

# INVESTMENT STRATEGIES PROGRAM



JA  
Canada

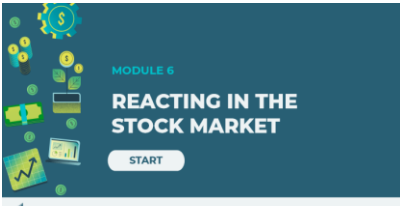
Member of  
JA Worldwide

## JA Investment Strategies Program Presenter Notes









### Module 6: Reacting In The Stock Market

The Presenter Notes are intended to be used in combination with the digital classroom learning modules and Student Guide. The Student Guide includes activities to support the concepts covered in the learning modules and a glossary of key terms.







This module will take approximately 60-75 minutes to complete. You may choose to complete all of the activities or a selection based on your group of students and time available.

Introduction (5 min)	
<p>Investment Strategies</p> 	<p><b>Navigation Tips</b></p> <ul style="list-style-type: none"><li>• Navigate through the slides using the next or previous buttons (bottom right), clicking or tapping on the slide or using the navigation menu</li><li>• Refer to the presenter notes below for slide-specific guidance.</li></ul>

*This document was last updated on September 19, 2025.*

<h3>Learning Objectives</h3> <div style="background-color: #004a7c; color: white; padding: 5px; text-align: center;">LEARNING OBJECTIVES</div> <ul style="list-style-type: none"> <li> Explain why and how investors react to changes in the stock market.</li> <li> Identify market dynamics and other factors that influence stock prices.</li> <li> Differentiate between short-term and long-term investment reactions and their respective risks and benefits.</li> <li> Explain how emotional discipline can be used to make informed investment decisions.</li> </ul>	<p><b>Optional:</b> Review the learning objectives for Module 6.</p>
<h3>Scenario</h3> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><b>SCENARIO</b></p> <p>Imagine you invested \$1,000 in a stock after careful research and consideration. Overnight, the stock drops 20% in value due to unexpected news. <b>What would you do?</b></p>  </div> <div style="width: 45%; background-color: #004a7c; color: white; padding: 5px;"> <p><b>POLL</b></p> <ul style="list-style-type: none"> <li><input type="radio"/> Panic and ask everyone what to do</li> <li><input type="radio"/> Sell immediately to avoid further losses</li> <li><input type="radio"/> Do some research before deciding</li> <li><input type="radio"/> Buy more while the price is low</li> <li><input type="radio"/> Hold on and wait to see what happens</li> </ul> <p style="text-align: center; border: 1px solid white; padding: 2px; width: fit-content; margin: 0 auto;">SUBMIT</p> </div> </div>	<p>To begin, activate students' prior knowledge with a scenario.</p> <p>Review the scenario and conduct a quick poll by reading each of the five possible reactions and asking for a show of hands.</p> <p>Tally the results to see how the class would react. Choose the most common response and select submit.</p>
<h3>Discussion Questions</h3> <div style="background-color: #004a7c; color: white; padding: 5px; text-align: center;">DISCUSSION QUESTIONS</div> <ul style="list-style-type: none"> <li>• What influenced your decision in the poll?</li> <li>• How do you think professional investors react in this situation?</li> <li>• Have you ever made a quick decision in life based on emotion?</li> <li>• Why might it be important to stay calm during market changes?</li> </ul> 	<p>Facilitate a brief discussion based on the poll results.</p> <p>Use the prompts on the slides and the follow-up questions below to guide the conversation:</p> <ul style="list-style-type: none"> <li>• <b>What influenced your decision in the poll?</b> Was it fear, logic, or something else?</li> <li>• <b>How do you think professional investors react in this situation?</b> Do they rely on emotions, or do they use specific tools and strategies?</li> <li>• <b>What kind of information would you want before reacting?</b></li> </ul>
<h3>Why Investors React To Market Changes (5 min)</h3>	
<h3>Why Investors React To Market Changes</h3> 	<p>Select the “Let’s go” button to begin.</p>
<h3>The Investor’s Forecast</h3> <div style="background-color: #004a7c; color: white; padding: 5px; text-align: center;">THE INVESTOR'S FORECAST</div> <p>Understand the importance of market awareness and why investors react.</p> 	<p>Play the video, which uses a weather analogy to explain market dynamics.</p> <p>Follow up with a discussion question.</p> <p><b>Ask:</b> What was the key difference between the panicked investor and the prepared investor?</p>

