

## Understanding SMG

### ▶ [Teachers Guide](#)

An excellent introduction for new teachers with helpful classroom management and program implementation tips.

### ▶ [Understanding Portfolios](#)

An online slideshow available in either HTML or PowerPoint format providing an informative tour of the student portfolio.

### ▶ [Rules of the Game](#)

The national rules of participation. Please check with your local SMG coordinator for additional local rules.

### ▶ [Promotional Materials](#)

An online catalogue of Stock Market Game logo shirts, mugs, pens, and other items.

### ▶ [Related Links](#)

A list of helpful securities research and business information Web sites for participating teachers and students.



# Understanding SMG

If you are a first-time SMG Advisor, you are especially encouraged to visit the **Understanding SMG** section of the Teacher Support Center. **Understanding SMG** provides you with

- suggested ways of implementing the SMG program in your classroom (the Teachers Guide),
- a technical guide for navigating your students' team portfolios (Understanding Portfolios),
- trading rules and restrictions in The Stock Market Game (Rules of the Game),
- an online catalog of SMG branded items you may purchase to use as in-class prizes (Promotional Materials)
- and links to additional resources (Related Links)

This chapter of the SMG Advisor's Companion only presents a portion of the materials available in the **Understanding SMG** section of the Teacher Support Center. For full descriptions and additional materials, logon to the Teacher Support Center.

## TEACHERS GUIDE

### Involving Your Parents

The application of core academic disciplines to current events and the life skill of saving and investing create rich opportunities to engage parents in their children's learning. You should feel free to copy the *About The Stock Market Game Program* flyer at the beginning of this book and other pages you feel are appropriate for distribution to your students' parents.

### Teams

Often in SMG lessons, students are asked to complete activities in their SMG teams. It is recommended that students participate in the SMG program in teams of three to five members each because of the opportunities it creates for students to practice life skills like cooperative decision-making, conflict resolution, and time management. Grouping students into teams also allows for a more manageable classroom, especially in situations where access to computers with Internet connections is limited.

For a complete description of forming teams, login to the Teacher Support Center and follow this path:

UNDERSTANDING SMG>TEACHERS  
GUIDE>CLICK HERE TO VIEW THE TEACHER  
GUIDE>ORGANIZING YOUR CLASS

It is up to you to decide whether your students participate individually or in teams. If you chose to place your students into teams, share TEAM BUILDING SKILLS on the next page at their first meeting. The activity will help your newly formed teams work more effectively and more efficiently.

Assigning roles to team members also insures each team member participates in the learning process, is accountable for group assignments, and supports group decision-making. The following are suggested team roles. Any combination of roles is possible, including rotating them and teaming students to take on several roles as a group, i.e., research could be done by all team members.

**Captain/Director** - Coordinates the efforts of entire team including team activities, maintaining their password and checking their Rankings report.

**Basic Economic Research Coordinator** - Coordinates team research fundamental economic data regarding the overall economy and relevant current events which could affect companies whose stock the team owns or is thinking of buying. He/She uses their team portfolio's Outside Links, additional internet sites, newspapers, etc., to report on current market activity, economic indicators, news about the industry, etc.

**Technical Economic Research Coordinator** - Coordinates team research of market data for companies whose stock is owned by the team or is being considered for purchase or sell. He/She uses their team portfolio's Investor Research feature and other research web sites to report on the current market condition. He/She also finds stock ticker symbols and checks stock data (highs, lows, and closing prices).

**Record Keeper** - Keeps a record of all transactions made by their team and uses this information to verify portfolio data. He/She reviews their team portfolio's Transaction History, Account Summary, Account Holdings, and Gains & Losses reports for accuracy.

**Transaction Reporter** - Enters transactions into their team portfolio and checks their portfolio's Pending Transactions and Transaction Notes reports for error messages.

**Charter** - Charts on graph paper (or in Excel) the daily (or weekly) ups and downs of each stock the team owns.



## TEAM BUILDING SKILLS LEARNING COOPERATIVELY

Your success in The Stock Market Game™ depends in part on your successful participation in a **cooperative team**. You will be making decisions as a team as you build your team portfolio. To be successful, you apply these important ideas used in face-to-face cooperative learning:

**B**e responsible for your own learning.

**S**hare your knowledge freely.

**L**earn what you can from others.

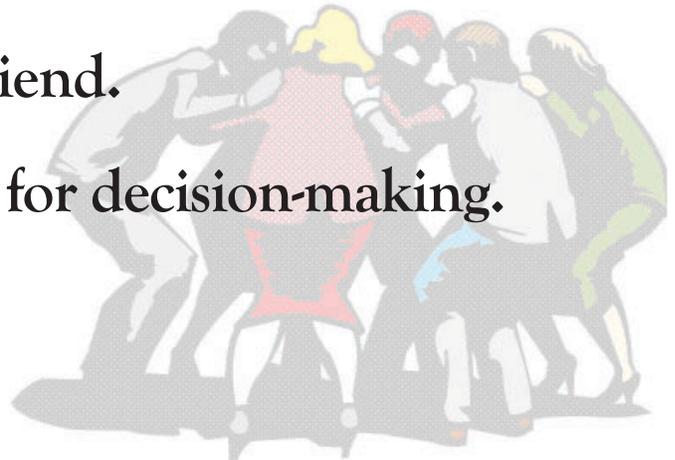
**F**oster interdependence by asking for  
and giving help.

**E**xpress your ideas openly.

**L**isten carefully to feedback.

**B**e a good critical friend.

**S**hare responsibility for decision-making.

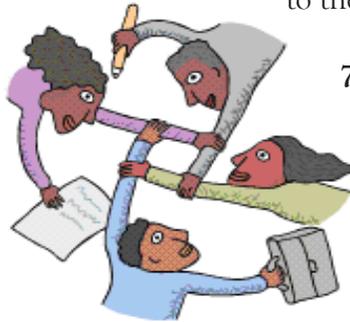


# CONSENSUS BUILDING

You will be using consensus building when you decide as a team how to build your portfolio. Will you buy and sell every time you meet? Will you set a limit on the number of stocks you will hold? Will you invest your \$100,000 all in the first few meetings? How will you select stocks? How will you decide when it is time to sell?

