



Investing Matters

For the Stock Market Game

A Component of BestPrep's Financial Matters Program

Presenter Info: Name and Company



TODAY'S DISCUSSION

Understand why investing is important

Discuss types of investments

Understand risk and diversification

Importance of investing early



Agenda

A) Understanding Investing

- What is Investing?
- Why does Investing MATter?
- Whys should you invest?

B) Evaluating Investment Choices/Options

C) Taking Action!



What is Investing?

- To set aside money in the hope of a future return or benefit
- Putting your money to work for you



Why Does Investing Matter?



Why Should You 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



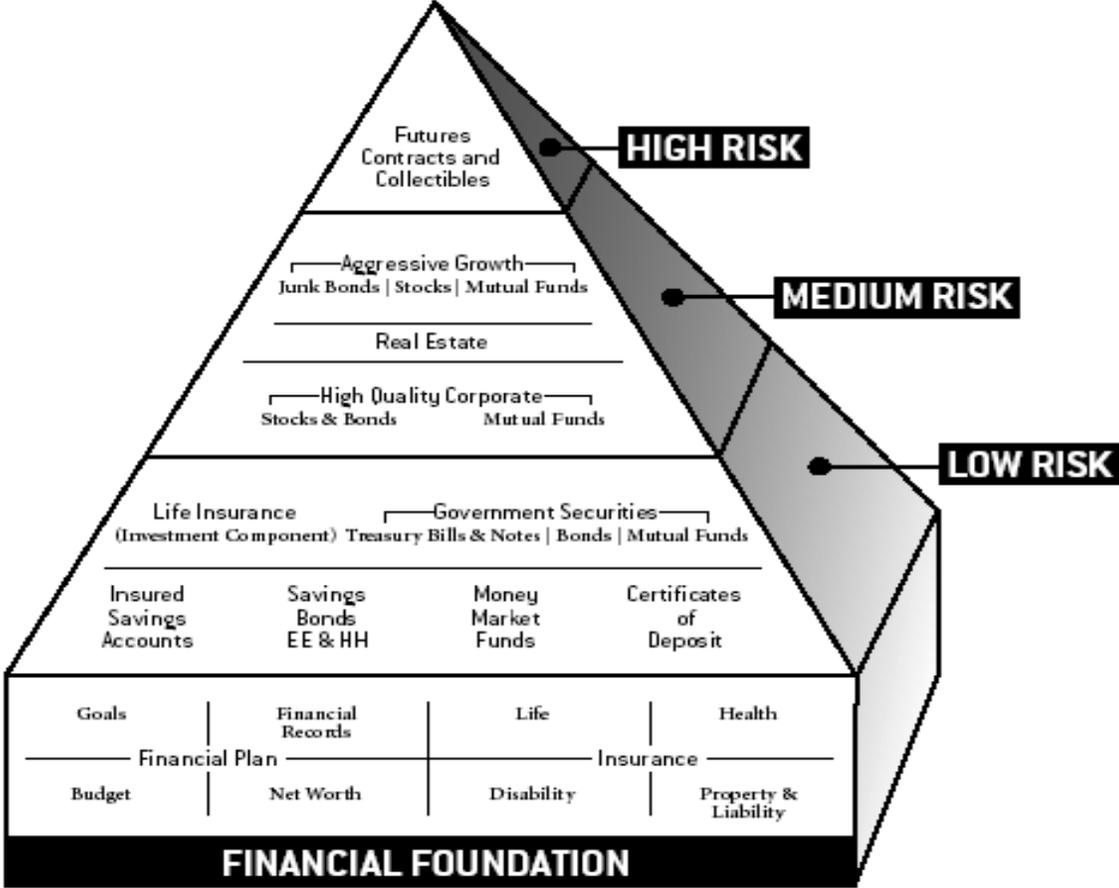
Agenda Part B

- A. Understanding Investing
- B. Evaluating Investment Choices/Options
 - Choice: Seeing opportunities – not threats
 - Making your money work for you
 - Types of Investments
 - Tools and Financial Concepts related to Investing
- C. Taking Action!