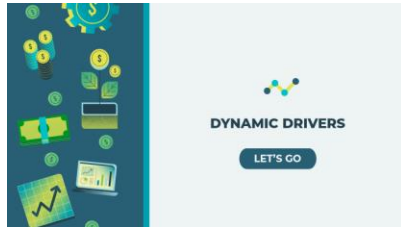
<p><b>Why Investors React To Market Changes</b></p> 	<p>After watching the video, facilitate a discussion about some of the key reasons investors might react.</p> <p>Select each of the tabs to review details and examples to support the discussion.</p>
<p><b>Factors That Affect Stock Prices (15 min)</b></p>	
<p><b>Factors That Affect Stock Prices</b></p> 	<p>Select the “Let’s go” button to begin.</p>
<p><b>Factors That Affect Stock Prices</b></p> 	<p>Review the content on slide.</p> <p><b>Facilitator tip:</b> If students will be completing the Stock Market Simulation as part of their Investment Strategies Program learning experience, explain that it will be important to understand market dynamics and other factors that might impact their portfolio.</p>
<p><b>Market Dynamics</b></p> 	<p>Explain that <b>market dynamics</b> are the major forces that move the market.</p> <p>Select each of the buttons to learn about how each factor might affect stock prices.</p>
<p><b>Market Sentiment</b></p> 	<p>Select each tab to review the information and supplement the discussion with the following discussion points.</p> <ul style="list-style-type: none"> <li>Investor Emotions – Explain that this is about the overall mood of investors. Fear, greed, and confidence can move prices without any real news.</li> <li>Trends &amp; Hype – <b>Ask:</b> Where have you seen trends or hype influence people's decisions, maybe with things like fashion or social media challenges? The same thing happens in the stock market.</li> </ul>

<p><b>Global Events</b></p> <p>GLOBAL EVENTS</p> <p>GEOPOLITICAL TENSIONS</p> <p>NATURAL DISASTERS AND PANDEMICS</p> 	<p>Select each tab to review the information. As you review the examples (geopolitical tensions, pandemics), emphasize that these events create uncertainty, and the market dislikes uncertainty.</p> <p><b>Ask:</b> Can you think of a recent global event you heard about on the news? How might that have affected businesses or the stock market?</p>
<p><b>Economic Factors</b></p> <p>ECONOMIC FACTORS</p> <p>INTEREST RATES</p> <p>INFLATION</p> <p>ECONOMIC GROWTH (GDP)</p> <p>EMPLOYMENT DATA</p> 	<p>Select each tab to review the information about key economic factors. Explain that these are often reported on and discussed in the news.</p> <p>When you get to "Inflation" and "Interest Rates," ask students if they have heard these terms before and what they think they mean. Briefly connect higher interest rates to making it more expensive for companies to borrow and grow.</p>
<p><b>Supply And Demand</b></p> <p>SUPPLY AND DEMAND</p>  <ul style="list-style-type: none"> <li>• If more people want to <b>buy</b> a stock than sell it, the price goes <b>up</b>.</li> <li>• If more people want to <b>sell</b> a stock than buy it, the price goes <b>down</b>.</li> <li>• Supply and demand are influenced by all the other factors.</li> </ul>	<p>Review how supply and demand affect stock prices.</p>
<p><b>Other Factors</b></p> <p>OTHER FACTORS</p> <p>Select the buttons to learn more about some of the other factors that affect stock prices.</p> <p>COMPANY-SPECIFIC</p> <p>INDUSTRY TRENDS</p> 	<p>Select each of the buttons to learn about the factors that affect stock prices.</p>
<p><b>Company-specific Factors</b></p> <p>COMPANY-SPECIFIC FACTORS</p> <p>EARNINGS REPORTS</p> <p>NEWS &amp; ANNOUNCEMENTS</p> <p>DIVIDENDS</p> <p>MERGERS &amp; ACQUISITIONS</p> 	<p>Select each of the tabs to learn about company-specific factors that impact stock prices.</p> <p>After reviewing the tabs (earnings, news, etc.), explain that these factors relate to the health of one specific company.</p>
<p><b>Industry Trends</b></p> <p>INDUSTRY TRENDS</p>  <p>Certain industries rise or fall based on global trends.</p> <p>For example, renewable energy stocks grow when governments support clean energy or tech stocks may drop if there is increased competition in the market.</p>	<p>Review the slide content to learn about how industry trends can affect stock prices. Explain that global trends can impact how well an industry performs and share the example on the slide to illustrate the concept.</p> <p>Explain that this is broader than one company but not as big as the whole economy.</p>

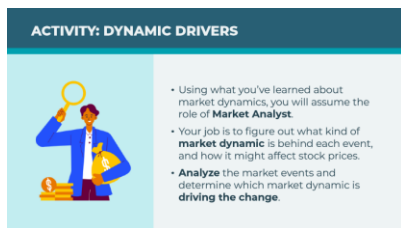
**Ask:** What's another industry that might be affected by a new trend or law? (e.g., social media companies and data privacy laws).

### Dynamic Drivers (15 min)

#### Activity: Dynamic Drivers



#### Instructions



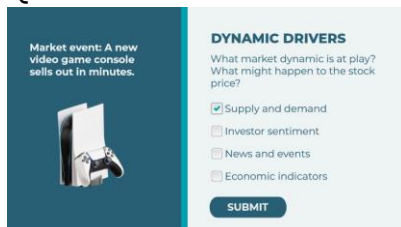
Introduce the activity to students using the prompts on the slide. This activity is intended to help students connect real-world events to the forces that drive stock prices and build awareness of how different types of information influence the market.

