



A program
of the **sifma**

FOUNDATION

SMG ESSENTIALS WORKBOOK

SMG Student Name: _____

SMG Username: _____



FOUNDATION



SMG Essentials Workbook

Welcome to the SIFMA Foundation's Stock Market Game! You're joining a community of students across the nation that utilize our programs to advance their knowledge of saving and investing. Each year over 600,000 students participate in SMG and we look forward to developing the next generation of smart investors.

Whether brand new to saving and investing or looking to deepen your understanding of the capital markets, the SMG Essentials Student Workbook is equipped with tools to support your financial education journey. You'll be able to guide your own SMG experience or follow along with your SMG Advisor.

The SMG Essentials Workbook consists of 10 topic-based sessions, each with its own video, corresponding activity, and reflection.

Session 1: Intro to Investing

Session 2: Intro to Companies & Intro to Stocks

Session 3: Building Your Portfolio

Session 4: Conducting Research

Session 5: Assessing Risk

Session 6: Diversification

Session 7: Market Analysis

Session 8: Asset Allocation

Session 9: Portfolio Evaluation

Session 10: Wrap Up & Reflection

Students participating in SMG will develop academic and life skills including:

- Research, data analysis, and interpretation
- Critical thinking & problem solving
- Teamwork & collaborative decision-making
- Importance of following current events
- Presentation skills and creative thinking

Getting Started

You have likely received a Stock Market Game username and password from your SMG Advisor. If you did not receive one, ask a teacher, parent or other adult to register at www.stockmarketgame.org to have one created for you. *Students are not permitted to complete or submit their own registration.*

Your Stock Market Game username and password puts you in an investors' shoes; allowing you the opportunity to manage a virtual \$100,000 stock portfolio and invest stocks, bonds, mutual funds and ETF's found on the New York Stock Exchange and Nasdaq. You can log-in to make trades online at www.stockmarketgame.org or through the Stock Market Game app, available on both the Apple and Google Play stores.

Sample Username: USA_20_ZZ123

Sample Password: SMGABC123

HOT TIP: Usernames and passwords are case sensitive and must include all characters, even underscores. Usernames cannot be changed, but feel free to change your password to whatever you like. After logging in, click the "resources" tab at the top of the portfolio, click "change password" and follow the prompts.



Keep an eye out for these bars! They'll let you know when it's time to log into your SMG portfolio. Read thoroughly and pay attention while completing activities, they could be anywhere. 🙄

What's learning without a little social media? Follow us to get answers to your market questions, tips on navigating the portfolio, watch videos on investing concepts and get insight directly from financial professionals! **@SIFMAFoundation** on Twitter, Instagram and Facebook and **The Stock Market Game Program** on YouTube (www.youtube.com/c/thestockmarketgameprogram)!



SESSION 1: INTRO TO INVESTING

Name: _____ Date: _____ SMG ID: _____

Welcome to the world of investing! As a participant in the Stock Market Game (SMG), you're joining a community of students who will advance their knowledge of personal finance and investing, enabling them to make more informed choices about money. Before diving in, take a look at our SMG Kick-Off video [here](#).



Investing in your future and making smart financial choices is a habit. Let's begin the journey of making more informed choices by setting some financial goals.

A **short-term goal** is something you want to do in the near future (e.g. today, this week, this month, or even this year). Some examples of short-term goals are saving to buy a new bicycle, new shoes, or a video game.

A **long-term goal** is something you want to do in the future (e.g. several years away). Some examples of long-term goals are paying for college, buying a home, or your retirement.

Watch the Intro to Investing video below for more information on setting financial goals and the difference between saving and investing.



SESSION 1: INTRO TO INVESTING: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS:

SMG Kick Off & Intro to Investing: <http://tinyurl.com/smgessentialminilessons>

1. In the *Intro to Investing* video, you were asked to write down two short-term financial goals. Please share your answer here and why you chose them.

A **short-term goal** is something you want to do in the near future (e.g. today, this week, this month, or even this year). Some examples of short-term goals are saving to buy a new bicycle, new shoes, or a video game.

	Description of goal	Time Horizon: How long do you think it will take?	Why is it important to you?
Short-Term Goal #1			
Short-Term Goal #2			

2. What were the two long-term financial goals you chose? Why did you choose them?

A **long-term goal** is something you want to do in the future (e.g. several years away). Some examples of long-term goals are paying for college, buying a home, or your retirement.

	Description of goal	Time Horizon: How long do you think it will take?	Why is it important to you?
Long-Term Goal #1			
Long-Term Goal #2			

SESSION 1: INTRO TO INVESTING: REFLECTION

Name: _____ Date: _____ SMG ID: _____

Think about the short-term and long-term financial goals you recently developed. Would you save your money or invest your money to achieve your goals? Why?

Use the space below to share your thoughts and write down your response.

Description of goal	Short or Long	Time Horizon: How long do you think it will take?	How would you reach your goal: Invest or Save? Explain.

GLOSSARY

Investing: When you buy something with the expectation that it will earn you money over time.

Long-Term Goal: Something you want to do in the future (e.g. several years away).

Risk: The possibility of loss or the chance of losing all or part of the value of an investment.

Saving: Money not spent (examples: allowance, birthday present, part-time job, or other source in a piggy bank or bank account).

Short-Term Goal: Something you want to do in the near future (e.g. today, this week, this month, or even this year).