Evaluating Investment Choices/Options

- Investments differ in their potential rate of return and level of risk
- What is risk?
 - Risk is the potential for loss
 - In the case of investing, it's the potential loss of part or all your investment's value
 - Uncertainty

Financial Pyramid

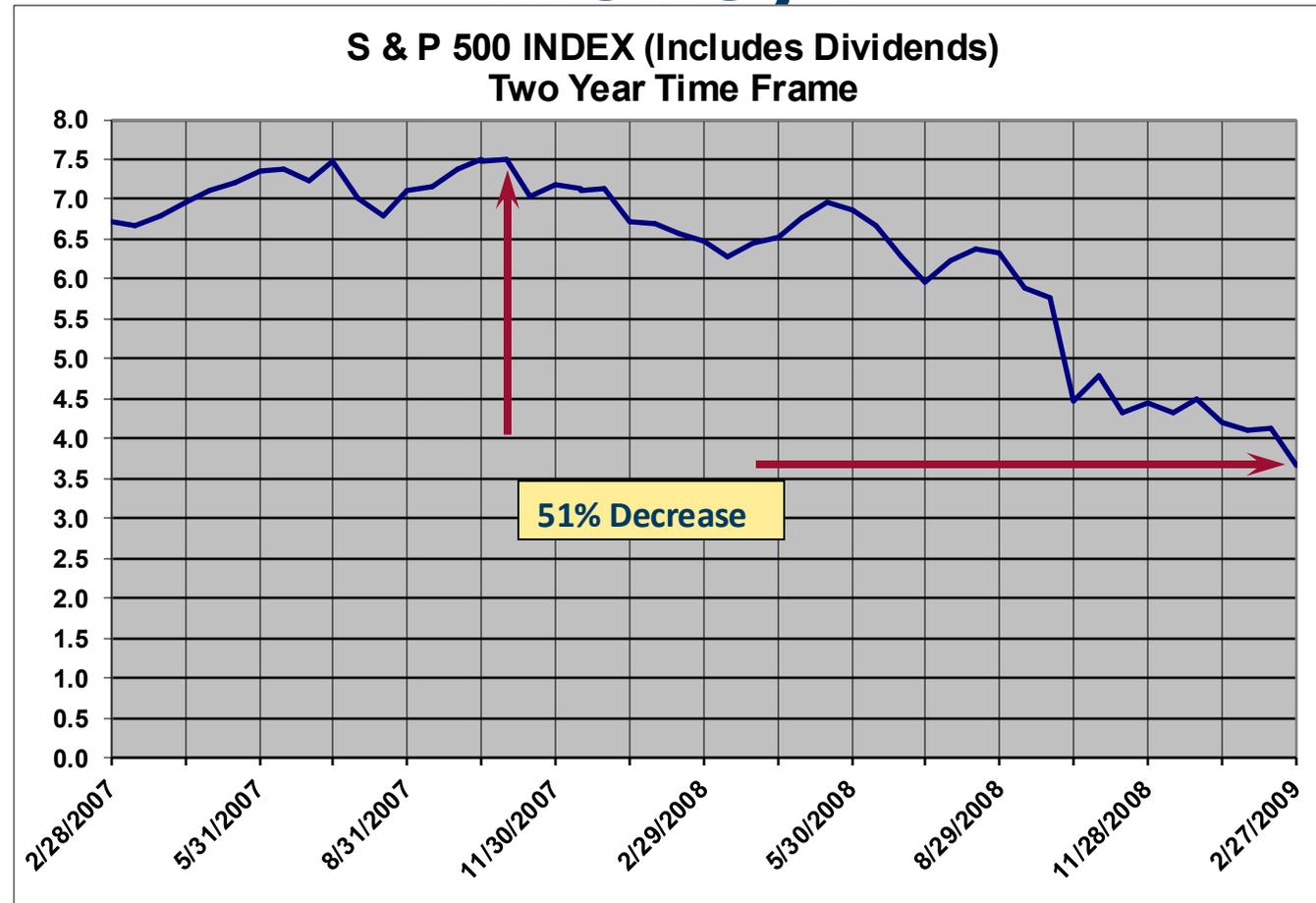


When Do You Expect to Use the Money?