Consensus building is a continuous process and your team will be involved in these steps at various stages and times in your decision-making.

- 1. Listen.** Be sure that each team member has a full understanding of what other team members are saying.
- 2. Contribute.** Share all relevant information even if it conflicts with personal interests.
- 3. Inclusion.** Ensure that everyone is included in the decision-making process.
- 4. Evaluate.** Determine what points team mem-



bers agree on and what points they disagree on. Spend time evaluating the differences.

**5. Time.** Don't waste time discussing those points that team members already agree on.

**6. View.** Conflict about ideas, solutions, rationales, and predictions should be viewed as helping, rather than hindering consensus. These conflicts help ensure that all sides of an issue are explored to the satisfaction of all team members.

**7. Look.** Observation of both verbal and non-verbal signs from team members will help determine when consensus has occurred. In many cases a formal vote on an issue is not necessary.

**8. Compromise.** When used in consensus building, it doesn't mean that a team member will give up a position in exchange for support on another point. It does mean that the opinions of all team members are equally important, that each member will discuss an issue with an open mind, and is willing to fully support a decision made by the team.

## Try this consensus building exercise:

### Choosing a Team Name

**Brainstorm** - Have everyone list several ideas with reasoning but no evaluative comments. Get into the habit of requiring everyone on your team to participate. Let your style show with the names you suggest!

**Evaluate** - Have each person choose their first two choices for names and see if you have overlap. Reduce the list to four names or less.

**Discuss** - Don't vote! Ask each person to give a pro and con for each of the top four names. Based on this analysis, choose your top two names. Do pros and cons on the top two names with each person making a proposal for the top name and others chime in with support.

**Decide** - If necessary, take a vote at this point to select the team name. Voting is only used when a team can't make it to consensus.

## Computer Access

Limited access to computers does not make the SMG program less effective. The fewer computers available, the more explicit team management must be. For example, if access is limited, teams will need to manage their computer time, so they can look at their portfolios, enter transactions, and/or research current events or potential investments, while allowing enough time for other teams in their class to do the same. Older students with access to computers at home or in after school programs, might be asked to conduct research outside the classroom and come prepared to conduct transactions on the following school day. In some cases it may be necessary to assign one student to enter team transactions and print out team reports.

## Time

The SMG program is designed to allow for maximum flexibility. SMG trading sessions are available throughout the academic year. Experienced SMG teachers tell us it takes only a few lessons to get students ready to conduct transactions. The [In The Classroom](#) section of the on-line **Teacher Support Center** provides a set of recommended core lessons for before, during, and after the teams invest. Core lessons provide basic information and concepts necessary for effective investing. They are designed to take one class period. Teachers are encouraged to use all or part of the lessons.

For a complete description of SMG Time Management, login to the Teacher Support Center and follow this path:

UNDERSTANDING SMG>TEACHERS  
GUIDE>CLICK HERE TO VIEW THE TEACHER  
GUIDE>HOW MUCH TIME WILL THIS TAKE?

## Reading Stock Data

SMG provides the tools and materials needed to better understand long term investing and the stock market. The SMG core lesson, *Identifying Ticker Symbols and Interpreting Stock Quotes*, available in the [In the Classroom](#) section of the **Teacher Support Center** and additional activities show you and your students how to read and understand stock quotes. The *How to Read a Stock Table* handout is included in this guide.

For a complete description of reading stock data in SMG, login to the Teacher Support Center and follow this path:

UNDERSTANDING SMG>TEACHERS  
GUIDE>CLICK HERE TO VIEW THE TEACHER  
GUIDE>READING STOCK DATA

In addition to the lessons and handouts on the **Teacher Support Center**, you may print out parts of the **Teacher Support Center's** [Investor Background](#) section to use with your students. You may also wish to visit **Path to Investing** (<http://www.pathtoinvesting.org>), an acclaimed educational Web site offering unbiased and practical investment information.

## Doing Research

Research is a key element in building and managing a successful investment portfolio. Students in the SMG program are expected to do their research before entering their first SMG trade. Their team portfolios have an [Investor Research](#) section where they can access news articles, price charts, and quote summaries for companies they are considering trading. Researching information online or in the newspaper is integrated

For a complete description of conducting research in SMG, login to the Teacher Support Center and follow this path:

UNDERSTANDING SMG>TEACHERS  
GUIDE>CLICK HERE TO VIEW THE TEACHER  
GUIDE>WHERE DO I BEGIN MY RESEARCH?

into many of the lessons you may access in the **Teacher Support Center**. For example, while teaching the lessons from the first core lessons unit (*Before You Invest*) students will identify and learn to utilize the background information needed to make sound investment choices. They will research how companies are organized, why companies go public, and how to locate them on the three exchanges (the New York Stock Exchange, the NASDAQ, and the American Stock Exchange).

Some teachers prefer to have their students begin their research by looking into different industries. The *Teachers Guide* in the ***Understanding SMG*** section of the **Teacher Support Center** provides you with a handout for beginning and organizing student research: *Sector/Industry Research*. It is available in the [Where Do I Begin My Research](#) section of the Teachers Guide.

