#### Year 10 Commerce

#### Assessment Task DUE WEEK 6 AUTUMN TERM 2017

**INVESTIGATION –**

**INVESTING IN THE 21st CENTURY (2017)**

**Name:**  **Teacher:**

**Statement of Inquiry:**

*The Australian and international financial system impacts on you so we need to understand how to participate in the system.*

**Key Concept:** *Time, place and space, Change, Global Interactions*

**Related Concepts:** *Choice, Ethics, Governance, Government, Leadership, Patterns and trends*

**Global Context:** *Globalisation and sustainability*

**Assessed Criteria:**

**Criterion A – Knowing and Understanding**

* use a wide range of terminology in context
* demonstrate knowledge and understanding of subject-specific content and concepts through developed descriptions, explanations and examples.

**Criterion B – Investigating**

* formulate a clear and focused research question and justify its relevance
* formulate and follow an action plan to investigate a research question
* use research methods to collect and record appropriate, varied and relevant information
* evaluate the process and results of the investigation.

**Criterion C – Communicating**

* communicate information and ideas effectively using an appropriate style for the audience and purpose
* structure information and ideas in a way that is appropriate to the specified format
* document sources of information using a recognised convention.

**Criterion D – Thinking Critically**

* discuss concepts, issues, models, visual representation and theories
* synthesise information to make valid, well-supported arguments

**DUE DATE: WEEK 6 AUTUMN TERM 2017**

Students must complete Parts 1 and 2 with all written work in a report format complete with headings and sub headings.

As part of your research please utilise this website: <http://my.scotch.wa.edu.au/year10/commerce/investing>

**Part One: Investing**

You are a professional investor that has $1,000,000 that needs to invested for a high net-worth client of yours. Using your knowledge gained in class as well as additional research, formulate an investment strategy for your client to maximise their returns.

You are to invest, with the following parameters:

* No more than 20% is to be left in cash/government bonds.
* No more than 50% is to be invested overseas.
* You must invest in a minimum of four different investments, maximum of six.
* No investments in mining sector stocks or bonds in Australia.
* No investments that are unethical

**Investment Strategy**

I have selected four stocks with a mix a two stable companies, one offshore technology company and one Australian mid cap company with exposure to the east coast infrastructure projects.

**Wesfarmers Ltd (ASX:WES)**

Weighting: 25%

Cost of share: $42.62

Volume: 250,000 / 42.62 = 4,005 shares

Wesfarmers in an Australian Conglomerate which owns a variety of businesses in many different sectors (ie insurance, food retail, hardware retail and other investements). This gives the company exposure to the Australian economy in a broader sense (they sell a lot of different products from insurance to groceries) as well the opportunity to take its successful business models (ie Bunnings) into different markets like the UK

Wesfarmers recently acquired HOMEBASE in the UK and have used it as a platform for the Bunnings business entry to the UK market. The expansion of the Bunnings business, if successful, will aid Wesfarmers financial growth and has also gained them access to a completely new market which they may roll other Wesfarmers business’s into, allowing for even more financial growth.

Given the success of the Bunnings business the expansion into the UK is considered reasonably low risk, this combined with the mature nature of the groups other businesses should allow it to maintain the current dividend policy and share price so I see it as a reasonable safe investment with some potential upside.

**Australian and New Zealand Banking Group (ASX:ANZ)**

Weighting: 25%

Cost of share: 28.22

Volume: 250,000 / 28.22 = 8,858 shares

Australian and New Zealand Banking Group )”ANZ”) is the fourth largest bank by market capitalisation in Australia and is included in the Australian Government deposit guarantee scheme. The big four Australian banks are considered to have a protected market because the Government guarantee combined preferential treatment by the bank regulator (APRA) allows them to have a lower cost base than other international and smaller (ie Bank Of Queensland) Australian banks in the market and they are able to make greater profits that are passed onto shareholders.

The preferential regulatory regime also means that ANZ business is unlikely to be threatened by any emerging and disruptive business models (like the Uber has threatened the Taxi industry, the barriers to entering the Australian banking market are much higher so a banking equivalent of Uber is unlikely).

I don’t have any real preference for one of the big four banks over the other three, so I selected ANZ because I like blue.

**NVIDIA Corporation**

Weighting: 25%

NVIDIA Corporation is a Technology Design and Manufacturing company that mainly produces Graphics Processing Units (GPU) for the gaming and professional market. NVIDIA have a forecasted dividend of 0.50c for the next two year which represents a 22.78% increase of the dividend of the previous year.

