

The Stock Market Game



AGENDA



Inspire. Educate. Connect.

SMG OVERVIEW

RULES AND GOALS

GETTING TO KNOW THE SMG STUDENT PORTFOLIO

INVESTING BASICS

STOCK RESEARCH AND TIPS

NEWS AND EVENTS IN SMG



A graphic of five vertical bars of increasing height from left to right. The bars are colored green, blue, purple, yellow, and red. Each bar has a white semi-circle at its base, resembling a candlestick or a stylized bar chart.

THE STOCK MARKET GAME™

SMG Overview

- Teams of 2-5 students
- \$100,000 of virtual money to invest
Access your portfolio at www.stockmarketgame.org
- Buy and sell securities as often as you like!
Security: A financial instrument representing ownership (stock, bonds, mutual funds)



SMG Overview



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Students can purchase securities on two stock exchanges:

New York Stock Exchange (NYSE): The oldest exchange, largest, and best-known exchange, with more than 3,500 companies listed.

www.nyse.com

NASDAQ: The second largest exchange, behind NYSE, with more than 3,000 listings.

www.nasdaq.com



Learn more about the two exchanges [here](#).

SMG Rules

- Teams can buy up to 20% equity in one stock
- Teams must buy a minimum of 10 shares of one stock
- Negative cash balances are charged 7% annual interest (charged weekly)
- Positive cash balances accrue 0.75% interest annually (credited weekly)

SMG Rules

- Stock transactions are in real time
- Trades entered when the market is closed will be priced and finalized at the next opening bell (next business day)
- Market Hours: 8:30 a.m. – 3:00 p.m. (Central Time)

SMG Rules

- Cannot trade securities priced at \$3.00 per share or lower
- Trades will be rejected if sufficient buying power does not exist
 - No single trades worth more than \$30,000
 - No spending more than \$150,000

SMG Rules

- \$5 commission fee for all transactions (buy, sell, short sell, short cover)
- Mutual funds are priced once per day
- Dividends and splits are automatically computed into student portfolios

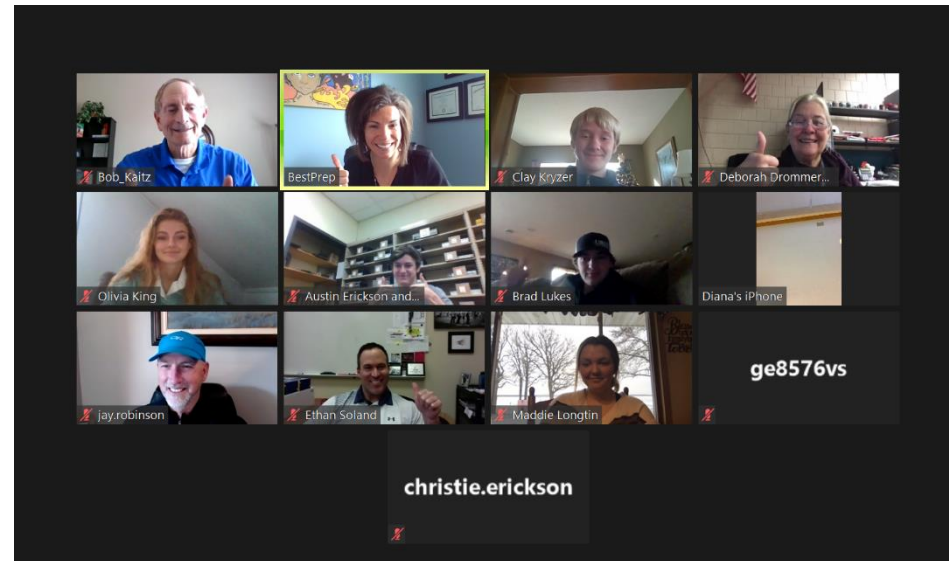
SMG Overview



Inspire. Educate. Connect.

You're participating in a competition!

- Students compete against all teams playing in the same session, in the same age division
- Winning teams are determined based on the highest-valued portfolio at the end of the session



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THE STOCK MARKET GAME™

INVESTING OVERVIEW

INVESTING: To set aside money in the hope of a future return or benefit

WHY INVEST?

- To help meet longer term goals and financial plans
- To help beat inflation and maintain preferred lifestyle
- To gain greater financial independence and sense of security



SAVE OR INVEST?

SAVE for short-term goals (less than 5 years)

INVEST for long-term goals (more than 5 years)

- You are just out of college and want to set money aside for retirement
- You want to go on a week-long vacation or road trip with friends
- You have a child and you want to put money away for her to go to college
- You want to buy a guitar signed by your favorite musician

TIME AND THE POWER OF COMPOUND INTEREST



Inspire. Educate. Connect.