## How to Read a Stock Table

Sample Stock Table

1	2		3	4	5	6	7	8	9
YTD % CHG	52-Week HI   LO		Stock (SYM)	DIV	Yld %	PE	VOL 100s	CLOSE	NET CHG
11	59.85	45	Invest Mints s (YUMI)	1.1	2.0	37	15863	55.50	-0.88

**Column 1:** This column shows the percentage change in the stock's price so far this calendar year. Percentage change = (today's closing price - price at end of last year) / price at end of last year

**Column 2:** These two data sets show the highest and lowest price of the stock during the last 52 weeks.

**Column 3:** This column presents the name of the company. This is not to be confused with a company's **stock symbol**. A stock symbol is a grouping of one to four letters used in place of a company's full or abbreviated name. This column may also contain various footnotes which the newspaper will explain. Here are some examples of what these footnotes may be:

- The letter "s": signifies a **stock split**
- The letters "pf": mean the stock is a **preferred stock** (\*Note: The Stock Market Game only trades common stocks.)

**Column 4:** This column shows the latest dividend, portion of the company's profits the company has paid to stockholders. Dividends are usually expressed at an annual rate, even if they are paid more than once a year.

**Column 5:** The number in this column is the **yield** of the stock. The yield is the latest annual dividend divided by the stock's latest closing price.

$$\text{Yield} = \text{latest annual dividend} / \text{stock's closing price}$$

**Column 6:** The PE of this column stands for **price/earnings ratio**, which is a company's closing price divided by its annual earnings per share (usually after deducting taxes). If a company loses money during the year, it will have no earnings to put in the denominator of the PE ratio. In that case, the newspaper will probably put two small "ds" in this column to indicate that the company lost money during the year.

$$\text{P/E ratio} = \text{closing price of stock} / \text{earnings per share}$$

**Column 7:** This column is the stock's **volume** (or **sales**) for the day, which is the total number of shares traded.

**Column 8:** This column presents the **closing price** (or **last price**) of the stock on this particular day, which means it was the last price at which the stock traded on that day.

**Column 9:** This column shows the net change in the stock's price from the previous day's closing price, which is calculated by subtracting the closing price of the previous trading day from today's closing price.





## Sector/Industry Research Worksheet

Name \_\_\_\_\_

By grouping stocks into sectors and industries, it is easier for investors to evaluate stocks within the same industry and assess the economic strength or weakness of that industry. Go to a stock research web site and find one stock in an industry under each sector listed below. Provide the stock name, ticker symbol, current stock price, and products/services of that company.

<u>SECTOR</u>	<u>COMPANY NAME</u>	<u>TICKER</u>	<u>PRICE</u>	<u>PRODUCTS/SERVICES</u>
<b>Basic Materials</b>				
<b>Consumer, Cyclical</b>				
<b>Consumer, Noncyclical</b>				
<b>Energy</b>				
<b>Financial</b>				
<b>Healthcare</b>				
<b>Industrial</b>				
<b>Technology</b>				
<b>Telecommunications</b>				
<b>Utilities</b>				



## Evidencing Learning

The SMG program has developed 12 core lessons for you to use to introduce your students to the stock market and investing. Each lesson has an application and assessment component. These lessons can be found in the *In The Classroom* section of the **Teacher Support Center**.

It is recommended that students maintain journals where they record meeting minutes, trades, track data, and build company profiles. The journals encourage students to reflect on their team's investment strategies, articles they have read, and any writing they may be assigned. The journals are useful instruments in measuring student progress.

In addition to the core lessons and journals, the SMG program provides you with projects which evaluate a student's application of multiple concepts. The *InvestWrite* national writing competition is a project which provides students with an opportunity to apply what they have learned through the SMG program to resolving hypothetical economic/ investment scenarios. You are encouraged to have all your students participate in *InvestWrite*.

Below are some suggestions from experienced SMG teachers for assembling a Team Folder to demonstrate student progress:

- Create a brief company profile for each stock your team owns during the game. Include a summary of the company's products, where it operates, strengths and weaknesses - especially in comparison to competitors - and copies of the most recent annual income statement and balance sheet (obtained from the company's annual report or other source).
- Collect basic data about stocks in portfolio including: 52 week high and low; PE ratio; volume of trading; Beta; etc.
- Clippings about stock or mutual funds in the portfolio - These can be newspaper clippings, Internet news articles, magazine ads or articles, etc.
- Current price of each stock or mutual fund the team owns at the close of the market each day or week. Put information in an Excel spreadsheet and create charts for each stock or mutual fund.
- Detailed record of any buy or sell transactions including: stock or fund name and ticker symbol, date of transaction, number of shares, price per share, total costs, broker's fees, and current equity. (Justify calculations in portfolio.)
- Create your own math problems using information in the portfolio.
- Compare data by charting your team holdings with the S&P or Dow Jones averages.
- Create a glossary of terms learned throughout the SMG program.
- Use SMG program activities as writing prompts journals. Using persuasive writing skills, students can cite their research and "persuade" team to buy or sell certain stocks or mutual funds.
- Using reflective writing skills, students can reflect on why a stock or fund did or didn't do well, why they disagree with a team's decision, why and how the economy is affecting their stock or particular industry, etc.
- Describe a current event and the economic environment that could affect investment decisions.
- Write an essay explaining an investment strategy and why it was successful or was not successful.

Traditional assessments including pre and post test are also available. Rubrics for writing and projects are provided so students and teachers can judge work against a set of clear expectations.