SESSION 1: INTRO TO INVESTING: ROLES & RESPONSIBILITIES

Name: _____ Date: _____ SMG ID: _____

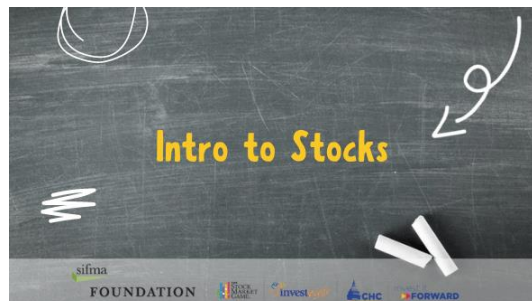
Team Role	Description
Director	It is the Director's responsibility to coordinate the efforts of everyone involved, ensure that activities are completed successfully, and that everyone is being treated fairly. Director is responsible for summarizing the team's activities to the teacher and other teams. The Director is responsible for resolving disagreements among team members.
Researcher	The Researcher is responsible for gathering and sharing research on potential investments and trades, coordinating the team's findings, and summarizing them into a cohesive presentation that can be easily shared.
Portfolio Coordinator	The Portfolio Coordinator monitors the team's portfolio transactions, records all of the transactions, and ensures the portfolio data displayed is correct. The Coordinator reviews the Transaction History, Transaction Notes, Account Summary, and Account Holdings pages for accuracy.
Data Entry Coordinator	The Data Entry Coordinator is responsible for ensuring trades are entered and executed correctly. No other role, including the Director, should enter a trade without the Data Entry Coordinator knowing. The Coordinator checks the portfolio's Transaction Notes page for any error messages.
Lead Reporter	The Lead Reporter compiles the team's meeting notes. The Reporter's job is to maintain a current journal of activities and the status of the portfolio. The Reporter works with other members of the team to collect and organize their reports.

SESSION 2: INTRO TO COMPANIES & STOCKS:

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

Intro to Companies & Intro to Stocks: <http://tinyurl.com/smgessentialminilessons>



Stocks represent a share of ownership in a publicly held company. The stockholder has a claim on the assets of a company in exchange for the money paid to purchase the stock. As an owner, the stockholder is sharing the wealth AND the risk of ownership with other owners of the company. No matter how few shares of stock you own, you are part owner of the business.

Typically, a company issues stock in order to raise money to expand and build their operations. The company goes to a financial services firm that specializes in underwriting an initial public offering (IPO) of stock to help them with this process. The financial firm gives the company the money it needs to expand, and issues stock. This stock is sold to the public in what is known as the secondary market. Stockholders, also called shareholders, are people who buy the stock.

People buy stock to earn dividends and with hope of selling the stock at a higher price than they originally paid. Stockholders may receive part of the company's profits through dividends. Public companies are not obligated to pay dividends, but most do. Stockholders have limited liability; that is, while they can lose the money they invested to buy the stock, they are not responsible for the company's financial debts should the company fail.

A stockholder should make investment decisions based on his/her "risk tolerance." All investments have some risk. A somewhat risky investment with great growth potential might be a good for someone who is 28 and financially stable, but not for someone who is 60 and plans on retiring in five years. A 28-yearold has time to regain losses before retirement; the 60-year old may not.

Stocks are traded on stock exchanges. The two major U.S. exchanges are the New York Stock Exchange and the NASDAQ. Both are located in New York City. Stocks usually trade in lots of 100; anything less than 100 called an "odd lot." Stocks can range in price from a few dollars to hundreds of dollars per share.

A publicly traded company pays increased taxes in the form of corporate income tax. Each state has its own rules regulating public companies. Public companies must also comply with rules and regulations imposed by

the securities industry as well as the federal Securities and Exchange Commission (SEC). They must also submit an annual report to the SEC outlining all their financial information.

There are two types of stock, common and preferred. When you own common stock, your shares represent ownership in the corporation. They give you the right to vote for the company's board of directors, and benefit from its financial success. Some corporations issue preferred stock in addition to common stock. Preferred stocks often pay a fixed dividend on a regular schedule. The price of preferred stock tends to be less volatile than that of common stock. Preferred stocks tend to move with changing interest rates. Unlike owners of common stock, owners of preferred stocks are not entitled to vote on corporate matters.

SESSION 2: INTRO TO COMPANIES & STOCKS: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

Let's practice naming popular brand and company names. Write in a brand name for the product mentioned in the story below.

Jim's Birthday Present

Jim rushes out of P.E. and bends down to tie his (sneaker name)

before rushing out the front doors of the school. It's been a long week and he's excited to get home,

relax, and watch his favorite show on (video streaming service).

While watching his favorite videos, he never skips the ads. They're his favorite part since he loves to analyze them and see what can be done to make them even better. He hopes to one day have a career

in advertising. He thinks (car name),

(tech company) and (company

name) make the best ads but believes the best way to increase interest in a product or service is

through social media. His favorites include (social media

company) and (social media company). However, most of his

attention lately has gone to ads from (restaurant name) because

he's hoping to celebrate his birthday there with his family.

His grandmother is supposed to come by over the weekend and promised to take him shopping for his birthday. But it's never without a catch. His grandmother will only consider an item made by a

sustainable company. A sustainable company is one that has made addressing environmental or

social causes a part of their business. He'd like to address

(environmental or social cause) to make a positive change in the world. He's not sure whether

(company name) supports it too, so he'll have to do his research.

It also doesn't hurt that **(store or company name)** is right next

door to the new **(movie theater name)** and maybe they can catch a movie.

When he gets home, he's even more excited because he sees that his Mom went to

(supermarket name) to pick up some of his favorite snacks!

While rushing to grab the **(snack name)**, Jim accidentally trips

over his little sister's **(toy name)**. He's always tripping over her

toys and wishes **(toy company)** could create a way for toys to put themselves back.

"Mom, I think we're all out of **(snack name)**!" Jim hollered. He

wondered if **(food/snack company name)** knows that they need

to increase the amount they make available in stores. Everyone he knows loves them, and sometimes

you can only find it at (supermarket or store name) or online at (online retailer name).

"Jim, I told you we would look at the sales and deals being advertised to see what is available," Mom replied. "Do you think we could pick up a little extra next time? You know, just in case we have guests." Jim asked, hoping to sound convincing. "Good try," Mom chuckled as she tossed Jim an envelope. "It's from Aunt Cathy."

Jim ripped open the envelope and almost missed the gift card for (store or company name) that fell out. "Looks like Aunt Cathy knows how much you love that company too. You'll probably end up working there as much as you talk about them. But until then, you should consider using some of the money you saved from your summer job to buy shares of stock." Jim looked up confused. "I don't get it. What's shares of stock? And why would I use my money to buy it?" Jim exclaimed.

SESSION 2: INTRO TO COMPANIES & STOCKS: REFLECTION

Name: _____ Date: _____ SMG ID: _____

Look up the brands you chose to complete the *Jim's Birthday Present* activity. Make a list of the brands owned by publicly traded companies.