Before getting started, provide students with a few minutes to complete pages 2-3 in their Student Guide. Students can work individually, in pairs or in small groups.

Once students have answered the questions, advance to the following quiz slides. Invite students to share their answers or vote using a show of hands. They can check their work as you move through the quiz slides.

**Alternatively,** you can advance to the following quiz slides and complete them as a whole class activity instead of using the Student Guide.

#### Question 1



Review the question and invite a few students to share their thinking. Vote on the correct answer using a show of hands.

**Possible Answer:** Supply and demand.


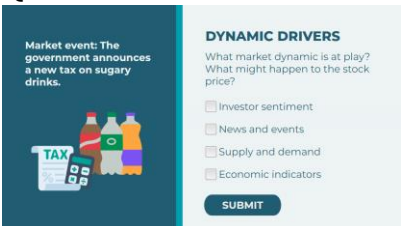
The stock prices may rise due to high demand and excitement about strong sales.



*\*Accept other answers as long as students can justify their answer.*


**Use the following information to facilitate the discussion.**

- **Key questions:** Was this expected? That is, did journalists and analysts who cover the video game industry expect this to happen because of pre-sales and positive reviews in advance of consumer sales?



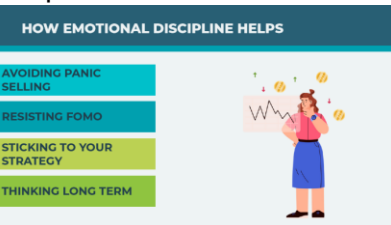




	<ul style="list-style-type: none"> <li>• If it was anticipated, you might not expect the company’s stock price to increase. If not, you could see a jump in share price.</li> <li>• For investors trying to trade based on a “good” surprise, they may want to consider the durability of the rise (will it fall back as some of the euphoria fades?)</li> <li>• Investors may also want to consider the ability of the company to meet future demand.</li> </ul>
<p><b>Question 2</b></p> 	<p>Review the question and invite a few students to share their thinking. Vote on the correct answer using a show of hands.</p> <p><b>Possible Answer:</b> Investor sentiment The stock price may drop quickly as fear spreads, even if the tweet isn't based on facts. <i>*Accept other answers as long as students can justify their answer.</i></p> <p><b>Use the following information to facilitate the discussion.</b></p> <ul style="list-style-type: none"> <li>• <b>Key question:</b> Has the company responded?</li> <li>• The company will almost certainly have to issue a statement and they are required by securities law to ensure that it is truthful based on their information.</li> <li>• Also, mainstream media will try to verify the information, so it’s important to look to credible sources rather than only social media sources.</li> <li>• Investors’ reactions will depend on their risk tolerance.</li> </ul>
<p><b>Question 3</b></p> 	<p>Review the question and invite a few students to share their thinking. Vote on the correct answer using a show of hands.</p> <p><b>Possible Answer:</b> News &amp; events Due to this announcement, stocks of soda and snack companies may fall due to expected lower sales or higher costs. <i>*Accept other answers as long as students can justify their answer.</i></p> <p><b>Use the following information to facilitate the discussion.</b></p> <ul style="list-style-type: none"> <li>• <b>Key question:</b> Has the government been openly discussing the tax?</li> <li>• If so, the announcement may have no impact on the price since the stock would have moved during the discussion.</li> </ul>

	<ul style="list-style-type: none"> <li>• If the tax was higher than the market expected, the stock price could be expected to fall on the final announcement.</li> <li>• If the tax was lower than the market expected, the stock price could be expected to rise on the final announcement.</li> </ul>
<p><b>Question 4</b></p> 	<p>Review the question and invite a few students to share their thinking. Vote on the correct answer using a show of hands.</p> <p><b>Possible Answer:</b> Economic indicators  Many stock prices may drop as investors worry about risking costs and lower consumer spending.  <i>*Accept other answers as long as students can justify their answer.</i></p> <p><b>Use the following information to facilitate the discussion.</b></p> <ul style="list-style-type: none"> <li>• <b>Key question:</b> What was the estimate for inflation over the past reporting period? Is the rate higher or lower than that?</li> <li>• If the inflation rate was lower than expected, the market might expect interest rates to be reduced, which may cause stock prices to increase.</li> <li>• If the inflation rate was higher than expected, the market might expect interest rates to increase, which may cause stock prices to decrease.</li> <li>• <b>Key question:</b> What factors are driving inflation?</li> <li>• Some factors, including seasonal issues like the price of natural gas during a cold winter won't persist and are less serious than factors such as the price of food or shelter.</li> <li>• <b>Key question:</b> Is the rate of inflation slowing or increasing?</li> <li>• If inflation is slowing, that might be perceived as a good sign and markets will react positively.</li> </ul>
<p><b>Question 5</b></p> 	<p>Review the question and invite a few students to share their thinking. Vote on the correct answer using a show of hands.</p> <p><b>Possible Answer:</b> News and events  Stock prices in affected industries may fall due to production delays and uncertainty.  <i>*Accept other answers as long as students can justify their answer.</i></p> <p><b>Use the following information to facilitate the discussion.</b></p>