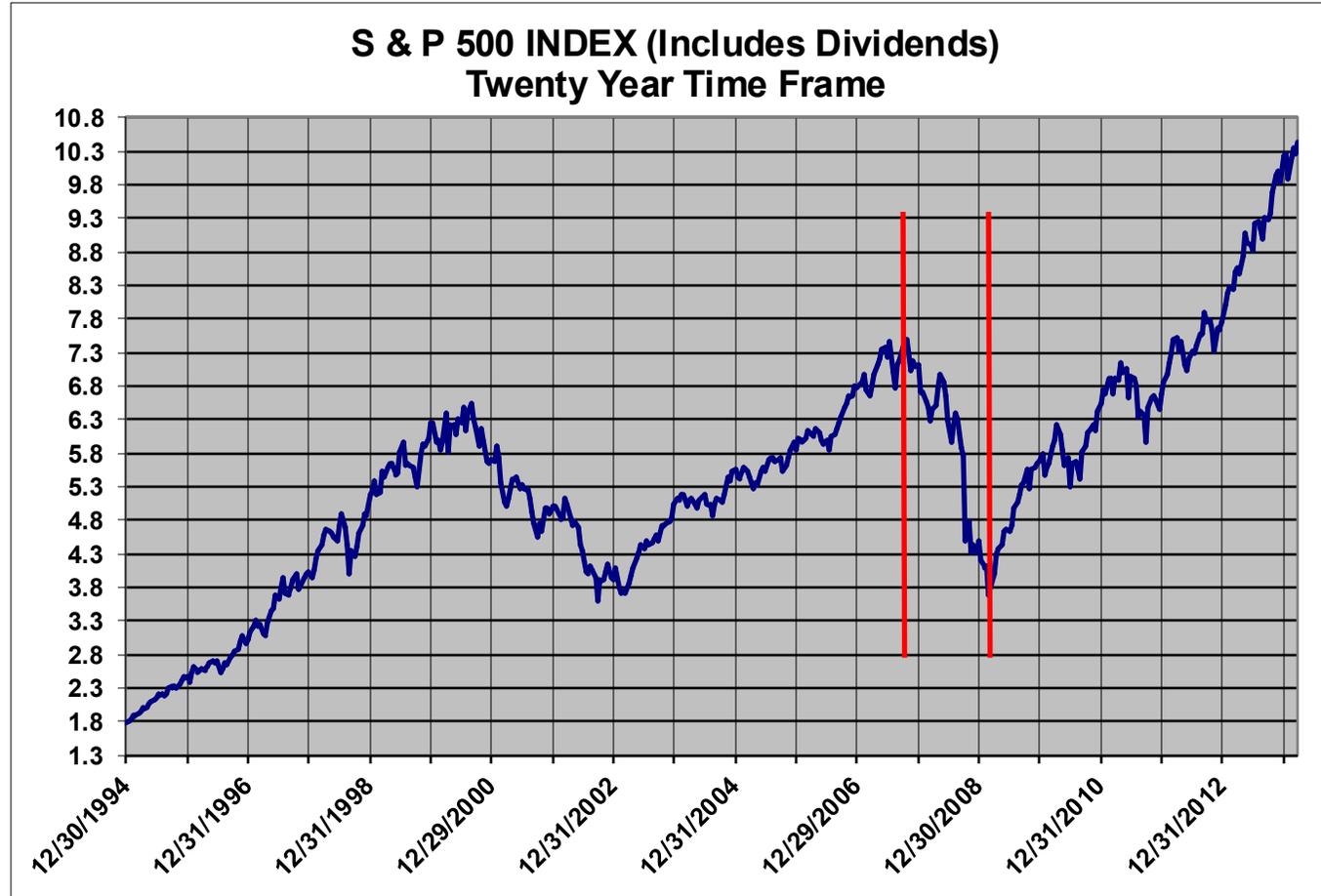
- **Save** for short-term goals (less than 5 years)
 - A prerequisite to investing
 - Setting money aside for emergencies and short term needs
 - Don't want to risk loss of capital
- **Invest** for long-term goals (more than 5 years)
 - Potential for higher returns over time by taking more risk



Time Horizon: When Will You Spend Your Money?