If you do not have enough publicly traded companies to complete the table below, research publicly traded companies that make the brands you like.

HOT TIP: You can find this information directly on a company's website or simply enter "is company XYZ publicly traded" into your search engine of choice.

BRAND	COMPANY

GLOSSARY

Brand: The name a company gives a product it makes or a service it provides.

Company: A business formed to manufacture or supply products or services for profit.

Private Company: A company that is privately owned by a group of people. Shares of the company cannot be purchased.

Product: An item sold by a company.

Public Company: A company whose shares can be purchased.

SESSION 3: BUILDING YOUR PORTFOLIO

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

Building Your Portfolio & SMG Trading Portfolio: <http://tinyurl.com/smgessentialminilessons>



Risk & Risk Tolerance

Risk tolerance is a measure of how much risk (potential loss) an investor is willing to take within his/her investment portfolio.

Risk tolerance includes the assessment of market risk including:

- Volatility
- Economic & political events
- Industry & sector news
- Regulatory & interest rate changes

After considering these risks, an investor can start to evaluate how much investment risk he/she can tolerate.

Other factors that can influence an investor's risk tolerance include the investor's:

- Age
- Short-term investment goals
- Income
- Long-term investment goals
- Comfort level

An **aggressive investor** has a **higher risk tolerance** and is willing to risk more of his/her money for the possibility of better returns than a **conservative investor**, who has a **lower risk tolerance**.

An investor with **moderate risk tolerance** sits in the middle between an aggressive and conservative investor.

To reduce risk, investors can **diversify** their investment portfolios by spreading investment dollars among different:

- **Securities** (investment types like stocks, mutual funds, bonds, etc.)
- Industries
- Sectors

If one security, industry, or sector falls, another may rise, balancing out an investor's overall portfolio gains/losses.

SESSION 3: BUILDING YOUR PORTFOLIO: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

- Review the short-term and long-term goals you shared in the *Intro to Investing: Activity*. Given what you've learned about risk tolerance so far, how would you rate your risk tolerance on reaching each goal?

Would it be a “5” because you would have time to earn back any money you may lose, or would it be “1” because you don't have the time or resources to earn back any lost money? Or would it be somewhere in the middle? Explain.

Low Risk Tolerance	Medium Risk Tolerance			High Risk Tolerance
1	2	3	4	5

	Description	Tolerance Level 1-5	Explanation
Long- Term Goal #1			
Long- Term Goal #2			

2. Which of the companies you chose in the *Intro to Companies & Stocks: Activity* would help you achieve your investment goals? Are there companies you would add to that list? Explain.

	Description	Company Name	Explanation
Short-Term Goals			
Long-Term Goals			

SESSION 3: BUILDING YOUR PORTFOLIO: REFLECTION

Name: _____ Date: _____ SMG ID: _____

Review your revised goals and investment plans and determine which of the companies chosen in the *Intro to Companies & Stocks: Activity* will be your first Stock Market Game trade. In the space below, write down your reasons for choosing the company.

GLOSSARY

Investment Strategy: A plan designed to help you achieve your investment goals which depends on factors including risk tolerance and values (sustainable investing).

SESSION 4: CONDUCTING RESEARCH

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

Conducting Research & Entering Stock Trades: <http://tinyurl.com/smgessentialminilessons>



Reading a Stock Quote:

A stock quote provides you with pricing information. This information helps you determine whether a stock is a good investment or not. Different financial news and research sites may organize their stock information differently but will provide essentially the same information. The example below is taken from a NYSE stock quote.

Company		Symbol
The name of the company.		The company's stock/ticker symbol.
Current Price	Price Change	Percent Price Change
This is the current per share price of the stock.	This is the difference between the stock's current price and its last reported price.	This is the difference in price expressed as a percentage.
Prev Close		Day's Range
The previous close is the stock's closing price on the previous trading day.		The highest price and lowest price of the stock so far today.
Open		52wk Range
The first trade of stock today is its opening price.		The highest price and lowest price of the stock so far over a 52-week period.
Bid		Volume
An offer made to buy this stock.		The total number of shares traded so far today.
Ask		Avg Vol (3M)
The price at which a seller wants to sell this company's stock.		The average of the total number of shares traded in the past three months.

1 y Target Est	Market Cap
The median target price as predicted by analysts covering the stock.	The total current market value of all outstanding shares of a company.
Beta	P/E
Beta measures volatility. A number less than 1 means less volatility and a number greater than 1 means more volatility.	A company's current stock price divided by its latest annual earnings per share.
Next Earnings Date	EPS
The next time the company will report its Earnings.	EPS stands for Earnings Per Share. It is a company's profit or earnings divided equally among all the shares investors own.
Div & Yield	
A dividend is a payment many companies make to its stockholders. Yield is the amount of cash that returns to stockholders.	

SESSION 4: CONDUCTING RESEARCH: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

Enter the stock quote information for five of the companies you selected in the *Intro to Companies & Stocks: Activity*.

You can also choose a new company to research. It can be a company from the SMG mini-lesson videos or one that you are interested in learning more about.

Company	Symbol
Prev Close	52-Week Range
Beta	P/E Ratio

Company	Symbol
Prev Close	52-Week Range
Beta	P/E Ratio

Company	Symbol
Prev Close	52-Week Range
Beta	P/E Ratio

Company	Symbol
Prev Close	52-Week Range
Beta	P/E Ratio

Company	Symbol
Prev Close	52-Week Range
Beta	P/E Ratio

Review the data you just gathered. What does a company's stock quote tell you about the company? Are you still interested in investing in the company? Explain your thoughts using the space below.

SESSION 4: CONDUCTING RESEARCH: REFLECTION

Name: _____ Date: _____ SMG ID: _____

Review the companies you chose in the activity with your team. In addition to comparing the stock quote information for each company, consider the company's industry and public opinion about the company's products and/or services.

Decide which new company would make the best investment and purchase shares of it for your SMG portfolio. 📊!

Which part of the company's stock quote was the most helpful in analyzing its investment potential? In the space below explain your reason why, your thought process, and investment strategy.