	<ul style="list-style-type: none"> <li>• <b>Key question:</b> What goods will be affected and how long will it take to get supply chains up and running again?</li> <li>• If the disruption is severe and long in duration, prices may drop.</li> <li>• If the disruption is minor and short in duration, prices may not change much.</li> <li>• Investors should look to the financial press for analysis on the severity and duration of the disruption.</li> </ul>
<p><b>Discussion Questions</b></p> <div data-bbox="224 632 618 852"> <p><b>DISCUSSION QUESTIONS</b></p> <ul style="list-style-type: none"> <li>• Could more than one market dynamic be acting at the same time?</li> <li>• How might these events influence whether an investor buys, sells or holds?</li> <li>• Can you think of a time when news or emotion caused a big market reaction?</li> </ul>  </div>	<p>Wrap up the activity using the optional discussion questions.</p> <p>Sample responses are included below to help guide the discussion.</p> <ul style="list-style-type: none"> <li>• <b>Could more than one market dynamic be acting at the same time?</b> Yes, definitely. For example, if a company announces a new product and the news goes viral, that's both a <b>news event</b> and <b>investor sentiment</b> at work. People might get excited and start buying the stock, which increases demand and pushes the price up. So you've got news, emotion, and supply and demand all happening at once.</li> <li>• <b>How might these events influence whether an investor buys, sells, or holds?</b> It depends on the investor's strategy. If there's bad news about a company, a short-term investor might sell quickly to avoid losses. But a long-term investor might hold if they still believe in the company's future. If there's a market dip because of fear, some investors might even buy more, they see it as a chance to get stocks at a discount.</li> <li>• <b>Can you think of a time when news or emotion caused a big market reaction?</b> During the COVID-19 pandemic, the market dropped really fast because people were scared and didn't know what would happen. That was mostly fear and uncertainty. It shows how emotions and news can move the market a lot.</li> </ul> <p>Reiterate that the market will react to surprises. If an event is expected, the stock price may not change or it may change differently than expected, depending on how the event plays out.</p>

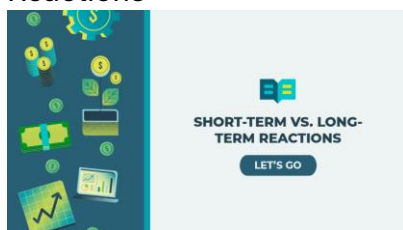
## Emotional Discipline in Investing (15 min)

<p>Emotional Discipline in Investing</p> 	<p>Select the “Let’s go” button to begin.</p>
<p>What is Emotional Discipline?</p> 	<p>Define emotional discipline in investing.</p> <p><b>Ask:</b> Can you think of a time you made a decision that was influenced by emotion? Would your decision have been different if you had made it when you were calm?</p> <p>Invite a few students to share their perspectives.</p>
<p>How Emotional Discipline Helps</p> 	<p>Select each of the tabs to review the information and explore how having emotional discipline helps investors succeed.</p>
<p>Common Emotional Traps</p> 	<p>Select each of the emojis to learn how different emotions can influence investors.</p> <p>Emphasize that emotional discipline does not mean ignoring the market, it means responding with a clear head rather than a knee-jerk reaction.</p>
<p>Why It Matters</p>  <ul style="list-style-type: none"> <li>- The stock market is emotional. It moves based on news, rumors, and investor feelings.</li> <li>- Without emotional discipline, investors often react to hype and rumors instead of focusing on accurate information, leading to poor decisions like selling too soon.</li> <li>- With emotional discipline, investors stay focused on their long-term goals and avoid making costly mistakes from acting on impulse.</li> </ul>	<p>Review the key reasons why exercising emotional discipline helps investors make better decisions.</p> <p><b>Optional:</b> Students can complete the emotional discipline fill-in-the-blank activity in their student guide, page 4, to practice identifying common emotional traps and actions investors can experience.</p>



## Short-term Vs. Long-term Reactions (10 min)

### Short-term Vs. Long-term Reactions



Select the “Let’s go” button to begin.

### Reacting to the Stock Market



Introduce the concepts of short-term and long-term reactions. Explain that both approaches can be useful, but they serve different purposes and come with different risks and benefits.

**Ask:** Consider deciding what you want to do after the school day finishes tomorrow, and what you want to do after you graduate from high school. Would you use the same approach to your decision-making? Why or why not?

Invite a few students to share their thinking.