For a complete description of SMG assessments, login to the Teacher Support Center and follow this path:

UNDERSTANDING SMG>TEACHERS  
GUIDE>CLICK HERE TO VIEW THE TEACHER  
GUIDE>EVIDENCING LEARNING

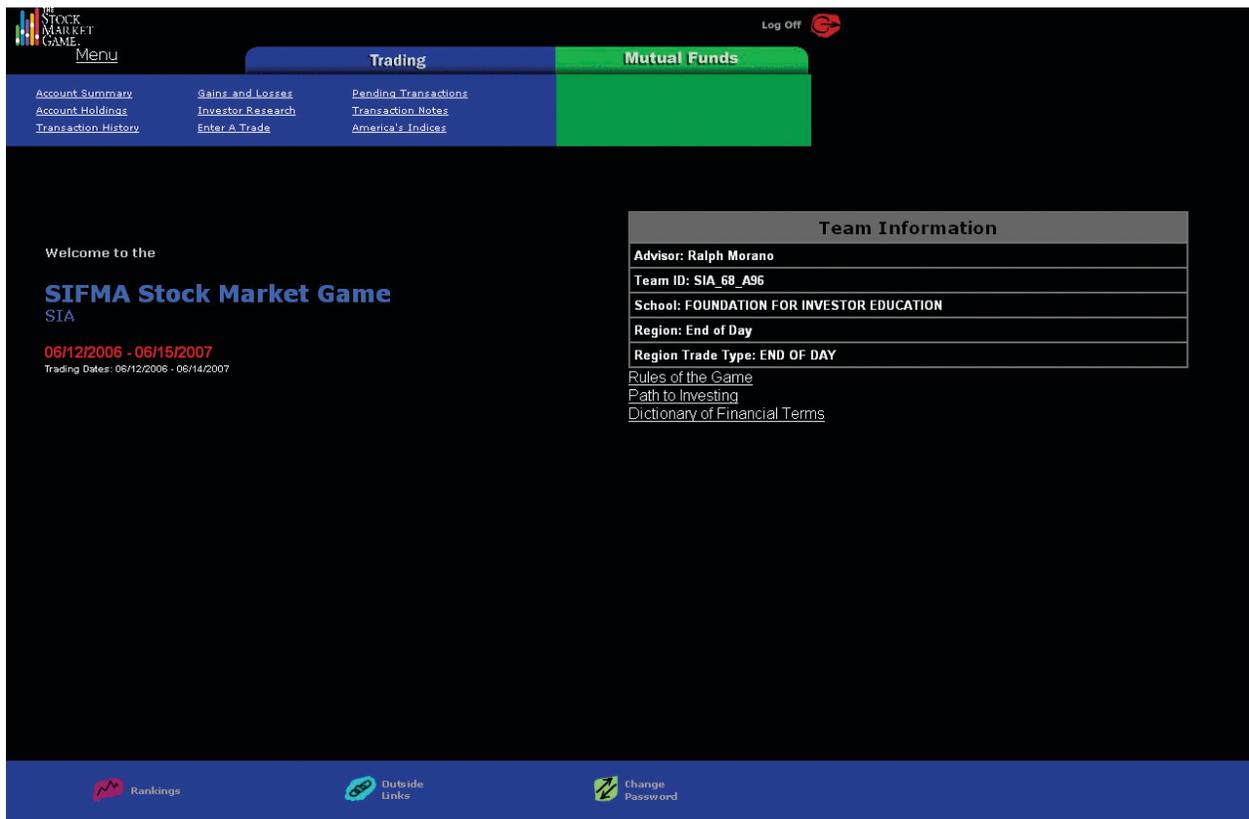
## Tips for SMG Teachers

Teachers often share tips that have successfully supported the SMG experience for their students. The following are tips from teachers who have successfully used the SMG program in their classrooms:

- Investment Magazines - Have students use them for research and to learn about investing. Contact local brokers or bankers to get their past issues of investment magazines and newspapers. (E.g., *Money*, *Forbes*, *Fortune*, *Value Line*, *Barrons*, *Wall Street Journal*, etc.)
- Local Brokers - Contact local brokers or bankers to make presentations to your students or to help students in the classroom. (They may also be willing to help with fees!) If the broker or banker cannot come to the classroom, arrange for them to answer prepared questions from students at a set time by speakerphone (if you have access to one in the class or school building).
- Teams of Mutual Fund Managers - Make each team a Mutual Fund Manager. Have each team develop their portfolio by selecting a variety of stocks from different industries to form their own mutual fund. This is an excellent way to teach students about mutual funds and about diversification within a portfolio.
- PowerPoint Presentation - As a culminating activity, have each team develop a PowerPoint presentation to present their portfolio to an audience of parents, investment professionals, other classes, etc. Evaluate teams on their research, technology, and presentation skills. (See Team Folders for suggested material for presentation.)
- “Take Stock in Your Own State” - Have students only select stocks from their own state - or “stocks of regional interest” - for their portfolio. You can find these stocks (and ticker symbols) in a local newspaper or through a broker. This is an excellent way to teach students about their state’s geography, businesses, economics and investments. Have students present their portfolios to CEOs or business leaders in the state. (See PowerPoint presentations.)
- Opening Bell - Begin and end each period with the ringing of a bell (just like the real stock market), to indicate the beginning and ending of trading time for students.
- Web sites for Research - Provide each team with a web site that offers stock data research (many search engines do). Have each team find out all the information they can from the web site, then make a presentation to other class members. This can give students an idea of all the research material available and how/where to find it.
- Client Portfolio - Have each team develop a portfolio for a “client,” in the same way that a broker would. Make up fictitious client profiles - based on different investing styles. This is an excellent way to teach students about diversification and the role of brokers and financial planners.
- Stock Market Skit - Have students write their own skit to role play a stock trade with a broker, or a broker trying to convince a potential buyer that a particular stock would be profitable.
- SMG Bingo! - Create a bingo game with stock terms. Read definitions of the terms for students to create a “Bingo!”
- Bulletin Board - Keep a classroom bulletin board with headlines and articles of economic, industry, or stock market news that can affect student team portfolios (either positively or negatively).
- SMG Scavenger Hunt - Create a scavenger hunt to help familiarize students with stock market terminology, stock data in the newspaper, and local, state, and worldwide events that affect the stock market.
- Stock Newscast - If your school has a daily or weekly news cast, have students make weekly stock reports with the Dow Jones data, market news, top ranked teams, etc.