GLOSSARY

Previous Close is the stock's closing price from the previous day.

52-Week Range is the highest price and the lowest price of the stock over a 52-week period (year).

P/E Ratio (Price-to-Earnings Ratio) is a measure of a company's stock price relative to its earnings.

Beta measures volatility (rapid or unexpected change) as compared to the overall stock market.

SESSION 5: ASSESSING RISK

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

Assessing Risk: <http://tinyurl.com/smgessentialminilessons>



Risk & Risk Tolerance

Risk tolerance is a measure of how much **risk** (potential loss) an investor is willing to take within his/her investment portfolio.

Risk tolerance includes the assessment of market risk including:

- Volatility
- Industry & sector news
- Economic & political events
- Regulatory & interest rate changes

After considering these risks, an investor can start to evaluate how much investment risk he/she can tolerate.

Other factors that can influence an investor's risk tolerance include the investor's:

- Age
- Income
- Comfort level
- Short-term investment goals
- Long-term investment goals

An **aggressive investor** has a **higher risk tolerance** and is willing to risk more of his/her money for the possibility of better returns than a **conservative investor**, who has a **lower risk tolerance**.

An investor with **moderate risk tolerance** sits in the middle between an aggressive and conservative investor.

To reduce risk, investors can **diversify** their investment portfolios by spreading investment dollars among different:

- **Securities** (investment types like stocks, mutual funds, bonds, etc.)
- Industries
- Sectors

If one security, industry, or sector falls, another may rise, balancing out an investor's overall portfolio gains/losses.

SESSION 5: ASSESSING RISK: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

Based on factors such as age, salary, financial obligations, and family situation, people's risk tolerances vary greatly. Using what you've learned so far what do you think is the risk tolerance for the individuals below? L=low; M=moderate; H=high

	Risk Tolerance (L, M, H)
1. TJ is 26 years old. Next week he starts a new job with a much higher salary than his previous job. He is single and does not have any loans. He plans on investing a part of his new paycheck.	
2. June is 30 years old and a single mother with two children, ages 10 and 12. She is saving money to help pay for their education. She wants them to go to college. It will be six years before she needs money to help her first child with college.	
3. Erica is 62 years old, in good health, and enjoys her job as a teacher. Her husband also works. Their children are grown and do not depend on them financially. Tina and her husband plan on retiring in three years.	
4. Sam is 35 years old and works as a cook at a diner. His job does not pay much so he struggles to pay his rent and buy groceries. He and his wife have a three-month old baby. His grandmother passed away recently and left a \$5,000 inheritance. Sam wants to invest this money.	
5. Blair just celebrated her 20th birthday. She will graduate from college next semester. Her parents have paid all her college costs and have promised to buy a small house for her when she graduates and starts her first job. Blair works on the weekends and during the summer. She has saved several hundred dollars with the goal of investing the money.	

SESSION 5: ASSESSING RISK: REFLECTION

Name: _____ Date: _____ SMG ID: _____

Review your answers to the activity. Do you have similar risk tolerances? How risky do you believe you should be right now? Why?

Did you consider the person's age and financial goals when determining their risk tolerance? What advice would you offer them to mitigate or lessen their risk?

Check the stock trade you entered as a part of the *Conducting Research: Activity*. Was it executed successfully? How is it performing? Decide whether or not you should buy more. Based on what you know now, is it a risky stock? 📊

GLOSSARY

Risk is the chance of losing all or part of the value of an investment.

Risk Tolerance is a measure of how much risk you are willing to take. It is based on several factors including age, time horizon, lifestyle, and personality.

Time Horizon is the amount of time before invested funds need to be liquidated.

Risk Management is having strategies that help mitigate risks associated with your investments.

SESSION 6: DIVERSIFICATION

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

Diversification & Entering Mutual Fund Trades: <http://tinyurl.com/smgessentialminilessons>



DIVERSIFICATION 101

Have you ever been told: Don't put all of your eggs in one basket? Do you know what people mean when they say that? In the context of investments, it means invest in a variety of companies through a mix of stocks, bonds, and funds. Investors do this to protect themselves from losing a lot of money when the economy is bad.

For example, in a tough financial time, people are less likely to buy new TVs and other electronic devices. The lack of business would lead to a drop in the stock prices of consumer electronics retailers like Best Buy. If you only had Best Buy stock in your portfolio, your entire portfolio would lose money.

However, if you had stock in a company like Walgreens, that sells health and hygiene products as well as dispenses prescription medication, you might not lose as much. This is because people will need to maintain their health, regardless of the economy. Their steady business and stock price would protect your investment portfolio from heavy losses.

SESSION 6: DIVERSIFICATION: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

Grouping stocks into sectors and industries helps investors to compare a stock's performance against other companies producing similar products or providing similar services. Use Yahoo! Finance to find one stock for an industry under each sector listed below. Provide the stock name, ticker symbol, current stock price, and products/services of that company.

Sector	Company Name	Ticker	Price	Product/Service
Basic Materials				
Communications				
Consumer Discretionary				
Consumer Staples				
Energy				
Financials				
Healthcare				
Industrials				
Information Technology				
Real Estate				
Utilities				

SESSION 6: DIVERSIFICATION: REFLECTION

Name: _____ Date: _____ SMG ID: _____

Discuss the companies you chose for your sector table with your team. Were there any similarities? Which companies would you choose to diversify your portfolio? Which sectors are they from? Why did you choose them? Use the table below if you need help organizing.

Sector	Company Name	Ticker	Price	Product/Service

If you are working independently, use the space below to share your thoughts.

GLOSSARY

Diversification is a risk management strategy in which you spread your investment dollars among different securities, sectors, and industries.

Sector is a broad group of stocks often in the same industry.

Industry is a more specific group of companies producing similar products or services.