### Short-term Vs. Long-term Reactions

	Short-Term Reactions	Long-Term Reactions
Time frame	Hours, days, or weeks	Months, years or decades
Driven by	Emotions, news, market movements	Strategy, goals, economic trends
Goal	Quick gains, avoiding loss	Steady growth, risk management
Risk level	High – easy to make impulsive decisions	Low – more time for recovery
Trading frequency	Frequent (daily or weekly)	Occasional adjustments (quarterly or yearly)


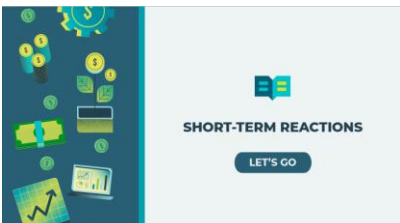



Review the chart to highlight the key differences between short-term and long-term reactions in the stock market.

The following examples can be used to help illustrate each approach.

- Short-term reaction: A company’s stock drops 10% after a bad earnings report. An investor sells quickly to avoid further losses.
- Long-term reaction: Inflation stays high for over a year. An investor adjusts their portfolio by adding more inflation-resistant assets, like real estate.

**Facilitator tip:** Define trading. **Trading** is the buying and selling of assets like stocks, bonds, or other investments. People trade to try to make a profit by selling something for more than they paid for it.

**Optional:** Students can reference the table in their Student guide, page 5.

<p><b>Investor Mindset</b></p>  <p><b>INVESTOR MINDSET</b></p> <p>An investor's reaction should always align with their <b>risk preferences</b> and <b>financial goals</b>.</p> <ul style="list-style-type: none"> <li>Investors with a <b>short-term mindset</b>, such as a day-trader, typically focus on short-term reactions that help them earn quick gains and avoid losses.</li> <li>Investors with a <b>long-term mindset</b> will use a combination of short-term and long-term reactions that help them <b>build wealth slowly over time</b>.</li> </ul>	<p>Explain that investors have different approaches to their reactions based on the mindset they have.</p> <p>A good investor will use both short and long-term reactions, while other investors may be rigid and stay within one of the two. No matter what approach an investor takes, it's important that their reactions align with their risk preferences and goals.</p>
<p><b>Short-term Reactions (10 min)</b></p>	
<p><b>Short-term Reactions</b></p>  <p><b>SHORT-TERM REACTIONS</b></p> <p>LET'S GO</p>	<p>Select the "Let's go" button to begin.</p>
<p><b>Short-term Reactions</b></p>  <p><b>SHORT-TERM REACTIONS</b></p> <p>DEFINITION</p> <p>WHAT IT LOOKS LIKE</p> <p>PROS</p> <p>CONS</p>	<p>Select each tab to review the information (definition, what it looks like, pros and cons). Invite student volunteers to read each tab aloud.</p>
<p><b>Industry Example: Reacting To Market News</b></p>  <p><b>INDUSTRY EXAMPLE: REACTING TO MARKET NEWS</b></p> <p>In April 2025, the U.S. President announced new tariffs (extra taxes on goods from other countries). This news made investors nervous, and stock prices dropped quickly, not just in the U.S., but around the world.</p> <p>Some professional investors saw this as a chance to buy stocks at lower prices, as if they were on sale. They bought shares in tech companies, healthcare businesses, and large ETFs that they believed would bounce back.</p> <p>Later, when the President paused the tariffs, the market recovered and those same stocks went back up in value. Because the investors reacted calmly with quick thinking and planning, they were able to buy low and watch their investments grow again.</p>	<p>Share the industry example with students to highlight how some investors leveraged short-term reacting during the 2025 tariff increase.</p>
<p><b>The Fear and Greed Index</b></p>  <p><b>THE FEAR AND GREED INDEX</b></p> <p>When investors make short-term decisions, they react to what's happening in the market right now. But reacting too quickly, based on emotions like fear or greed, can lead to mistakes.</p> <p>That's where the <b>Fear and Greed Index</b> comes in. It acts like a "market mood meter" to help investors understand how people are feeling about the market and decide if now is a smart time to buy or sell.</p>	<p>Explain that short-term reactions risk being influenced by emotions, which can lead to mistakes or poor decisions.</p> <p>Introduce the Fear and Greed index tool.</p>

## Using The Fear and Greed Index for Short-term Reacting

**USING THE FEAR AND GREED INDEX FOR SHORT-TERM REACTING**



**How it works:**

- When people are feeling **fearful**, they tend to **sell** their stocks and **prices drop**.
- When people are feeling **greedy**, they often rush to **buy** stocks, which pushes **prices up**.
- The index gives those feelings a score from 0 to 100.

Review the slide to explain how the tool works for short-term market reactions. Use the following talking points to further support the slide content.