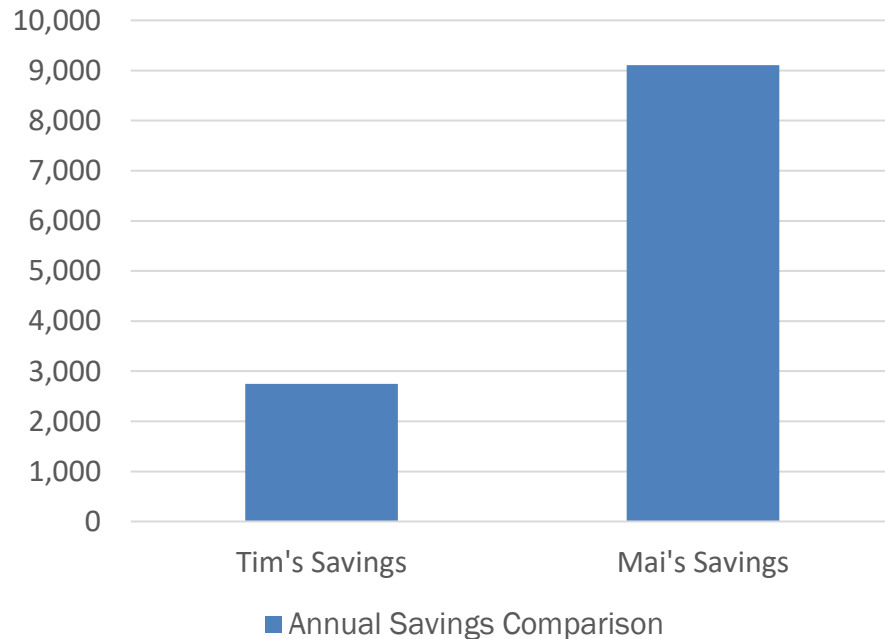


- Both Tim and Mai have a goal of saving \$100,000 in the next 18 years
- Both earn a 7% annual rate of return
- Tim begins saving now (2021), and Mai begins saving in 10 years (2031)

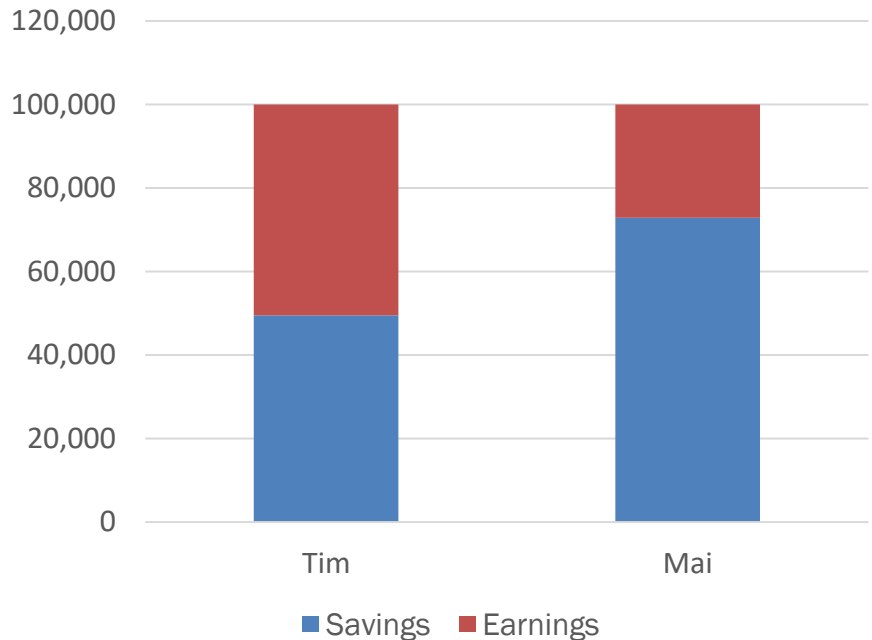
The following example is a hypothetical, for illustrative purposes only, and is not indicative of any investment.

TIME IS ON YOUR SIDE: COMPOUNDING INTEREST

Annual Savings



Total Amount Saved Compared to Earnings

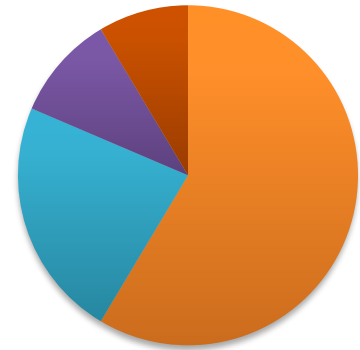


WHAT CAN YOU INVEST IN?



