

Learning outcomes: Lesson 1

Introduction to the Sharemarket

Students

Identify the different legal business structures.

Outline the role of the ASX as a marketplace that enables interaction between investors and companies.

Investigate reasons for fluctuations in the price of shares.

Classify different sectors within the economy.

Students work through lesson 1 and explore the different types of legal structures and the reasons why a business may enlist with the ASX. They learn how the price of shares fluctuates and how to research reasons behind the fluctuation which will enable them to make informed decisions about a company and whether to invest. They also are able to identify the different industry sectors within the sharemarket and the importance of diversifying their portfolio to manage risk.

General capabilities related to this lesson

- Literacy
- Information and Communication Technology (ICT) Capability
- Critical and Creative Thinking
- Personal and Social Capability

Terminology (skill directives)

Identify: Recognise and name; establish or indicate who or what someone or something is.

Outline: Sketch in general terms; indicate the main features of; plan, collect and interpret data/information and draw conclusions about.

Investigate: Plan, inquire into and draw conclusions about.

Classify: Arrange or include in classes/categories.

Links to curriculum

Australian Curriculum

Subject: Economics and Business
• Year 8

NSW

Subject: Commerce
• Option 2: Investing
• Option 4: Running a business

Subject: Business Studies – Preliminary
• Nature of Business

QLD

Subject: Business (General Senior Syllabus)
• Topic 1: Fundamentals of Business

VIC

Subject: Business Management (VCE)
• Unit 1: Planning a Business

SA & NT

Subject: Business Innovation
• Stage 1

WA

Subject: Accounting and Finance
• Year 12 – Unit 3

ACT

Subject: Business
• Changing Business Environment

Glossary

Diversification: A strategy that mixes a wide variety of investments within a portfolio for the purpose of minimising risk.

Equity: The amount of money invested into a business by shareholders.

Fluctuate: When shares rise and fall irregularly in price.

Industries: A group of companies that are related based on their main business activities.

Investors: People who put their money into the share market with the expectation of earning an income.

Marketplace: Is a physical or internet-based location where buyers and sellers regularly gather for the purchase and sale of goods.

Partnership: A business structure made up of 2 or more people who work together to run a business.

Portfolio: A range of investments within the share market held by a person.

Private company: A legal structure that is separate from the owner, where only a limited amount of people may invest as it is privately owned.

Shareholders: An owner of shares in a company.

Sole proprietorship: A business that is owned and controlled by one individual.

Learning outcomes:

Lesson 1

Solutions

Activity 3

Sector	Sector code	Activities conducted by companies in this sector	Examples of companies in this sector
Energy	(XEJ)	Company activities in this sector centre around oil, gas and coal such as drilling equipment, energy exploration and transportation.	Caltex Australia (CTX)
Materials	(XMJ)	Company activities in this sector centre around commodities and related industries such as mining, forest products and construction materials.	BHP Group Limited (BHP)
Industrials	(XNJ)	Company activities in this sector centre around producing and selling building materials, chemicals, fertilisers and agricultural commodities.	QUBE Holdings Limited (QUB)
Consumer Discretionary	(XDJ)	Company activities in this sector centre around media, gambling and general retail (goods and services that consumers consider non-essential but desirable).	Harvey Norman Holdings (HVN)
Consumer Staples	(XSJ)	Company activities in this sector centre around production and distribution of essential products such as food and beverages, household goods and hygiene products.	Woolworths Group Limited (WOW)
Healthcare	(XHJ)	Company activities in this sector centre around on medical practice, pharmaceuticals, pathology, medical devices companies and biotechnology.	CSL Limited (CSL)
Financials	(XFJ)	Company activities in this sector centre around banking, insurance, asset management and a range of other financial services.	Commonwealth Bank (CBA)
Informational Technology	(XIJ)	Company activities in this sector centre around software development and IT consultancy.	Carsales.com Limited (CAR)
Communication Services	(XTJ)	Company activities in this sector centre around telecommunication carriers, distributors and resellers.	Telstra (TLS)
Utilities	(XUJ)	Company activities in this sector centre around electricity and gas retailing.	AGL Energy Limited (AGL)
Real Estate	(XPJ)	Company activities in this sector centre around residential, commercial and industrial real estate management, construction, and sales.	Dexus (DXS)