- This tool analyses how investors are feeling about the overall market, and the value is calculated by interpreting how many stocks are being bought vs sold.
- The score is based on the last 125 trading days but also includes a comparison of how investors were feeling a year ago.
- The score is shown as a value between 0-100, and the number score reflects how confident investors are.
- The higher the number, the better investors feel about making money using stocks.

## Reading The Fear and Greed Index

**READING THE FEAR AND GREED INDEX**

Drag the dial to turn it and learn more about what each score means.



Score 0-25 **Extreme Fear**      Score 25-45 **Fear**      Score 45-55 **Neutral**      Score 55-75 **Greed**      Score 75-100 **Extreme Greed**

Move the dial to learn what each score means and what it says about the mood of investors in the market.

## Key Takeaways

**KEY TAKEAWAYS**

Before making a series of trades, look at this index and see how other investors are feeling.

**If the index shows greed or extreme greed:**

- Your investment is likely to gain value in the short-term
- Good time to buy
- Bad time to sell

**If the index shows fear or extreme fear:**

- Your investment is likely to lose value in the short-term
- Good time to sell
- Bad time to buy



Review the slide to learn how investors use the tool to help guide short-term reactions.

## Short-Term Reasons to Buy & Sell Stocks

**SHORT-TERM REASONS TO BUY & SELL STOCKS**

Short-term reasons to SELL	Short-term reasons to BUY	Risks:
Avoid losses during market dip	Capitalizing on market trends	• It's challenging to time the market
Locking in quick profits	Swing or day trading	• Often driven by emotions (such as fear or greed)
Bad news or bad earnings reports	Predicted strong results for earnings season	• Can result in missed long-term gains or higher taxes.
Market volatility or panic	Mergers and acquisitions	
Price hits goal target	Sector momentum	
	Market corrections or dips	
	Dividend capture strategy	

Wrap up this section by reviewing the summary chart highlighting key reasons investors might choose to buy or sell stocks based on a short-term strategy.

Use the examples listed to help students understand short-term reasons for buying and selling stocks and highlight the risks of using a short-term strategy.

### Short-term reasons to SELL

These are typically reaction-based and focus on immediate events or price movements.

- Avoiding losses during a market dip – You sell quickly because the price is falling, and you're afraid it will drop more.



- Locking in quick profits – You bought a stock at a low price and it jumped, so you sell to take gains fast.
- Bad news or earnings report – You sell quickly because a company announces poor results or is involved in a scandal that is likely to cause prices to fall.
- Market volatility or panic – General fear in the market makes you sell to “play it safe.”
- Price hits a target you set – You set a goal (e.g., “I’ll sell at 20% gain”), and once it hits, you sell.

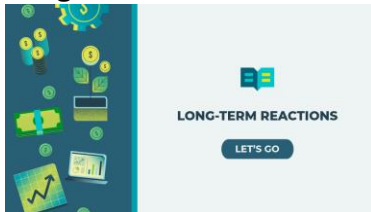
**Short-term reasons to BUY**

These often involve speculation, market timing, or tactical opportunities.

- Capitalizing on market trends – You buy stocks expected to rise due to news, earnings reports, or economic data.
- Swing or day trading – traders buy and sell stocks within days or hours to profit from price movements.
- Predicted strong results for earnings season – You buy before earnings reports, expecting strong results.
- Mergers and acquisitions – Potential buyouts can cause share prices to spike.
- Sector momentum – You buy into hot sectors (like AI or green energy), riding strong momentum.
- Market corrections or dips – You temporarily undervalued stocks in anticipation of a rebound.
- Dividend Capture Strategy – You buy just before the ex-dividend date to collect the dividend and sell afterwards.

**Long-term Reactions (10 min)**

Long-term Reactions



Select the “Let’s go” button to begin.

## Long-term Reactions

**LONG-TERM REACTIONS**

DEFINITION

WHAT IT LOOKS LIKE

PROS

CONS

Explain that long-term reactions are more like course corrections; they are slower and more stable reactions.

Select each tab to review the information (definition, what it looks like, pros and cons). Invite student volunteers to read each tab aloud.

## Long-term Reasons To Buy & Sell Stocks

Long-term reasons to SELL	Long-term reasons to BUY	Benefits:
Change in the company's fundamentals	Building wealth over time	
Reaching a financial goal	Compound growth	
Portfolio rebalancing	Retirement planning	
Better investment opportunity appears	Inflation hedge	
Tax or other financial planning	Dividend income	
	Ownership in quality companies	
	Portfolio diversification	

Review the summary chart highlighting key reasons investors might choose to buy or sell stocks based on a long-term strategy.

Use the examples listed to help students understand long-term reasons for buying and selling stocks and highlight the benefits of using a long-term strategy.

### Long-term reasons to SELL

These are based on strategy, life goals, or changes in fundamentals, and not temporary fluctuations.