The company recently released its new flagship GPU the GeForce GTX 1080 Ti which drastically increased the stock price of the company. Of specific interest to my investment decision is the company is expected to be releasing a new high end GTX Titan (NVIDIA’s most high end GPU unit) later this year. The new CPU is expected to increase the company’s sales significantly and should have a positive impact on its share price and dividend policy.

I like the exposure to the CPU industry because as companies become more and more reliant on software to preform everyday commands and tasks the need for more powerful computing systems will continue. NVIDIA’s technology should keep them at the forefront of the CPU industry, unless a disruptive technology enters the market. At the moment the technology industry is heavily reliant on current CPU technology so I don’t see the disruptive threat to be within my investment timeframe.

**Global Construction Services Limited**

Global Construction Services Limited (GCS) is a construction company based in Perth specialising is formwork, laying of concrete structures.

Brookfield recently acquired 15% of GCS and have assisted them in acquire the similar formwork business on the east side of Australia to take advantage of the increased construction activity in those markets. Brookfields also owns Multiplex, a major Australian construction company that performs the major projects on the east coast. The theory is that Multiplex will award the formwork subcontracts to GCS instead of the other non-aligned formwork companies.

This will expand GCS’s markets for a product they are already very good at and should increase its sales, profits and dividends (and therefore its share price).

You will need to provide justification for each of your investments as well as a final summary paragraph on why the portfolio you have chosen is suited for your client.

**Part Two: ASX analysis**

You are to select **2 stocks listed on the ASX and complete the following analysis on both of the companies.**

**Complete each analysis on a separate piece of paper and write no more than one A4 sheet for each company.**

**1.** What does the company do?

**2.** When did the company first become a listed company?

**3.** Describe the general trend in the company’s share price over the last six months.

**4.** Describe the performance of this company’s share price compared to the All Ordinaries Index over the last six months.

**5.** What market sector does your company belong to? Look for the **Global Industry Classification Standard** (GICS) industry group.

**6.** Now that you know the sector your company belongs to, write a brief paragraph (100 words )about how this sector of the market has performed over the last 12 months. You will need to look at some charts to answer this question. How has this sector performed compared to the market as a whole? Can you think of any significant events that might have affected performance? For example, commodity prices, natural events affecting costs or demand, new technology breakthroughs.

**Investigation Organiser**Throughout your investigation, you will need to complete the attached investigation organiser to help you guide with your research in both Parts One and Two. This will determine your grade for Criterion B (Investigating).

**NVIDIA Corporation (NVDA) Stock Analysis**

NVIDIA corporation is a business that designs and manufactures graphics processing units (GPU) for gaming and professional uses. A GPU is an extension of a computer that provides the computer with more processing power. NVIDIA Corporation’s primary market sector is Technology Hardware, Storage and Peripheral (45202030).

NVIDIA was first listed on the stock exchange on the 22nd of January, 1999 and had a price on $1.64 (USD).

Figure 1 NVIDIA Corporation's stock price over the past 6 months

From the beginning of the past 6 months on the 28th of November, 2016 till the 9th of May, 2017 NVIDIA’s stock price remained mostly static around the price of $109.45 with minor fluctuations in the price over the time period. (Figure 1) On the 10th of May, 2017 NVIDIA Corporation reported a stellar result for the fiscal 2018 Q1 and a driverless car deal with Toyota. The stock price increased from $102.94 to $121.29 the company then settled around $137.03. (Google, 2017)

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The sector that NVIDIA Corporation belongs to (Technology Hardware, Storage and Peripheral, 45202030) Has been on the stead rise over the past 12 months. The starting price was roughly $120 and has ended at roughly $180. This could be due to the increasing reliance of technological systems and the need for more powerful computer systems because of the increasing use of these systems. (The Financial Times, 2017)

Figure 2 Technology Hardware, Storage and Peripheral (45202030) sector performance over the past year

**Atlassian Corporation PLC (TEAM) Stock Analysis**

Atlassian Corporation is a software development company that focuses on building programs that are used by software development teams to efficiently organize large teams of people and assign work for employees and also build software that can be used for programming software. The primary market sector that Atlassian Corporation focuses on is application software (45103010).

Atlassian Corporation was fist listed on the stock exchange in the 18th of December, 2015 and had an initial price of $27.50 (USD).