Time Horizon:



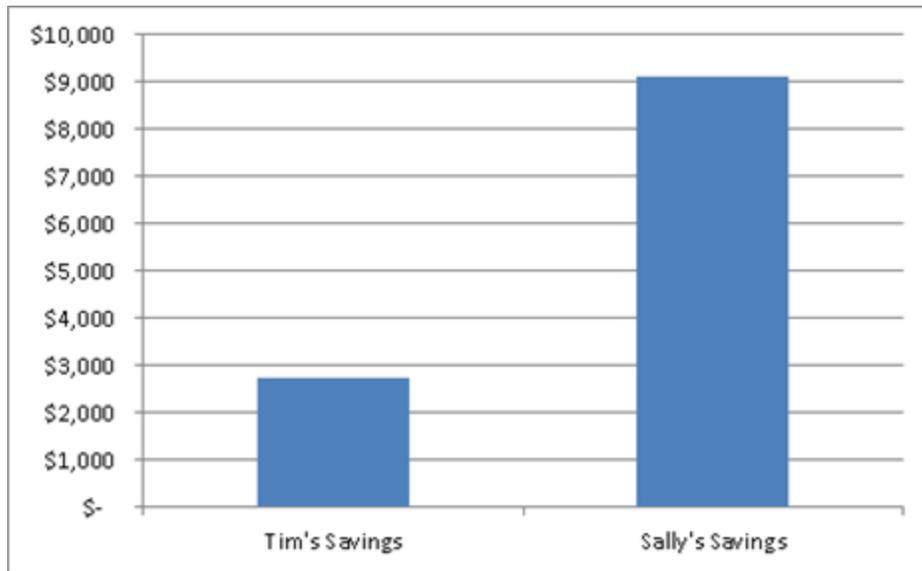
Time Is On Your Side: Compounding



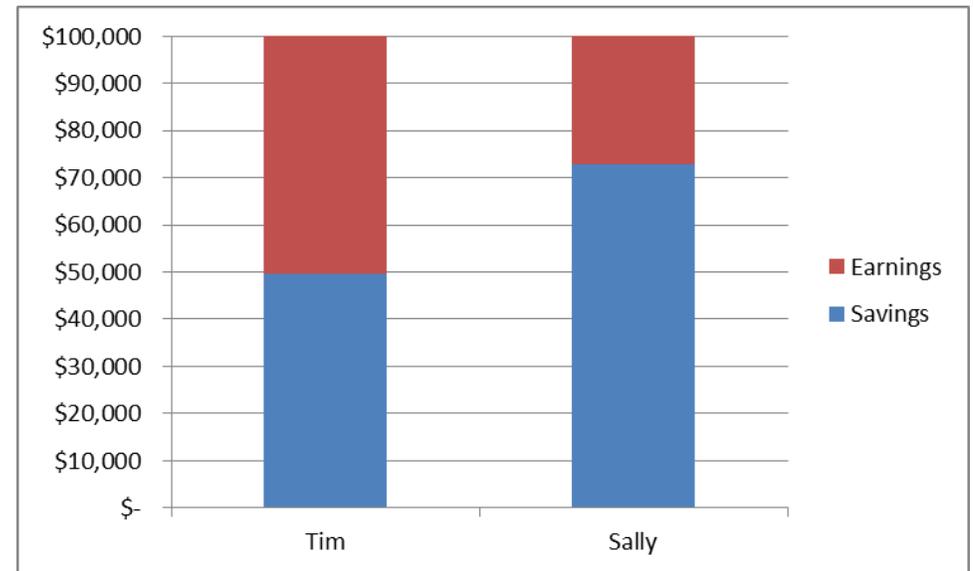
- Both Tim and Sally (or their parents) have a goal of saving \$100,000 in 18 years
- Both earn a 7% annual rate of return
- Tim begins saving now, and Sally begins saving in 10 years

Compounding

Annual Savings



Total Amount Saved Compared to Earnings

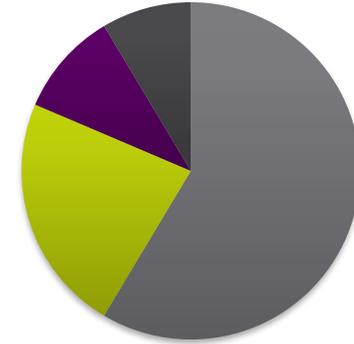


What Can You Invest In?