- Change in the company's fundamentals – The business is no longer performing well (e.g., falling revenue, poor management, losing competitive edge).
- You reach a financial goal – You need the money for retirement, buying a house, or other life plans.
- Rebalancing your portfolio – You reduce exposure to one stock or sector to manage risk.
- Better investment opportunity appears – You sell to invest in something with stronger long-term potential.
- Tax or other financial planning – You sell as part of a plan to reduce taxes or pass on wealth.

### Long-term reasons to BUY

These focus on wealth building, income, and financial security over time.

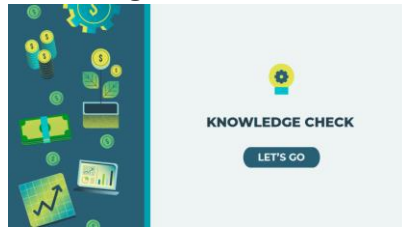
- Building wealth over time – Stocks have a strong track record of growing in value, which means if you invest and stick with it, your money can grow a lot over the years.
- Compound growth – Reinvested earnings and dividends compound wealth over the years or decades.
- Retirement planning – Stocks help grow retirement accounts, such as RRSPs.



	<ul style="list-style-type: none"> <li>• Inflation hedge – Over time, stocks usually grow faster than inflation, which means your money keeps its value and can even grow while prices go up.</li> <li>• Dividend income – Long-term investors may seek consistent dividends for passive income.</li> <li>• Ownership in quality companies – Investing in strong businesses can pay off over time. If they grow and do well, your investment can grow too.</li> <li>• Portfolio Diversification – Stocks balance risk when combined with other assets like bonds or real estate.</li> </ul>
<p><b>Tips For Success</b></p>  <p><b>TIPS FOR SUCCESS</b></p> <ul style="list-style-type: none"> <li>✓ Invest early and consistently</li> <li>✓ Think long-term not short-term</li> <li>✓ Diversify your investments</li> <li>✓ Stick to a plan</li> <li>✓ Reinvest earnings</li> <li>✓ Stay emotionally disciplined</li> <li>✓ Keep learning</li> </ul>	<p>Wrap up the section on long-term investing with the tips for success.</p> <ul style="list-style-type: none"> <li>• <b>Invest Early and Consistently</b> <ul style="list-style-type: none"> <li>• The sooner you start, the more time your money has to grow.</li> <li>• Even small amounts, invested regularly, can grow large over time thanks to compound interest.</li> </ul> </li> <li>• <b>Think Long-Term, Not Short-Term</b> <ul style="list-style-type: none"> <li>• Don't panic over daily ups and downs.</li> <li>• Successful investors focus on years or decades, not weeks.</li> </ul> </li> <li>• <b>Diversify Your Investments</b> <ul style="list-style-type: none"> <li>• Don't put all your money in one place.</li> <li>• Spread it across different industries, companies, or even countries to reduce risk.</li> </ul> </li> <li>• <b>Stick to a Plan</b> <ul style="list-style-type: none"> <li>• Have clear goals (like retirement or buying a home).</li> <li>• Follow a plan that matches your risk level and time frame.</li> </ul> </li> <li>• <b>Reinvest Earnings</b> <ul style="list-style-type: none"> <li>• Reinvest dividends or profits instead of spending them.</li> <li>• This helps your money grow faster through compounding.</li> </ul> </li> <li>• <b>Stay Emotionally Disciplined</b> <ul style="list-style-type: none"> <li>• Don't let fear or greed control your decisions.</li> <li>• Avoid panic selling in downturns or blindly buying during hype.</li> </ul> </li> <li>• <b>Keep Learning</b> <ul style="list-style-type: none"> <li>• Understand what you're investing in.</li> <li>• The more informed you are, the better choices you'll make.</li> </ul> </li> </ul>

## Knowledge Check (5 min)

### Knowledge Check



Select the “Let’s go” button to begin.

### Multiple Choice - Question 1

**QUESTION 1**

A friend wants to invest in a company that’s trending on social media but hasn’t shown strong financial performance. What should they do?

- Invest immediately to catch the trend
- Wait for the price to rise more before buying
- Analyze the company’s fundamentals before deciding
- Avoid investing in any trending stocks

**SUBMIT**

A small illustration of a person with dark hair, wearing a red shirt, sitting at a desk and looking at a laptop screen. The background is a light blue gradient.

Read the question aloud and take a vote for the correct answer by a show of hands.

### Multiple Choice - Question 2

**QUESTION 2**

A company’s stock price drops after a poor earnings report, but its long-term growth outlook remains strong. What might a long-term investor do?

- Sell immediately to avoid further losses
- Buy more shares while the price is low
- Avoid the stock forever
- Wait for social media to recommend it again

**SUBMIT**

A small illustration of a person with dark hair, wearing a red shirt, sitting at a desk and looking at a laptop screen. The background is a light blue gradient.

Read the question aloud and take a vote for the correct answer by a show of hands.

### Multiple Choice - Question 3

**QUESTION 3**

Which of the following best explains the difference in risk between short-term and long-term reacting in investing?