****Over the past six months Atlassian Corporation has displayed a consistent financial growth. Atlassian suffered a drop in share price at the beginning of the previous six months but then steadily recovered with a final financial growth of $8.16 (USD) or 26.76% (Figure 3) from the beginning of the previous six months. (Google, 2017)

Figure 3 Graph of Atlassian Corporation’s stock price

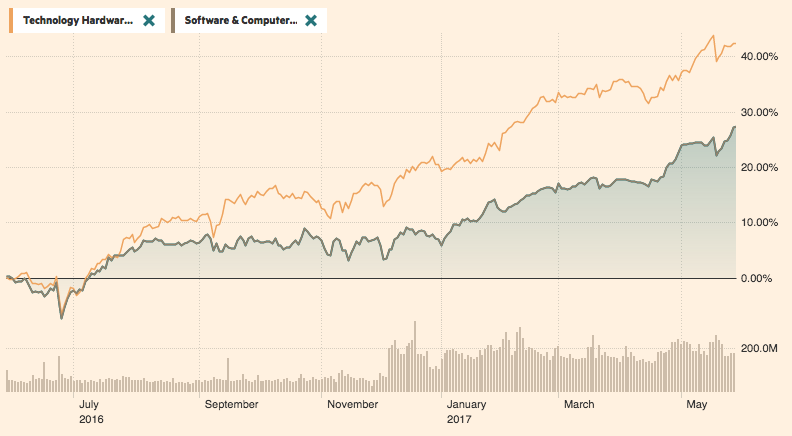
****The sector that Atlassian Corporation belongs to (Application Software (45103010)) has been steadily increasing over the past twelve months. The sector worth started at roughly $1,550 (USD) and has increased to a final price of $1,825.50 (USD). This is because of the increase in demand for more powerful Technology hardware and therefore the need for programs that can harness the hardware more efficiently, this relationship between the hardware and software industry can be seen on Figure 4 that graphs the financial growth of both the hardware and software sectors. (The Financial Times, 2017)

Figure 4 Graph comparing the financial growth of both the technology hardware and software sector

**BHP Billiton**

BHP Billiton (BHP) is a Global Resources Company. The Company is a producer of various commodities, including iron ore, metallurgical coal, copper and uranium. Its segments include Petroleum, Copper, Iron Ore and Coal. BHP belongs to the mining sector (151040).

BHP Billiton was listed on the Australian Stock Exchange (ASX) on the 1st of April, 1999 with an initial stock price of $13.565 (AUD).



Over the past six months BHP Billiton has held a mainly static stock price but between the 6th of February, 2017 and the 27th of March, 2017 BHP Billiton’s stock price decreased by $2.41(AUD) during this period. Over the past six months BHP’s stock price decreased by $1.58 (AUD) or -6.21%. (Google, 2017)

Figure 4 BHP's Stock price over the past six months

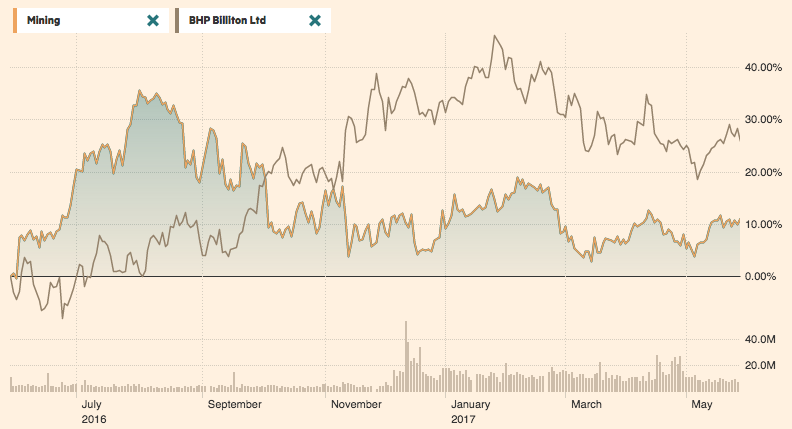
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Figure 5 Graph comparing the financial growth of the mining sector and BHP Billiton

BHP Billiton’s stock price has acted in the opposite way of how the mining sector has been fluctuating over the past year. Figure 5 graphs the financial growth of both the mining sector and BHP Billiton. As shown on the graph when the mining sectors economic growth decreases BHP’s financial growth increases. (The Financial Times, 2017)

**Wesfarmers Ltd**

Wesfarmers is an international conglomerate based in Perth, Australia. Wesfarmers Limited is engaged in various business operations, such as supermarkets, liquor, hotels and convenience stores; home improvement; office supplies, and an industrials division with businesses in chemicals, energy and fertilizers, industrial and safety products and coal. Wesfarmers is mainly focused on the market sector of Hypermarkets and Super Centers (30101040).