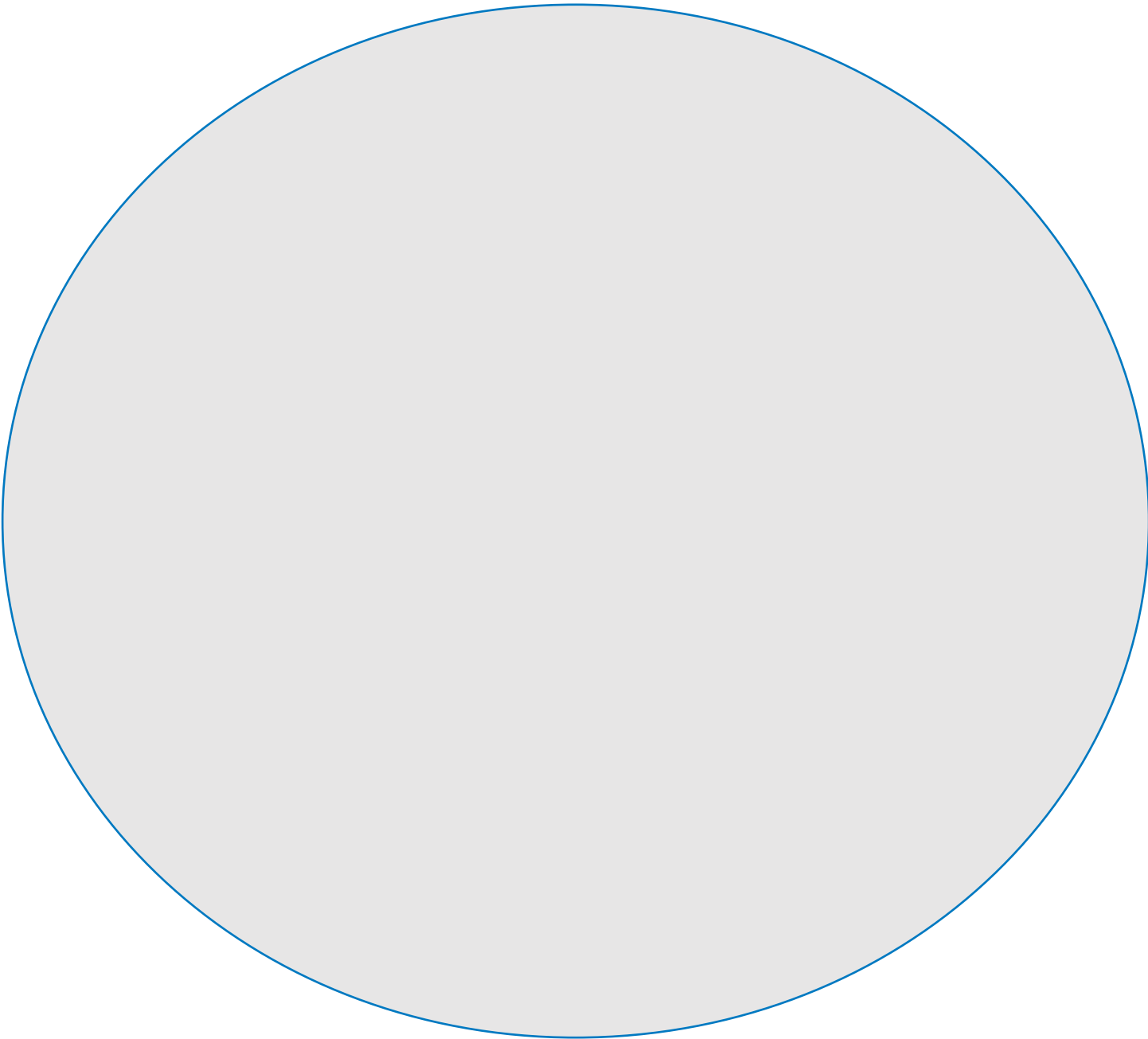
Index reports changes in a specific sector or in the economy.

Beta measures volatility (rapid or unexpected changes).

Market Capitalization (market cap) is the total dollar value of a company's outstanding shares of stock.

Mutual Fund is an investment that pools money from many investors and invests in a diversified portfolio of stocks, bonds, and other securities.

Now it's time to think big. Use the circle below to divide up and draw how you would like your SMG portfolio to be diversified. Label your sections with the sector name and percentage. Your percentages must equal 100%. Example: Healthcare 25%, Financials 10%, etc.



SESSION 6: MUTUAL FUND QUOTE (NAV)

Name: _____ Date: _____ SMG ID: _____

Mutual Funds 101


A mutual fund investor can make money in several ways:

- Funds earn income from interest or dividends on its investments and distribute it to shareholders in an income distribution (the frequency of distribution depends on the fund).
- Funds produce capital gains by selling securities at a profit, and distribute those capital gains to investors, usually at year end.
- Investors sell their shares of the mutual fund at a higher price than they paid for them.

Types of Mutual Funds

There are many types of mutual funds for investors to choose from: balanced funds, stock funds, bond funds, sector funds, money market funds, etc. Most mutual funds are open-end funds. This means the fund will usually sell as many shares as investors want to buy. If you sell shares of your open-end funds, you sell them back to the same mutual fund pool you bought them from. Sometimes, open-end funds will stop selling shares to new investors when they grow too large to be managed effectively.

There are some mutual funds that have been created with specific social goals. For example, companies with environmentally friendly business practices, companies that are considered “family friendly”, and companies promoting diversity and equity.

Hot tip: Most financial news sites provide access to a list of “Top Funds” and news specific to mutual fund investors. You can also visit the Top Holdings section of your portfolio (found within the Account Holdings tab). 

SESSION 6: MUTUAL FUND QUOTE (NAV)

Name: _____ Date: _____ SMG ID: _____

Review the Glossary below and start exploring Yahoo! Finance for mutual funds. Select a mutual fund you are interested in investing in and fill out the activity sheet to dive a little deeper.

GLOSSARY

Mutual Fund is an investment that pools money from many investors and invests in a diversified portfolio of stocks, bonds, and other securities.

Net Assets is the total value of the mutual fund's assets.

Net Asset Value (NAV) represents the value of one share of the mutual fund (similar to a price quote for a stock share).

Year-To-Date (YTD) Return is the percentage increase or decrease in value for one share since the beginning of the calendar year.

Expense Ratio is how much it costs to maintain the fund in proportion to the value of the mutual fund. Costs can include management fees.

