-day securities and investments operations.

9.3.12.FN-SEC.4 Utilize career-planning concepts, tools and strategies to explore, obtain and/or develop in a securities and investments career.

9.3.12.FN-SEC.5 Determine client needs and wants and respond through planned, personalized communication to guide purchase decisions and enhance future securities and investments opportunities

RI.CI.9–10.2. Determine one or more central ideas of an informational text and analyze how it is developed and refined over the course of a text, including how it emerges and is shaped by specific details; provide an objective summary of the text.

RI.MF.9–10.6. Analyze, integrate, and evaluate multiple interpretations (e.g., charts, graphs, diagrams, videos) of a single text or text/s presented in different formats (visually, quantitatively) as well as in words in order to address a question or solve a problem.

RI.AA.9–10.7. Describe and evaluate the argument and specific claims in an informational text, assessing whether the reasoning is valid and the evidence is relevant and sufficient; identify false statements and reasoning.

SL.PE.9–10.1. Initiate and participate effectively in a range of collaborative discussions (one-on-one, in groups, and teacher-led) with peers on grades 9–10 topics, texts, and issues, building on others' ideas and expressing their own clearly and persuasively.

A. Come to discussions prepared, having read and researched material under study; explicitly draw on that preparation by referring to evidence from texts and other research on the topic or issue to stimulate a thoughtful, well-reasoned exchange of ideas.

B. Collaborate with peers to set rules for discussions (e.g., informal consensus, taking votes on key issues, presentation of alternate views); develop clear goals and assessment criteria (e.g., student developed rubric) and assign individual roles as needed.

C. Propel conversations by posing and responding to questions that relate the current discussion to broader themes or larger ideas; actively incorporate others into the discussion; and clarify, verify, or challenge ideas and conclusions.

D. Respond thoughtfully to various perspectives, summarize points of agreement and disagreement, and justify own views. Make new connections in light of the evidence and reasoning presented.

SL.II.9–10.2. Integrate multiple sources of information presented in diverse media or formats (e.g., visually, quantitatively, qualitatively, orally) evaluating the credibility and accuracy of each source.

SL.PI.9–10.4. Present information, findings, and supporting evidence clearly, concisely, and logically. The content, organization, development, and style are appropriate to task, purpose, and audience.

SL.UM.9–10.5. Make strategic use of digital media (e.g., textual, graphical, audio, visual, and interactive elements) in presentations to enhance findings, reasoning, and evidence and to add interest.

In accordance with New Jersey's Chapter 32 Diversity and Inclusion Law, this unit includes instructional materials that highlight and promote diversity, including: economic diversity, equity, inclusion, and tolerance.

The standards in this unit reflect a developmental progression and make interdisciplinary connections across content areas including the humanities, technology, career readiness, cultural awareness, and global citizenship.

Essential Questions

Essential Questions:

- How do different investment options, such as bonds, mutual funds, and ETFs, help investors achieve their financial goals?

- How can investors use risk assessments and credit ratings to make informed investment decisions?

Enduring Understandings:

- Successful investing requires balancing risk and return by evaluating investment characteristics, diversifying a portfolio, and selecting investments that align with personal financial objectives.
- Risk assessments and credit ratings provide valuable information that helps investors evaluate the safety and potential return of investments, leading to more informed financial decisions.

Objectives

Students will know:

- Structural differences between stocks, bonds, mutual funds, and ETFs.
- How to mitigate portfolio risk through asset allocation and strategic diversification.
- Mathematical principles behind the time value of money and its impact on long-term growth.
- How to evaluate the creditworthiness of corporate and government bonds using credit ratings.
- Warning signs of common investment scams and market fraud.
- Criteria used to align investment portfolios with personal ethical values and financial goals.
- Basic economic indicators that drive daily market behaviors and current financial events.
- Specific risks and benefits associated with government versus corporate debt securities.
- Effective communication techniques needed to collaborate and present financial research professionally.
- Various career paths and educational requirements within the business and financial sectors.

Students will be skilled at:

- Analyzing various investment opportunities, including stocks, bonds, mutual funds, ETFs
- Balancing risk and reward by applying strategic portfolio diversification and asset allocation techniques.
- Utilizing financial concepts like the time value of money, risk assessment models, and credit ratings to make data-driven investment decisions.

- Identifying potential market fraud and investment scams through heightened financial awareness.
- Aligning personal investment choices with ethical standards and individual financial goals.
- Collaborating with peers to research current events, analyze market behaviors, and explore potential career paths.
- Refining professional speaking and listening skills to gain a competitive advantage in
- Comparing and contrasting government and corporate bonds

Learning Plan

This learning plan includes but is not limited to the following learning strategies:

- Bond Comparison Chart: Students will create a comparison chart that examines the key differences between government bonds and corporate bonds. Students will analyze how each bond type functions, including who issues them, the level of risk involved, expected returns, and how interest payments are structured. This activity helps students understand how bonds serve as fixed-income investments and how factors such as issuer stability and credit ratings influence investment decisions. Students will use their chart to demonstrate their ability to evaluate risk versus return and explain how different types of bonds fit into an investor's portfolio.
- Credit rating analysis: Students will examine sample credit ratings (such as AAA, AA, A, BBB, and below investment grade) and determine what each rating suggests about the issuer's financial stability and likelihood of repayment. They will then rank a set of government and corporate bonds from lowest to highest risk and explain how credit ratings influence investor decisions and expected returns. This activity helps students understand the relationship between risk and return and how credit rating agencies support informed investment choices in the bond market.
- Mutual Funds and EFTs Venn Diagram: Students will create a Venn diagram to compare and contrast mutual funds and exchange-traded funds (ETFs). They will identify key characteristics of each investment type, including how they are managed, how they are traded, associated fees, and their level of diversification. They will also identify similarities such as pooled investments and professional management. This activity helps students understand how mutual funds and ETFs function as diversified investment vehicles and how investors choose between them based on cost, flexibility, and investment goals.
- Investment Recommendation case study: Students will analyze real-world investor profiles and recommend appropriate investment options based on financial goals, time, and risk tolerance. They will evaluate the suitability of government bonds, corporate bonds, mutual funds, and ETFs, and justify their recommendations using concepts such as diversification, risk versus return, and credit ratings. This activity helps students apply their understanding of investment products to realistic financial scenarios and demonstrates their ability to make informed, evidence-based investment decisions aligned with different investor needs.
- Compare Types of Investment Funds: Students will compare different types of investment funds, including mutual funds and exchange-traded funds (ETFs), to understand how pooled investments operate in financial markets. Students will analyze key features such as management style (active vs. passive), trading mechanisms, fees and expenses, liquidity, and diversification benefits. They will also identify similarities between the two fund types. This activity helps students evaluate how different fund structures align with investor goals, risk tolerance, and long-term investment strategies.