Stocks

Mutual Funds



Bonds

STOCKS



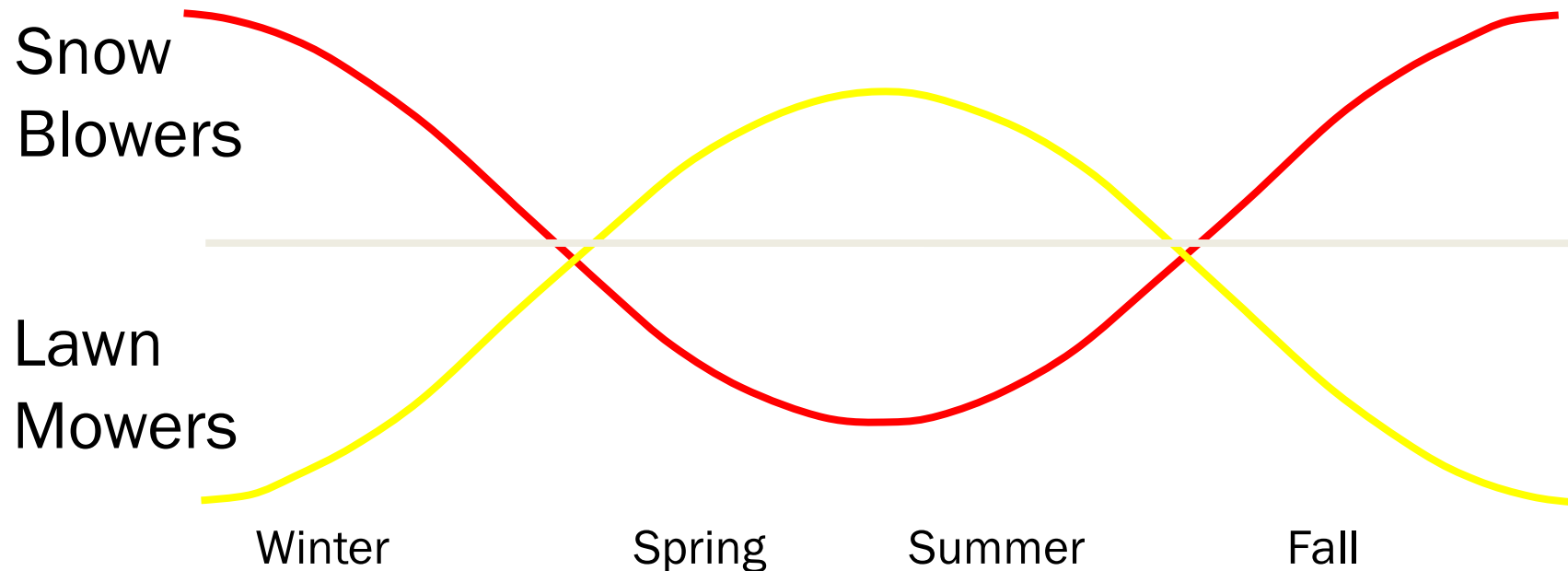
- Stocks represent ownership interest (equity) in a company and the company's assets and earnings
- When a company grows, stockholders often receive the biggest portion of the gains
- If the company does not grow quickly, stockholders are the last people to get paid—they may even lose money if the company is not successful

INVESTING, MANAGING RISK, AND DIVERSIFICATION

Inspire. Educate. Connect.

What is risk?

Risk is the potential for loss and is associated; in the case of investing, it's the potential loss of part or all your investment's value

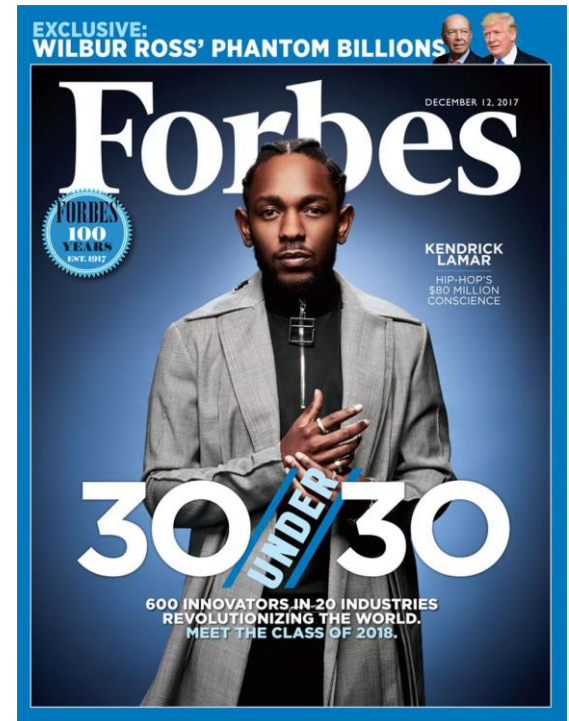


RESEARCHING STOCKS

Why do research?

Where to research

- Investopedia
- Wall Street Journal
- Yahoo! Finance
- Company website



RESEARCH AND STOCK TIPS

Research Tips

- Past and present growth?
- New products and services? Competitors?
- Current president/CEO?

Choosing Stocks

- “Familiarity”
- “Popularity”
- Read between the lines!
- Diversify



NEWS AND CURRENT EVENTS



Inspire. Educate. Connect.

Following the news and current events is an important part of investing!

Good Press vs. Bad Press

Current Events: What's happening locally, nationally, and globally?



FINAL TIPS

Take risks, but not excessive risks

Do your research

Diversify, diversify, diversify

Use resources/get advice



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