Stocks

Mutual Funds



Bonds



Stocks

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



Bonds

- Bonds represent a loan to a company or a government unit
- Promise to pay principal and stated interest at maturity, often with periodic interest payments along the way
- With a company, bondholders are the first people to get paid
- Bonds stabilize your investment portfolio
- As interest rates rise, prices decline and vice versa

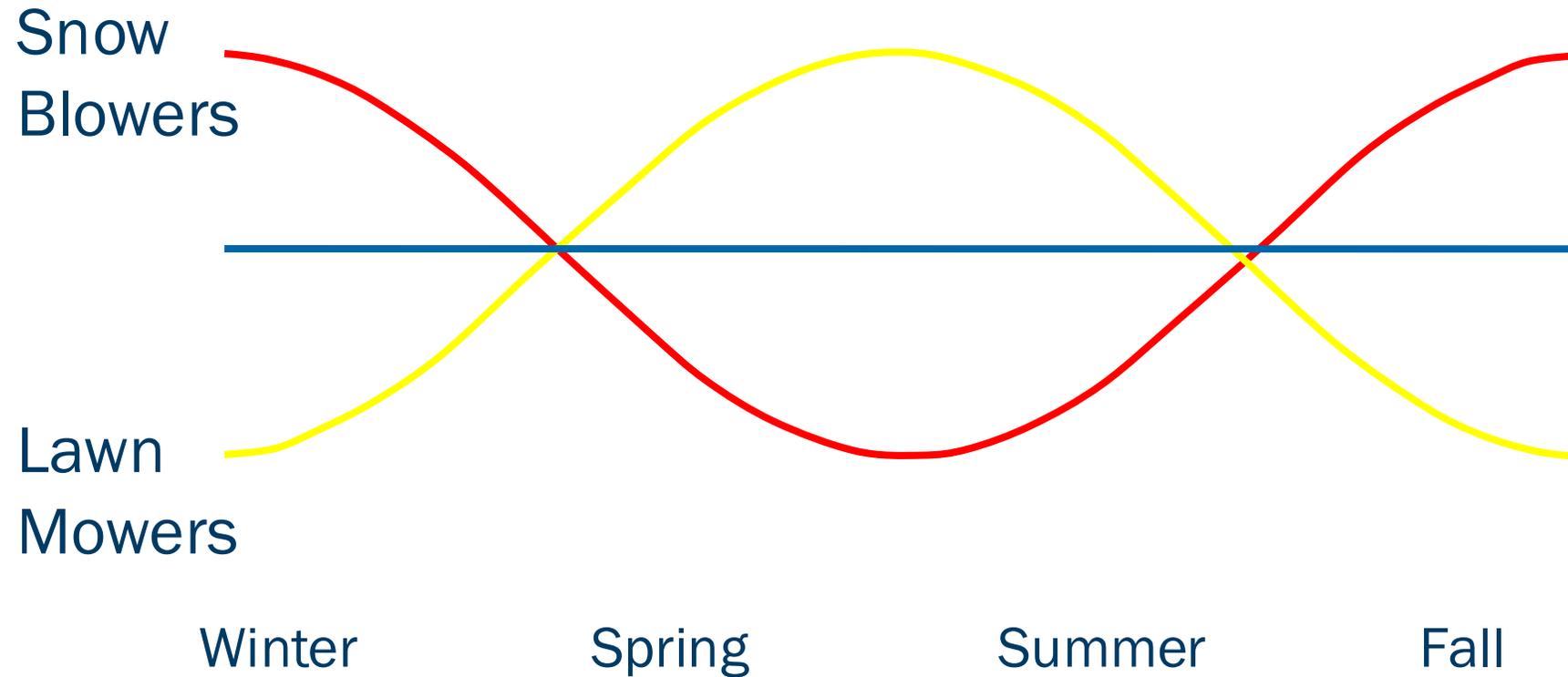


Mutual Funds

- Mutual funds are made up of a pool of different funds collected together by investors for a diversified portfolio
- Professionally managed, may be a good way for beginners to get started
- Sold by prospectus



Managing Risk: Diversification



Managing Risk: Dollar Cost Averaging

Dollar Cost Averaging

Start of Year	Invested	\$/Share	# Shares	Cumulative Shares	Total Value
1	\$100	\$10	10	10	\$ 100
2	\$100	\$ 5	20	30	\$ 150
3	\$100	\$ 8	12.5	42.5	\$ 340
4		\$ 9			\$ 382.50
Total	\$300			42.5	13.07% annual

Agenda Part C

- A. Understanding Investing
- B. Evaluating Investment Choices/Options
- C. Taking Action!
 - Investing in the Stock Market Game
 - Purchasing Securities
 - Short Positions

Investing and SMG!