Holdings Turnover is the rate a mutual fund replaces its assets annually (yearly).

Morningstar is a financial services firm. Morningstar's research and recommendations are considered highly influential in the asset-management industry. Visit www.morningstar.com.

Fund Name	Ticker	NAV	YTD Return	Expense Ratio	Holdings Turnover

SESSION 6: MUTUAL FUND QUOTE (NAV): ACTIVITY

Name: _____ Date: _____ SMG ID: _____

Briefly describe the fund you are interested in. What companies and industries is it invested in? Is it invested in other assets in addition to stocks?

How has the fund performed over the last five years?

What are the fund's top 3 holdings?

What is Morningstar's opinion of this mutual fund? Visit www.morningstar.com.

Morningstar Rating (# of Stars)	Morningstar Risk Rating

Do you believe this fund is a good investment? Explain. If so, enter the mutual fund trade in your SMG portfolio. 📊 If not, continue to research until you can select a mutual fund investment.

SESSION 7: MARKET ANALYSIS

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

Market Analysis: <http://tinyurl.com/smgessentialminilessons>



Quarterly Earnings & EPS

Quarterly earnings reports are made by public companies 4x a year.

They are company performance report cards for their net income, EPS, net sales, and more.

EPS (Earnings Per Share) is a measure of a company's profit.

In general, you can calculate EPS by dividing net income by outstanding shares.

A higher EPS usually means a company is more profitable.

Why is learning about quarterly earnings reports important?

The announcement of a company's earnings can fluctuate the company's stock price and move the market.

By analyzing the reports, you can begin to understand a company's financial health and determine whether it's a good investment for you.

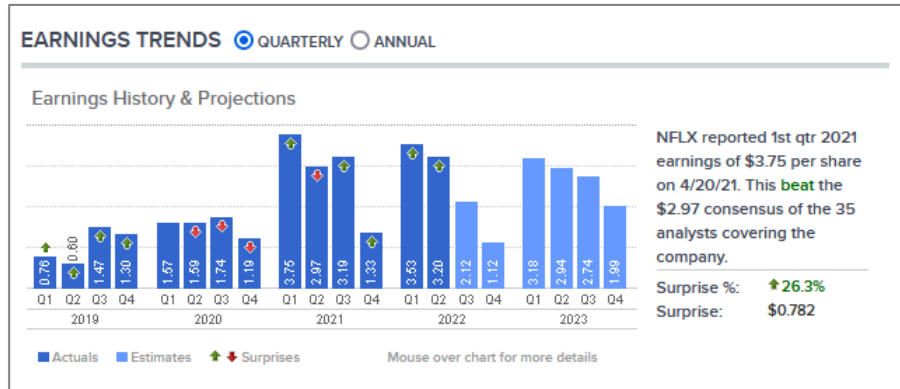
SESSION 7: MARKET ANALYSIS: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

Investors review a company’s current and estimated future earnings to evaluate the company's value. Some financial news and information websites provide earnings information through a “financials” link in their stock quotes.



Mouseover Yahoo! Finance’s Earnings graph to view comparisons between actual and estimated earnings.



Mouseover the bars on the CNBC Earnings Trends bar graph for a written description of a company’s earnings for a specific point in time.

Compare the previous year’s earnings information for two companies you would like to buy for your portfolio.

“Consensus” in an earnings report refers to the combined estimated earnings of analysts covering the company. “Surprise” refers to an instance where a company’s actual earnings is above or below consensus.

Use Yahoo! Finance to complete the following table:

YEAR				
COMPANY NAME				
	Q1	Q2	Q3	Q4
ESTIMATED				
ACTUAL				
CONSENSUS (Beat/Missed)				

YEAR				
COMPANY NAME				
	Q1	Q2	Q3	Q4
ESTIMATED				
ACTUAL				
CONSENSUS (Beat/Missed)				

Which company beat analysts' estimates more often?

Which company's actual earnings were most often higher than their estimated earnings?

What other factors will you include in deciding which company may be a better investment for you?

SESSION 7: MARKET ANALYSIS: REFLECTION

Name: _____ Date: _____ SMG ID: _____

Review the companies you selected as potential investments. Which companies would most likely be influenced by the news? Using the space below, explain how current events may increase or decrease its value. If you are working in a group, discuss with your team.



GLOSSARY

Fundamental Analysis is assessing a company's financial history and earnings, as well as analyzing outside factors (demand, news/current events, etc.) to determine if it is a good investment.

Earnings is the profits that remain after subtracting a company's expenses from its revenue (money collected for product/service).

Quarterly Earnings Report is published once a quarter (4x a year) for investors.

SESSION 8: ASSET ALLOCATION – ABOUT BONDS

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

Asset Allocation: Bonds & Beyond & Entering Bond Trades: <http://tinyurl.com/smgessentialminilessons>



Bonds 101:

A bond is an IOU for a loan you've made to an institution like the government or a corporation. Similar to when you take out a car loan or a mortgage, when the government or a corporation borrows money from you they do so for a certain period of time at a certain rate of interest.

Bonds are not like stocks. When you purchase a bond you do not own part of the company that issued the bond. When you buy a bond you are lending money to the issuer, who can be a corporation, the government or a government agency. In return for the loan the issuer promises to pay you (the bond investor) a specific rate of interest known as the "coupon rate". You are paid the interest on a predetermined schedule (usually quarterly) for the life of the bond. The life of a bond refers to the period of time the issuer has to repay the investor. The issuer also promises to repay the face value when the bond matures (i.e., comes due). The face value is also known as "the principal" or the "par value." Most bonds are issued with a \$1,000 face value.

"Investment grade bonds" are the highest rated by Moody's, Standard & Poor's, and Fitch. (the main investment rating services in the United States). A bond that is rated investment grade is considered to have the least chance of missing interest payments or failing to pay back the principal (face or par) value.

Bonds are also known as fixed-income investments because the investor knows the rate of interest and the interest payment schedule in advance of purchase. Bonds are often included in a diverse investment portfolio. There are a variety of bonds available. Described below are the bonds most familiar to individual investors:

Corporate bonds

Bonds are major sources of corporate borrowing. Debentures, the most common type of corporate bond, are backed by the general credit of the corporation, while asset backed bonds are backed by specific corporate assets, such as property or equipment.