For a complete description of SMG teacher tips, login to the Teacher Support Center and follow this path:

**UNDERSTANDING SMG>TEACHERS  
GUIDE>CLICK HERE TO VIEW THE TEACHER  
GUIDE>TIPS FROM SMG TEACHERS**



## Understanding Portfolios

### Welcome Screen (Main Menu)

There are two tabs on the Welcome screen of the team portfolio. The blue **Trading** tab provides an SMG team with links for researching potential investments, making trades, recording portfolio transactions, and managing their portfolio. The green **Mutual Funds** tab provides an SMG Team with an introduction to mutual funds and how they are traded in the SMG program.

The **Trading** links available are:

- Account Summary
- Account Holding
- Transaction History
- Gains and Losses
- Investor Research
- Enter a Trade
- Pending Transactions
- Transaction Notes
- American Indices
- News Update (except on Welcome Screen)

Assistance with portfolio research, creation, and management functions in the Trading links is provided by clicking the yellow question mark at the end of the **Trading** tab. Each link of the team portfolio has its own help section.

The Welcome page does not have a help section. However, there are resource links to SMG trading rules, an investment terms dictionary, and *Path to Investing* (an investor education site) under the Team Information table.

In addition to the management and learning tools available on the blue and green tabs, an SMG team may access the following functions via the icons located at the bottom of the Welcome screen:

- [Rankings](#) - This link takes the team to the SMG rankings, which show how the team is performing compared to the other teams. Rankings are determined by either the total equity in the portfolios or the percentage growth of the portfolio equity compared to the S&P index.
- [Outside Links](#) - This takes the team to an annotated list of Web sites which may inform their investment decisions . The list includes links to U.S. stock exchanges, industry news and information sites, and federal information sites.
- [Change Password](#) - The team password assigned to will be a random sequence of capital letters and numbers. Teams may want to choose a new password that will be easier to remember.

Teams may return to the Welcome page from anywhere in their online portfolios by clicking the [Menu](#) link on the upper left-hand side of the screen.

It is important that teams logoff after they have finished working in their portfolio - *especially if the class shares computers!* The logoff icon is available on the upper right-hand side of each of the portfolio pages. Click [Logoff](#) to exit the team portfolio.

Teams are encouraged to logoff via the [Logoff](#) icon to help keep their portfolios secure. As an additional security measure, the SMG has a built in logoff function. If a team has not sent from or received information to their portfolio for more than 15 minutes, they will automatically be logged out of their portfolio. They will have to re-enter their username and password to log back in.

### [Change Password](#)

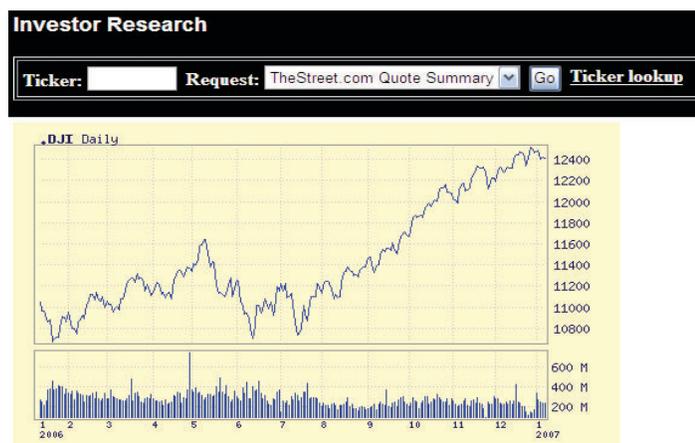
Teams may not change the IDs they were assigned. However, they may change their passwords. SMG IDs and passwords are case sensitive and must be typed as they were initially assigned or entered (if the team changed their password). Teams may change their passwords at any time. Their new passwords are active immediately. If a team has forgotten their password, the teacher may contact his/her SMG Coordinator for an updated set of IDs and passwords.

### [Investor Research](#)

A team can research stocks and companies through the [Investor Research](#) section. A wealth of information - from the current trading price of a stock to corporate news that may impact its price - can be accessed through this section.

The team should click “Ticker Lookup” to find the ticker symbol for the company or fund they wish to invest in. They may select from several sources for ticker symbols including:

- NASDAQ
- the New York Stock Exchange



- Reuters
- TheStreet.com

The team should click the arrow at the end of the “Request” box to access the information types available for a particular company. The team may view:

- Quote summaries from TheStreet.com
- Quote summaries from Reuters
- Daily and Weekly price charts from Reuters
- Corporate News from Reuters

### American Indices

The American Indices section lists a number of indices, such as the Dow Jones Industrial Average (DJIA) and S&P 500, that people use to watch the market. Some of the indices contain companies from a variety of industries. These indices are used to indicate general market trends. Other indices are made up of companies from a particular industry ( e.g., insurance, technology, etc.). These indices are used to indicate general trends in that industry.

### Enter a Trade

The Enter a Trade link is where a team enters buy, sell, short sell, and short cover transactions.



The team begins by selecting the type of transaction they wish to make: buy, sell, short sell, or short cover. NOTE: To remove a stock that has been short sold from your Account Holdings, it must be Short Covered.

Next, they enter the ticker symbol of the stock they are trading in the box next to Ticker Symbol/Validate Ticker. If they do not know the ticker symbol, they can click on the words “Ticker Symbol” and the Ticker Symbol Lookup window will appear.

Once they have entered the ticker symbol for the stock or fund they wish to trade, it is recommended that they click on “Validate Ticker” to verify that it is the ticker for the company they wish to trade. When they click “Validate Ticker” the Ticker Validation window will appear, listing the name of the company and the current trading price.

The team now enters the number of shares they wish to trade in the box marked: “Number of Shares.”

Select the Order Type. If the team wishes the trade to go through regardless of the market price, select “Market.” If they wish to set a price limit, they select “Limit.” They must enter a limit price in the Limit Price box, if they have selected a Limit Order. Limit Orders do not carry over from day to day. If the Limit Price is not met, the trade will be discarded.

Click on the PREVIEW TRADE box. If the trade is correct, the team enters their password and clicks on the CONFIRM TRADE button. If the trade is incorrect or the team wishes to change their trade, they click on the EDIT TRADE button and repeat the process of entering a trade.