Account Summary

As of Date: ↻

Account Summary for Team ID: SIA_99_A369 As of Date: 2015-12-23

Cash Balance	\$44,236.07
Includes (\$0.00) In Shorts	
Value of Long Stocks:	\$56,848.71
Value of Mutual Funds:	\$0.00
Value of Treasury Bonds:	\$0.00
Value of Municipal Bonds:	\$0.00
Value of Corporate Bonds:	\$0.00
TOTAL Value of Longs:	\$56,848.71
TOTAL EQUITY:	\$101,084.78
Value of Shorts:	\$0.00
Buy Margin Req:	\$37,899.14
Available Equity:	\$63,185.64
BUYING POWER:	\$94,778.46
Minimum Maintenance:	\$17,054.61
Interest and Dividends:	\$407.76
Fees and Commission:	(\$619.95)
Realized Gains/Loss:	(\$131.7)
Net Equity Gain:	\$1,084.78
Percent Return:	1.08
Region Rank:	11 out of 30
Region Trade Type:	REALTIME

Team Rankings

Region : 11 out of 30

Coordinator : 16 out of 40

State : 16 out of 40

News Feed

[UPDATE 2-Mexico inflation hits fresh low in early Dec after rate hike](#)
Wed, 23 Dec 2015 06:41:08 -0800

[Iraq's Kurdistan region takes small step towards economic reform](#)
Wed, 23 Dec 2015 06:39:19 -0800

[Sage of Manchester? Buffett-inspired investor tops UK stock-picking league](#)
Wed, 23 Dec 2015 06:37:17 -0800

[Polish ING unit may get 42 mln euros thanks to Visa deal](#)
Wed, 23 Dec 2015 06:37:01 -0800

Messages

Account Status Messages: No updates at this time

National Helpdesk Messages: No updates at this time

Your Local Messages:

- Welcome to the Stock Market Game!



Purchasing Securities

- Ticker Symbol: A unique abbreviation used to identify a publicly traded company (usually 3-4 letters, but not always)
- Limit Order: An order placed to buy or sell a set number of shares **at a specified price or better**
- Market Order: An order put in to purchase a security immediately at the best available price

Guess The Ticker



The Ticker



AAPL



TGT



MMM



NDLS



SNE

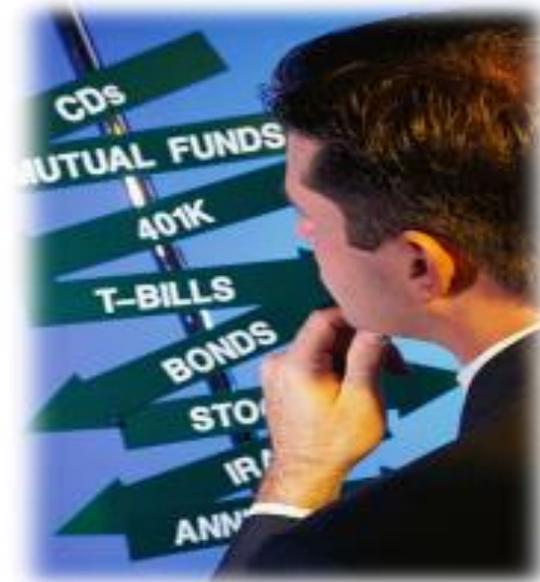
Short Positions

- Short Sell: Selling a security that is not owned, but rather borrowed, with the anticipation that the price will go down.
 - Sell a share of stock at \$100, the price drops to \$90, buy back the stock and pocket the \$10 difference.
- Short Cover: Buying back borrowed securities to close a short position.
 - Once one has short sold shares of stock, they must short cover, or buy back the shares they sold, to give back to the broker from whom the shares were originally borrowed.



Final Tips

- Take risks, but not excessive risks
- Do your research
- Diversify, diversify, diversify
- Use resources/get advice



Thank You!

BestPrep gratefully acknowledges the support provided by several volunteers to offer Investing Matters for the Stock Market Game as a part of Financial Matters.