- Portfolio Diversification Challenge: Students will be given a hypothetical investment budget and a list of investment options, including government bonds, corporate bonds, mutual funds, ETFs and stocks. They must create a diversified portfolio that aligns with a specific investor's financial goals and risk tolerance. Students must also justify their investment choices by explaining how diversification helps reduce risk while supporting long-term financial objectives.
- Portfolio Performance Reflection: Students will examine two sample investment portfolios with different asset allocations and levels of diversification. After reviewing each portfolio's composition and hypothetical performance under different market conditions, students write a short reflection comparing the portfolios and explaining how diversification, risk, and investment selection affect long-term investment outcomes.
- Investor Profile Matching: students will analyze several fictional investor profiles with different financial goals, investment timelines, and risk tolerances. They match each investor with the most appropriate investment option (government bonds, corporate bonds, mutual funds, ETFs, or a combination of investments) and provide written justifications based on the characteristics of each investment.
- Analysis of the S&P 500: Students will analyze the performance and composition of the S&P 500 Index to develop an understanding of how market indexes reflect the overall performance of the US stock market. They will examine historical trends, identify the major sectors represented in the index, and evaluate factors that influence changes in its value. Using the interactive map, students will interpret market performance and discuss how the S&P 500 can be used as a benchmark for investment performance. This activity helps students strengthen their analytical skills while connecting market trends to broader economic conditions and long-term investment strategies.

Assessment

When taking a Business Management and Information Technology course, students demonstrate differentiated proficiency according to their ability to answer the essential questions through formative and summative assessments. Many of the performance tasks below can be implemented as formative and/or summative assessments. As teachers strive for students to demonstrate proficiency, they will need to create additional or alternative assessments based on demonstration or absence of skill.

Formative Assessments:

- Bond Comparison Chart
- Mutual Funds and EFTs Venn Diagram
- Credit Rating analysis
- Investment recommendation case study
- Compare Types of Investment Funds
- Portfolio diversification challenge
- Portfolio performance reflection

- Investor profile matching
- Analyzing the S&P 500

Summative Assessments:

- Bonds, Mutual Funds and EFTs Quiz
- Continuation of the stock market game

Alternative Assessments:

- Market Crash Survival Challenge: Students will step into the role of a financial advisor during a market downturn. Their task is to evaluate a hypothetical investment portfolio and develop a strategy to help their client navigate a significant market decline. Using your understanding of bonds, exchange-traded funds (ETFs), and mutual funds, they will determine which investments should be kept, sold, or added to reduce risk and position the portfolio for future growth.

Materials

The design of this course allows for the integration of a variety of instructional, supplemental, and intervention materials that support student learners at all levels in the school and home environments. Associated web content and media sources are infused into the unit as applicable and available In addition to the materials below, the following link connects to district approved textbooks and resources utilized in this course: Core Book List.

The following are approved resources that teachers can include to further unit related objectives:

Bonds - FAQs | Investor.gov (Investor)

Corporate Bonds (Investor)

Mutual Funds and ETFs (Securities and Exchange Commission)

Investing Basics: Mutual Funds (Charles Schwab- Video)

Investing Basics: ETFs (Charles Schwab- Video)

Investing in Exchange Traded Funds (ETFs) (Washington State Department of Financial Institutes)

What Are Bond Ratings? Definition, Effects, and Agencies (Investopedia)

Risk Assessment: Definition, Techniques, and Analysis Types Explained (Investopedia)

Mutual funds vs. ETFs: Which is best for your investment strategy? (T. Rowe Price)

What is a Target date fund? (Wealth 101)

Asset Allocation and Diversification (Investor)

S&P 500 Interactive Map (Financial Visualization)

How to prepare for a recession (Charles Schwab)

How to Invest During a Bear Market (Charles Schwab)

Any additional resources that are not included in this list will be presented to and reviewed by the supervisor before being included in lesson plans. This ensures resources are reviewed and vetted for relevance and appropriateness prior to implementation.

Integrated Accommodation and Modifications, Special Education students, English Language Learners, At-Risk students, Gifted and Talented students, Career Education, and those with 504s

This link includes content specific accommodations and modifications for all populations:

https://docs.google.com/spreadsheets/d/1g8M7CZ5VVwvFk2Ay9DZbjdewOYDyNOzpNeEBgSXPvr0/edit?usp=sharing

These additional strategies are helpful when learning Business Management and Information Systems content and skills:

- Highlighter for close reading and annotation strategies
- Bolded terms in directions
- Reading texts aloud for students to assist in comprehension and analysis
- Provide modeling (both visual and textual) for use of digital media, such as podcasting, video recording/editing, and creating a website.
- Providing opportunities for text-to-speech for written responses.