Wesfarmers Ltd was first registered on the Australian Stock Exchange on the 1st of April, 1999 and had an initial stock price of $15.091 (AUD).

Over the past six months Wesfarmers has only increased very slightly ($0.74 (AUD) 1.76%) and has held a primarily static stock price between the beginning and ending of the six months with a small increase on the 10th of February, 2017 (Figure 6) and then held a static price for the rest of the time period. (Google, 2017)

Figure 6 Graph of Wesfarmers stock price over the previous six months

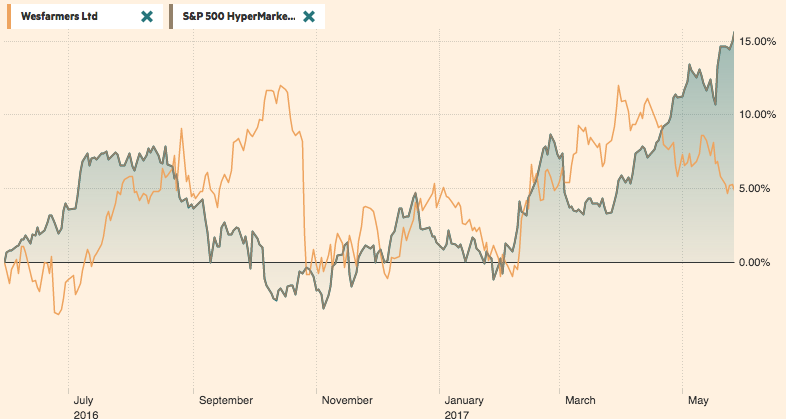
Wesfarmers stock price has very roughly followed the general trend for the market. Figure 7 graphs the financial growth of both Wesfarmers and the Hypermarkets and Super Centers (30101040) sector. As shown on the graph Wesfarmers follows roughly the same pattern as the sector but between September and November Wesfarmers financial growth increased when the sectors financial growth decreased. (The Financial Times, 2017)

Figure 6 Graph comparing the financial growth of both Wesfarmers and the 30101040 sector

**References**

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The Financial Times. (2017, May 29). *S&P TSX APPLICN SOFTWARE*. Retrieved from The Financial Times: https://markets.ft.com/data/indices/tearsheet/summary?s=45103010:TOR

**MYP Individuals & Societies - Year 5 Criteria**

Criterion A: Knowing and Understanding

At the end of year 5, students should be able to:

i) use a wide range of terminology in context

ii) demonstrate knowledge and understanding of subject-specific content and concepts through developed descriptions, explanations and examples.

**MYP ASSESSMENT CRITERIA – LEVELS OF ACHIEVEMENT**

|  |  |  |
| --- | --- | --- |
| **Level** | **Individuals & Societies – Criterion A**  **(Knowing and Understanding)** | **✓** |
| **0** | The student does not reach a standard described by any of the descriptors given below. |  |
| **1-2** | The student:   * uses **limited** relevant terminology * demonstrates **basic** knowledge and understanding of content and concepts with **minimal** descriptions and/or examples. |  |
| **3-4** | The student:   * uses **some** terminology **accurately** and **appropriately** * demonstrates **adequate** knowledge and understanding of content and concepts through **satisfactory** descriptions, explanations and examples. |  |
| **5-6** | The student:   * uses a range of terminology **accurately** and **appropriately** * demonstrates **substantial** knowledge and understanding of content and concepts through **accurate** descriptions, explanations and examples. |  |
| **7-8** | The student:   * **consistently** uses **a wide range** of terminology **effectively** * demonstrates **detailed** knowledge and understanding of content and concepts through **thorough, accurate** descriptions, explanations and examples. |  |

Indicating Level \_\_\_\_\_\_\_\_ for Criterion A

Criterion B: Investigating

At the end of Year 5, students should be able to:

i) formulate a clear and focused research question and justify its relevance

ii) formulate and follow an action plan to investigate a research question

iii) use research methods to collect and record appropriate, varied and relevant information

iv) evaluate the process and results of the investigation.