## Pending Transactions

Pending Transactions is a list of all the trades that have been entered but have not yet been executed. A trade will appear in Pending Transactions after it has been entered and will remain there until it goes through and appears in Account Holdings the next business day.

Pending Transactions lists the type of trade the team has entered, the number of shares, the ticker symbol, the limit price (if any), and the date and time the trade was entered.

FOR END OF DAY TEAMS ONLY: Trades listed in Pending Transactions can be canceled before the close of market (4 p.m. EST). To cancel a trade, click on the Cancel Order link.

FOR REAL TIME TEAMS ONLY: Trades appear in Pending Transactions briefly before appearing in Transaction Notes. Trades cannot be canceled. Trades are priced at the exact time it was entered, but will not appear in Account Summary, Account Holdings, Transaction History, and Gains and Losses until the next business day.

## Account Summary

The Account Summary provides a financial summary of the team portfolio. Important information such as total equity and buying power are listed here.

Account Summary displays current portfolio information. To view Account Summary information for a different day, enter the date (MM/DD/YYYY) and click on the “Update Table” button. Account Summary information for the date entered will be displayed with current information.

Particularly helpful information on the Account Summary page includes:

**Cash Balance** - the amount of money left over from the initial \$100,000. This is the amount of money you have to spend on buying stock and short sales if you do not want to go out on margin (i.e., borrow money). A negative amount in the Cash Balance indicates that the team has already bought on margin.

**Total Equity** - the value of the team’s cash and stocks on the long position.

**Buying Power** - the total amount of money available for purchases and short sales when fully extended on margin.

**Percent Return** - the percent the team has gained or lost since the beginning of the SMG session. If the number is positive, the team has gained; if it is negative, money has been lost.

For more definitions of terms and equations, click the yellow question mark at the end of the blue Trading tab.

## Account Holdings

The Account Holdings provides a list of stocks currently held in the portfolio, including current price and unrealized gains and losses. Please note: If a stock is held in a short position, the shares will have

Account Holdings for Team ID:SIA\_68\_A96 Date: 01/13/2007 Cash Balance: (\$50,484.09)

TICKER	Position	Shares	Last Trade Date	Net Cost/Share	Net Cost	Current Price	Current Value	Unrealized Gains/Losses	% Unrealized Gains/Losses	Option
SHRP	Short	-200.00	2007-01-11	\$9.3097	\$-1,861.94	\$9.5000	-\$1,906.00	-\$44.06	-2.36%	Trade
VMT	Short	-200.00	2007-01-11	\$46.6465	\$-9,329.30	\$47.9800	-\$9,596.00	-\$266.70	-2.85%	Trade
KO	Long	200.00	2007-01-11	\$45.7148	\$9,142.96	\$46.5500	\$9,310.00	\$167.04	1.83%	Trade
GE	Long	300.00	2007-01-11	\$36.6764	\$11,002.92	\$37.8900	\$11,367.00	\$364.08	3.30%	Trade
GOOG	Long	200.00	2007-01-11	\$509.7144	\$101,942.88	\$506.0000	\$101,200.00	-\$742.88	-0.73%	Trade
HAS	Long	600.00	2007-01-11	\$28.4274	\$17,065.64	\$27.9000	\$16,740.00	-\$325.64	-1.85%	Trade
LF	Long	300.00	2007-01-11	\$9.7104	\$2,913.12	\$10.0200	\$3,006.00	\$92.88	3.19%	Trade
MCD	Long	300.00	2006-12-01	\$42.9216	\$12,876.48	\$44.2200	\$13,266.00	\$389.52	3.02%	Trade
TOTAL								-\$1,504.42	-0.914%	

Current values are calculated using the previous trading day's closing prices.

a negative sign (-) in front of them, indicating that is the number of shares owed to the broker.

Particularly helpful information on the [Account Holdings](#) page includes:

**Unrealized Gains and Losses** - how much money you have gained or lost on that stock at its current value. A negative number indicates a loss.

**% Unrealized Gains and Losses** - the amount of money you have gained or lost on that stock as a percentage of the original cost.

**Option** - if you click on the Trade link of the stock you would like to trade, you will be taken directly to the [Enter a Trade](#) function where you can make your trade.

### Gains and Losses

[Gains and Losses](#) shows all realized gains or losses on stock and fund trades. Gains (or losses) only become realized when a position is closed, either sold or short covered. Interest received or paid and dividends received are also considered realized gains or losses.

### Transaction History

[Transaction History](#) shows all activity that has occurred in the team's portfolio during the SMG session, including: trades, commissions, fees, interest (paid and received), dividends, stock splits, and other corporate actions. [Transaction History](#) is a good place for a team to look if they suspect there is something wrong with the reporting in their portfolio.

The [Transaction History](#) report contains:

- transaction type (e.g., buy)
- number of shares
- ticker symbol
- date of transaction
- cost per share
- net amount of transaction
- fees and commission

To see transactions from a certain time period, input the first date of the range in the boxes under "Show From" and the last date of the range in the "To" boxes. When inputting the year, input all four digits, not just the last two. If no dates are entered, the transactions for the last seven days will be listed. Click on the GENERATE SCREEN REPORT button to get the report of transactions.