Municipal bonds

Millions of bonds have been issued by state and local governments. General obligation bonds are backed by the full faith and credit of the issuer, and revenue bonds by the income generated by the particular project being financed.

Agency bonds

Some government sponsored but privately owned corporations (like Fannie Mae and Freddie Mac), and certain federal government agencies (like Ginnie Mae and Tennessee Valley Authority) issue bonds to raise funds either to make loan money available or to pay off new projects.

U.S. Treasury bonds

U.S. Treasury Bonds are backed by the full faith and credit of the United States government. When the government spends more than it collects in taxes and other revenues, it issues Treasury notes, bills, and bonds to borrow the money to pay the difference. Treasury Bonds have the longest term or period of time before the loan must be repaid (10 years or more). Treasury Bills have the shortest (less than two years).

SESSION 8: ASSET ALLOCATION: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

Use the table to recommend a bond to each of the following investors (You may recommend more than one type):

Type	Maturity	Risk	Interest
Corporate	1 - 100 years	Low - high	Highest, linked to risk
Municipal	1 - 50 years	Low	Low, but linked to risk
Agency	1 - 20 years	Low - very safe	Medium
Treasury Notes	2, 5, & 10 years	Very safe	Low
Treasury Bills	4, 13, & 26 weeks	Very safe	Low

1. Jeremy plans to retire in the next two years. He would like to supplement his retirement income with a very safe investment. Which types of bonds should he consider?

2. Andrea is a young investor who would like to invest in a bond that would earn her as much money as possible. Which bonds should she consider?

3. Nat wants the benefits of investing but is very afraid of losing money. She is also uncomfortable about not being able to access her money for longer periods of time. Which bonds may be right for her?

4. Think about your current life circumstances. Which bonds would be the best investment for you? Why?

SESSION 8: ASSET ALLOCATION: REFLECTION

Name: _____ Date: _____ SMG ID: _____

Review the benefits of asset allocation. Research and select one bond for each bond type: corporate, municipal, or government. Decide which bond would best help you reach your investment goal.

Once you have decided, buy the bond for your SMG portfolio. 📊

Complete the table below to help organize your thoughts.

Bond Type	Symbol
Description (Issuer Name)	Next Payment Date
Price	Current Yield

Bond Type	Symbol
Description (Issuer Name)	Next Payment Date
Price	Current Yield

Bond Type	Symbol
Description (Issuer Name)	Next Payment Date
Price	Current Yield

Briefly explain how the bond you selected will help you reach your investment goal.

GLOSSARY

Asset Allocation is an investment strategy that balances risk and reward by spreading your investment across asset classes based on your financial goals, risk tolerance, and time horizon.

Asset Class is a group of investments that share similar characteristics, are subject to the same regulations, and often behave the same in the market.

Bond is a loan made by an issuer (borrower) to a lender (investor).

Face Value (Par Value) is the issued (loan) amount.

Coupon (interest payments) is the amount the issuer pays on par value.

Coupon Rate (interest rate) determines the amount of the coupon payment.

Maturity Date is the day the bond issuer must pay the bond's face/par value back to the lender.

SESSION 9: PORTFOLIO EVALUATION:

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

Portfolio Evaluation: <http://tinyurl.com/smgessentialminilessons>



Hot Tip: Most companies have their annual reports easily accessible on their investor relations sites. To quickly find a company’s investor relations website conduct an internet search for the terms “[Name of company] investor relations.”

SESSION 9: PORTFOLIO EVALUATION: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

Review the latest annual reports for two companies in your SMG portfolio. Record their net income and revenue information. Also consider the companies' annual report highlights, future goals, current stock price, 52-Week high and low, ESG initiatives, and other information.

After reviewing the information, decide if you will buy more shares of the companies, sell your shares, or just hold on to them. Be sure to include the other company information you considered when you write the rationale for your decision.

NAME	NET INCOME	REVENUE	BUY/SELL/HOLD	RATIONALE

SESSION 9: PORTFOLIO EVALUATION: REFLECTION

Name: _____ Date: _____ SMG ID: _____

Based on what was recommended in the video, are there changes you might make to your current holdings? Which companies would you or your team buy, sell, or hold? Would you add new companies?

What were the details that impacted your decision? Complete the table below to help organize your thoughts.

Company Name	Symbol	Buy/Sell/Hold	Rationale

GLOSSARY

Annual Report provides information on what a company does, its financial performance, as well as its plan for the future.

Revenue is the money collected for a product or service.

Net Income is the total earnings (profit) after all expenses and taxes are paid.

SESSION 10: WRAP UP & REFLECTION

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

End of Session Reflection: <http://tinyurl.com/smgessentialminilessons>



Reflection

Reflecting on your Stock Market Game (SMG) strategies and investment decisions is an essential part of the learning process. Reflection helps students:

- Prepare for the real world
- Become independent thinkers
- Become problem solvers

The SIFMA Foundation offers many different ways to culminate your SMG session with reflection, including:

- Activities, online classes & webinars
- InvestWrite essay competition
- Invest It Forward financial professional volunteer guest speakers, virtual panels, and career fair opportunities

Reflection Strategies:

- Recall what you already know and understand.
- Find your own real-life examples to connect meaning with the SMG lessons and activities.
- Continue to read and watch rich financial literacy content.

SESSION 10: WRAP UP & REFLECTION: ACTIVITY

Name: _____ Date: _____ SMG ID: _____


Review your portfolio's performance. Use the table to organize your portfolio's information.