**MYP ASSESSMENT CRITERIA – LEVELS OF ACHIEVEMENT**

|  |  |  |
| --- | --- | --- |
| **Level** | **Individuals & Societies – Criterion B**  **(Investigating)** | **✓** |
| **0** | The student does not reach a standard described by any of the descriptors below. |  |
| **1-2** | The student:   * formulates a research question that is clear **or** focused and **describes** its relevance. * formulates a **limited** action plan to investigate a research question or does not follow a plan * collects and records **limited** information, not always consistent with the research question * makes a **limited** evaluation of the process and results of the investigation. |  |
| **3-4** | .  The student:   * formulates a research question that is **clear** and **focused** and **describes** its relevance in detail * formulates and **somewhat** follows a **partial** action plan to investigate a research question * uses a research method(s) to collect and record **mostly relevant** information * evaluates **some** aspects **of** the process and results of the investigation. |  |
| **5-6** | The student:   * formulates a **clear** and **focused** research question and **explains** its relevance * formulates and follows a **substantial** action plan to investigate a research question * uses research method(s) to collect and record **appropriate, relevant** information * **evaluates** the process and results of the investigation. |  |
| **7-8** | The student:   * formulates a **clear** and **focused** research question and **justifies** its relevance * formulates and **effectively** follows a **comprehensive** action plan to investigate a research question * uses research methods to collect and record **appropriate, varied and relevant** information * **thoroughly** evaluates the investigation process and results |  |

Indicating Level \_\_\_\_\_\_\_\_ for Criterion B

Criterion C: Communicating

At the end of Year 5, students should be able to:

i) communicate information and ideas effectively using an appropriate style for the audience and purpose

ii) structure information and ideas in a way that is appropriate to the specified format

iii) document sources of information using a recognised convention.

**MYP ASSESSMENT CRITERIA – LEVELS OF ACHIEVEMENT**

|  |  |  |
| --- | --- | --- |
| **Level** | **Individuals & Societies – Criterion C**  **(Communicating)** | **✓** |
| **0** | The student does not reach a standard described by any of the descriptors below. |  |
| **1-2** | The student:   * communicates information and ideas in **a limited way**, using a style that is **limited** in its appropriateness to the audience and purpose * structures information and ideas according to the specified format in a **limited way** * documents sources of information in a **limited way.** |  |
| **3-4** | The student:   * communicates information and ideas **satisfactorily** by using a style that is **somewhat** appropriate to the audience and purpose * structures information and ideas in a way that is **somewhat** appropriate to the specified format * **sometimes** documents sources of information using a recognised convention. |  |
| **5-6** | The student:   * communicates information and ideas **accurately** by using a style that is **mostly** appropriate to the audience and purpose * structures information and ideas in a way that is **mostly** appropriate to the specified format * **often** documents sources of information using a recognised convention. |  |
| **7-8** | The student:   * communicates information and ideas **effectively** and **accurately** by using a style that is **completely** appropriate to the audience and purpose * structures information and ideas in a way that is **completely** appropriate to the specified format * **consistently** documents sources of information using a recognised convention. |  |

Indicating Level \_\_\_\_\_\_\_\_ for Criterion C

Criterion D: Thinking Critically

At the end of Year 5, students should be able to:

i) discuss concepts, issues, models, visual representation and theories

ii) synthesise information to make valid, well-supported arguments

iii) analyse and evaluate a wide range of sources/data in terms of origin and purpose, examining values and limitations

iv) interpret different perspectives and their implications.

**MYP ASSESSMENT CRITERIA – LEVELS OF ACHIEVEMENT**

|  |  |  |
| --- | --- | --- |
| **Level** | **Individuals & Societies – Criterion D**  **(Thinking Critically)** | **✓** |
| **0** | The student does not reach a standard described by any of the descriptors below. |  |
| **1-2** | The student:   * **analyses** concepts, issues, models, visual representation and theories to a **limited extent** * **summarises** information to a **limited extent** to make arguments * **describes a limited number of** sources/data in terms of origin and purpose and recognises **few** values and limitation * **identifies** different perspectives and **minimal** implications. |  |
| **3-4** | The student:   * **analyses** concepts, issues, models, visual representation and theories * **summarises** information to make arguments * **analyses and/or evaluates** sources/data in terms of origin and purpose, recognising **some** values and limitations * **interprets** different perspectives and **some** of their implications |  |
| **5-6** | The student:   * **discusses** concepts, issues, models, visual representation and theories * **synthesises** information to make **valid** arguments * **effectively analyses** and **evaluates a range** of sources/data in terms of origin and purpose, recognising values and limitations * **interprets** different perspectives and their implications. |  |
| **7-8** | The student:   * completes a **detailed discussion** of concepts, issues, models, visual representation and theories * **synthesises** information to make **valid, well-supported** arguments * **effectively analyses** and **evaluates a wide range** of sources/data in terms of origin and purpose, recognising values and limitations * **thoroughly interprets** a **range** of different perspectives and their implications. |  |

Indicating Level \_\_\_\_\_\_\_\_ for Criterion D