Transaction History for Team ID:SIA\_68\_A96 As Of: 01/13/2007  
Defaults to 7 days back

Show:  Sort by Date:  Show From: (mm-dd-yyyy)  -  To: (mm-dd-yyyy)  -

Transaction Type	Shares	Ticker	Date	Cost/Share	Net Amount	Fees & Commission
Short Sell	(200.00)	SHRP	2007-01-11	\$9.5000	\$1,861.5400	(\$38.06)
Short Sell	(200.00)	WMT	2007-01-11	\$47.6000	\$9,329.3000	(\$190.70)
BUY	200.00	KO	2007-01-11	\$48.7400	(\$9,942.9600)	(\$194.96)
BUY	300.00	GE	2007-01-11	\$37.9200	(\$11,603.5200)	(\$227.52)
BUY	200.00	GOOG	2007-01-11	\$499.7200	(\$101,942.8800)	(\$1,998.88)
BUY	500.00	HAS	2007-01-11	\$27.8700	(\$14,213.7000)	(\$278.70)
BUY	300.00	LF	2007-01-11	\$9.5200	(\$2,913.1200)	(\$57.12)
Subtotal for 2007-01-11:					(\$129,424.94)	(\$2,985.94)
INT	0.00		2007-01-06	\$0.0000	\$86.6400	\$0.00
Subtotal for 2007-01-06:					\$86.64	\$0.00
TOTAL:					(\$129,338.30)	(\$2,985.94)

### News Update

[News Update](#) provides teams with three types of news feeds. A Reuters news feed for stocks and mutual funds, and financial news from TheStreet.com. Teams are encouraged to actively refer to [News Update](#) when making decisions about their portfolios. The [News Update](#) link is not available through the portfolio's Welcome page. However, teams may access it from any other page of the portfolio.

## Transaction Notes

Transaction Notes lists all of the trades your team has entered during the SMG trading session. If a transaction is executed successfully, “Order Executed” appears in the Description column. The following is a list of common error messages that may appear when a transaction is unsuccessful:

**Account Margin Exceeded by: \$.** There is not have enough money for the trade, even if the maximum is borrowed.

**Account Position Not Short.** The team attempted to short cover a stock that was not in their portfolio in a short position.

**Cannot Buy a Stock Below \$5.00.** The team attempted buy a stock that was trading for less than \$5.00 per share. This is not allowed in SMG.

**Could Not Cancel Order.** The team attempted to cancel an order still in Pending Transactions, but the market had already closed for the day and the trade could not be canceled.

**Invalid Symbol or Price Feed System Down.** The message means the team entered the ticker symbol incorrectly or part of the system may be down. Check the ticker symbol by using Investor Research and re-enter the trade. The ticker symbol may also be checked by going to Enter a Trade and using Ticker Lookup or Validate Ticker.

**Order Price is Away From Market.** The team entered a limit price that was not met.

**Order Rejected.** The team attempted to sell a stock that they did not own.

**Problem with Order.** The order stayed in Pending Transactions too long and did not go through. If this happens, enter the order again.

**Security Not Found on Sec Mast Xref File and OSS Sec Mast.** The team attempted to trade a stock or fund that was not in the system. Usually this means the stock does not trade on one of the three exchanges used in SMG. If the team is sure the stock or fund is traded on one of the three exchanges, the SMG Advisor should contact the local SMG Coordinator.

**Order Canceled.** You canceled the trade before the close of market, while it was still in Pending Transactions.

**Symbol Price is Zero on OSS Security Database.** There is no price or historical data for the security listed. This error message appears if there is an attempt to trade a stock that has been delisted or is not yet listed, e.g., an IPO.

**Unknown Quote Feed Error. Order Rejected.** This message appears if SMG experiences difficulties getting a price from Bridge. If this message appears, re-enter the trade.

Transaction Notes for Team ID:SIA\_68\_A96 As Of: 01/13/2007

Trade Type	TICKER	Shares	Name	Limit Price	Trade Entered	Confirmation	Description
Buy	PHAT	100	NA	\$MARKET	2007-01-11 14:43:15		Symbol is not defined in Portfolio System
Short Sell	WMT	200	NA	\$MARKET	2007-01-11 14:42:55	EEA4128	Order Executed
Buy	GOOG	200	NA	\$MARKET	2007-01-11 14:42:28	G2A0281	Order Executed
Short Sell	SHRP	200	NA	\$MARKET	2007-01-11 14:41:39	T9A0451	Order Executed
Buy	GE	300	NA	\$MARKET	2007-01-11 11:24:13	ZBA1054	Order Executed
Buy	HAS	500	NA	\$MARKET	2007-01-11 11:22:46	A8A0804	Order Executed
Buy	VTGHY	300	NA	\$MARKET	2007-01-11 11:21:31		Symbol is not defined in Portfolio System
Buy	LF	300	NA	\$MARKET	2007-01-11 11:20:31	CRA2665	Order Executed
Buy	KO	200	NA	\$MARKET	2007-01-10 16:12:35	V1A5506	Order Executed
Buy	MCD	300	NA	\$MARKET	2006-11-30 19:00:36	G2A8858	Order Executed

## Terms You Need to Know

**Available Equity:** The amount of equity available for supporting additional buy and short sell transactions. This is the most the team can provide for their part of the 50% initial margin requirement. If this figure is negative, all buy and short sell transactions will be rejected.

$$\text{Available Equity} = \text{Total Equity} - [(\text{Value of Longs} + |\text{Value of Shorts}|) \times 0.50]$$

**Buying Power:** The total amount of money available for stock purchases and short sales when fully extended on margin. Note that the payment of broker's fees and interest charges not only reduces your balance, but also reduces your ability to borrow.

$$\text{Buying Power} = \text{Available Equity} \times 2$$

**Cash Balance:** The amount of cash left from the initial \$100,000. Once trading begins, the cost of all stock purchases is deducted along with any interest payments and realized losses. Any interest payments received, dividends, and realized gains are added back to the cash balance. If the cash balance is zero, any new buy or short sell transactions will be funded through borrowing on margin. If the cash balance is negative, this is the amount of money borrowed on margin.

**Commission & Fees:** A 2% fee is charged on all stock transactions. The total of all commission fees is listed in the Account Summary. Each individual commission fee is listed in the Transaction History.

$$\text{Commission Fee} = \text{Value of Trade} \times 0.02$$

**Cost Averaging:** Averaging the cost of multiple trades (buys or short sells) of the same security. Like trades of the same security will be combined into one line in Account Holdings and Realized Gains/Losses. Cost averaging is done by dividing the total cost of all like trades in the same security by the total number of shares traded.