	Current Value (\$)	Above/Below Start Value
Total Equity		
S&P 500		
Total Realized Gains		
Dividend Payments		
Net Equity Gain		

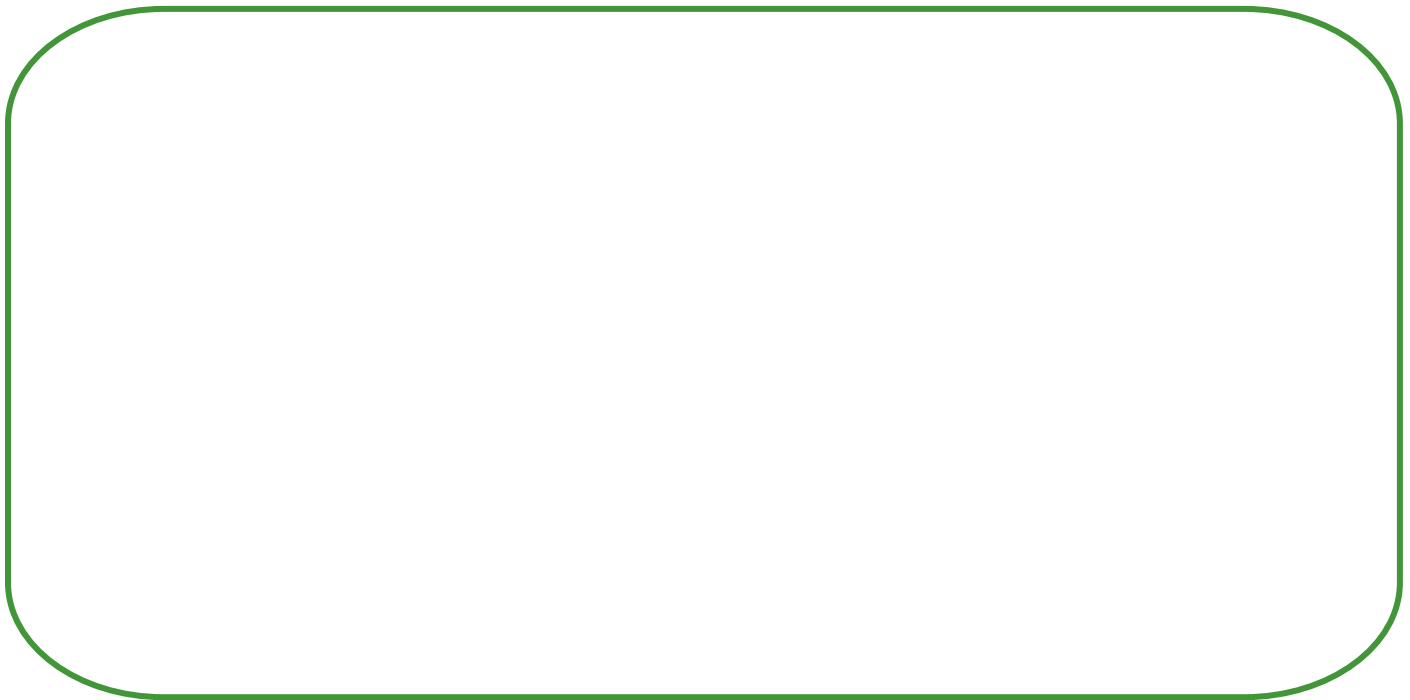
Review the Gains/Losses section of your Account Holdings. Which company performed as well or better than you expected? Which company performed below your expectations? Why do you think this was?

	COMPANY NAME	TICKER	% GAIN/LOSS	RATIONALE
BEST PERFORMING				
WORST PERFORMING				

What steps would you take to increase your portfolio's overall performance? Explain.



Would your SMG portfolio help you reach the real world short- and long-term goals you wrote down in the first activity? Explain.



SESSION 10: WRAP UP & REFLECTION

Name: _____ Date: _____ SMG ID: _____

Create a presentation describing what you feel are the three most important lessons you have learned from playing The Stock Market Game. Use the questions below as a guide for your presentation.

Please Note: You do not have to answer each question. Feel free to discuss your SMG experience in a way that is honest. Be sure to give each team member a chance to share their thoughts and say a few words about their experience.

What do you feel was the most important thing you learned from participating in the Stock Market Game?

How will you apply what you have learned from The Stock Market Game to achieve your short-term and/or long-term financial goals?

Share one new fact you learned about stocks, bonds, and mutual funds from The Stock Market Game.

What advice would you give a student participating in The Stock Market Game for the first time?

SESSION 10: WRAP UP & REFLECTION: ADDITIONAL ASSESSMENTS

Write

- on the rationale behind all transactions
- an essay explaining an investment strategy that did or didn't work
- about what a student would have done differently
- a position paper on a decision a company made that affected their stock price
- on a topic like the 1929 stock market crash
- on the [InvestWrite](#) competition topic

Track

- the movement of a stock price over the trading session using a graph
- your portfolio's performance using a graph

Analyze

- a personal investment plan based on personal goals
- various stocks by comparing strategies of stock selection
- the differences between speculation and investment
- the influence of current events on stock prices and trading decisions
- a current event and the economic environment that could affect investment decisions
- articles on stocks bought and sold
- ads for publicly traded companies that produce products that students buy
- and select a variety of stocks from different industries to form your own mutual fund
- and select stocks from your own state or stocks of regional interest

Report

- on a specific company in a written report or PowerPoint presentation that includes information on:
 - a product or service
 - financial data
 - current events related to changes in stock price
 - major competitors and recent challenges
- on an interview with a stockbroker, business owner, investor, or [Invest It Forward](#) volunteer
- on a book on financial investments by writing a book report
- with a collage of important daily news stories found in the financial sections of newspapers or websites
- on business or financial-related videos by keeping a log of key stock market newsmakers.

Create

- a portfolio for a client in the same way that a broker or financial planner would
- a mural or bulletin board on investing
- a crossword puzzle or bingo board using investing terms
- a skit about stock markets ○ role-play a stock trade with a broker or a broker trying to convince a potential buyer that a particular stock would be profitable
- a video or podcast on investment news and analysis
- a cartoon, comic book, or board game related to stock markets

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Congratulations! You're one step closer to achieving your financial goals! But the journey has only just begun. Equipped with your newfound investment knowledge, you now have the tools to make smarter financial decisions and impact not only your life, but that of your family, your community and ultimately the world.

Thank you for participating in the Stock Market Game. You are our biggest and best investment and the motivation for what we do at the SIFMA Foundation. Take a look for yourself in this [video](#).

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**We asked educators, financial
firm partners, and our team
why financial literacy
matters to them.**

Hear their why...