- Short-term reacting is less risky because you can quickly sell if prices drop
- Long-term reacting is riskier because you hold investments for too long
- Short-term reacting is riskier because it often involves emotional decisions and market timing
- There is no difference in risk between short-term and long-term reacting

**SUBMIT**

Read the question aloud and take a vote for the correct answer by a show of hands.

Reinforce that a good investor will react based on their goals and risk preferences and may use a combination of short-term and long-term strategies.

### Multiple Choice - Question 4

**QUESTION 4**

An investor sticks to their long-term investment plan even during a market downturn, avoiding panic selling. What is a key benefit of showing emotional discipline in this situation?

- They can guarantee profits in the short term
- They avoid paying any taxes on their investments
- They reduce the risk of making impulsive decisions that could hurt long-term growth
- They can ignore all market news and trends

**SUBMIT**

A small illustration of a person with dark hair, wearing a red shirt, sitting at a desk and looking at a laptop screen. The background is a light blue gradient.

Read the question aloud and take a vote for the correct answer by a show of hands.

### Multiple Choice - Question 5

**QUESTION 5**

You’re reviewing a portfolio and notice that an investor recently bought shares in a company after its stock dropped due to a temporary market dip. The investor believes the company is still strong and plans to hold the stock for several years. What type of strategy is this?

- Short-term reaction
- Day trading
- Emotional investing
- Long-term reaction

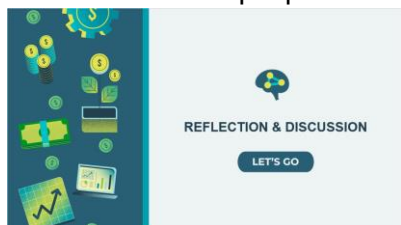
**SUBMIT**

A small illustration of a person with dark hair, wearing a red shirt, sitting at a desk and looking at a laptop screen. The background is a light blue gradient.

Read the question aloud and take a vote for the correct answer by a show of hands.

## Reflection (10 min)

### Reflection & Wrap Up



Select the “Let’s go” button to begin.

### Ethical Consideration



Review the scenario and invite students to share their thinking.

Explain that trading on private information can have very serious consequences. While it may be tempting to buy or sell based on private information, this is called **insider information** or **insider trading** and can have serious legal and financial consequences for both the person who shared the information and the people who traded on it.

### Reflection & Discussion





Wrap up the lesson with the discussion questions provided. Ask a volunteer to read each question and invite a handful of students to share their responses.

**Question 1:** Imagine a major tech company just released a disappointing earnings report, causing its stock to drop sharply. As an investor, how would you decide whether to sell, hold, or buy more shares in the short term? What tools or indicators would you use to guide your decision?

- I would check the Fear and Greed Index to see how other investors are reacting. If it shows extreme fear, it might be a good buying opportunity.
- I'd look at the company's fundamentals, if they're still strong and I believe it might “bounce back”, I might hold or buy more instead of selling.
- I'd avoid making a quick decision based on panic. I'd wait a day or two to see if the market stabilizes.
- If I don't believe the company will recover, I might sell to avoid further losses.
- 

**Question 2:** Say you've been investing for a few years to save for something big, like post-secondary or starting a business. Suddenly, the market takes a dip due to economic indicators such as inflation and increasing interest rates. What are some long-term reactions you could make to keep your investment plan on track?

	<ul style="list-style-type: none"> <li>• I'd review my investment plan to make sure it still fits my goals and timeline and maybe rebalance my portfolio if one area is too risky.</li> <li>• I might shift some of my money into more stable investments, like dividend-paying stocks or ETFs that do well during inflation.</li> <li>• Instead of selling, I'd keep investing regularly so I can take advantage of lower prices during market dips.</li> <li>• I'd focus on companies or sectors that are likely to grow even in a tough economy, like healthcare or consumer goods.</li> </ul> <p><b>Question 3:</b> How can emotional discipline help you make better investment decisions? What strategies could you use to stay calm and stick to your plan?</p> <ul style="list-style-type: none"> <li>• Emotional discipline would help me avoid panic selling and remind me that markets usually recover over time.</li> <li>• I'd look back at my investment goals and remember that I'm investing for the long term, not just today.</li> <li>• I could use tools like the Fear and Greed Index to understand how others are feeling, but not let it control my decisions.</li> <li>• I'd avoid checking my portfolio too often and focus on learning more about what's really happening in the market.</li> </ul>
<p><b>Personal Investment Plan</b></p> 	<p>Encourage students to revisit their investment plan to see if they want to make any changes to their investment preferences and accounts, risk management strategies, or investment strategies based on what they have learned about reacting in the stock market.</p>
<p><b>End</b></p> 	<p>The lesson is complete! The classroom teacher can collect the Student Guides and review the completed activities.</p> <p>This is a great opportunity for formative assessment to check for understanding of the key concepts covered in this module.</p>