**Delisted:** A stock that has been delisted has been removed from an exchange and cannot be traded. A company's stock may become delisted if it files for bankruptcy, merges with another company, moves from one exchange to another, or fails to meet ex-

change minimum standards. If you try to trade a stock that has been delisted, your order will be rejected. If a stock you own is delisted, it will be liquidated and any gain or loss will appear on the Gains & Losses page.

**Initial Margin Requirement:** The percent (50% in SMG) of collateral required to finance a purchase or short sell transaction. The concept of a margin requirement is aimed at: 1) limiting the amount of money that may be borrowed to finance trading in stocks (the Federal Reserve sets margin requirements); and 2) providing protection to the broker making the loan of money (for purchases) or stock (for short sales) against adverse changes in the market value of the collateral (long and short positions). See Maintenance Margin Requirement.

$$\text{Initial Margin Requirement} = (\text{Value of Longs} + |\text{Value of Shorts}|) \times 0.50$$

**IPO (Initial Public Offering):** When a company switches from being privately owned to publicly owned (or "goes public"), the initial offering of stock for sale is called an IPO. IPOs will be available for trading after they have been added to the SMG system.

**Interest on Cash:** Money received for cash held in a bank account. In SMG, your average daily cash balance is calculated and you are paid interest weekly at an annual rate of 5%.

$$\text{Interest on Cash} = \text{Cash Balance} \times (0.05/52)$$

**Interest on Loans:** Similar to the interest on cash balances, your average daily balance of money borrowed on margin is calculated and you are charged interest weekly at an annual rate of 7%.

$$\text{Interest on Loans} = \text{Money Borrowed on Margin} \times (0.07/52)$$

**Liquidate:** To liquidate a stock holding, the stock must be either sold or short covered. To liquidate a portfolio, all open positions must be closed. Teams do not need to liquidate their portfolios at the end of the session.

**Maintenance Margin Requirement:** Also known as Minimum Maintenance, this is the minimum margin requirement (30% in SMG) that a team portfolio must maintain after borrowing on margin. If the total equity in your portfolio falls below 30% of the value of your long and short positions, your team will receive a margin call and you will have to sell or short cover some of your stocks. Note: For the following formula, use the absolute value (positive value) of the Value of Shorts.

*Maintenance Margin Requirement = 0.30 x (Value of Longs + |Value of Shorts|)*

**Margin Call:** A warning that the total equity in your portfolio has fallen below the 30% maintenance margin requirement; a request for additional equity in to meet the maintenance margin requirement. If you receive a margin call, you will have three weeks to meet the 30% requirement. This can be accomplished if the value of your holdings increases or by selling or short covering a stock(s). The proceeds of any sale or short cover will be used to pay off some of the money you borrowed (i.e., reduce the amount on margin). If the requirement is not satisfied within seven days, SMG will sell or short cover long and short positions, beginning with the lowest priced stocks, until the minimum maintenance requirement is met.

**Net Equity Gain:** The amount of money your team has gained or lost since the beginning of SMG.

*Net Equity Gain = Total Equity - \$100,000*

**Net Cost/Share:** For stocks in the long position, the amount of money spent on each share of stock, including the commission. If multiple trades of the same stock were made, the net cost per share will be an average of the net costs per share of each trade.

*Net Cost/Share = price of each share of stock x 1.02*

**Percent Return:** The percent gained or lost in the team's portfolio since the beginning of the SMG session.

*Percent Return: Net Equity Gain / \$100,000*

**Price Limit:** The maximum you are willing to pay per share when buying or short covering a stock or the minimum you are willing to sell each share for when selling or short selling a stock. You may enter a price

limit when entering a transaction in the Enter a Trade section. The use of price limits is optional and serves to protect you against sharp market movements.

**Realized Gains & Losses:** The total amount of profit or loss realized from the sale or short cover of a stock. Interest received or paid and dividends received are also considered realized gains or losses. Any stock that is still held in your portfolio will not be listed in Realized Gains & Losses.

*Realized Gains & Losses = Proceeds - Original Cost*

**Short Cover:** Buying stock to replace the stock you originally borrowed from the broker for a short sell transaction. When you short cover, you are closing the short position.

**Short Sell:** Borrowing shares of a stock from your broker to sell on the open market. At some point, you must cover the short or buy enough shares to return those you borrowed. Short selling is a strategy used by those who think the price of a stock is going to decrease in the short term. The idea is to sell the borrowed stock now at a higher price, and once the value of the stock falls, to buy it to replace the borrowed stock. The profit is the difference between what is paid per share and what is received per share. Beware if the price of the stock begins to rise, because at some point the stock must be bought back (short covered) and returned to the broker. The value of a short position is the current price per share times the number of shares sold short.

**Team Portfolio:** A record of all transactions, activity, and stock positions of a team. It is typically updated daily.

**Total Equity:** The net value of a team portfolio.

*Total Equity = Cash Balance + Value of Longs*

**Unrealized Gain & Loss:** The difference in the initial purchase price of a stock and the current value of the stock. The gain or loss is unrealized, because the stock has not been sold or short covered (i.e., the position has not been closed).

## Rules of The Stock Market Game

1. Each team begins the simulation with \$100,000 in cash and may borrow additional funds. How much you may borrow is dependent upon the equity in your account. Interest is charged weekly on negative cash balances at an annual rate of 7.00%, and credited weekly on positive cash balances at an annual rate of 5.00%. Interest is calculated daily, then summed for the week (Saturday through Friday) and posted on the following Tuesday. The daily rate is based upon a 365 day year.  $\text{Daily Interest} = \text{Cash} * \text{Appropriate Interest Rate (as a decimal)} / 365$ .

2. You may trade only stocks and mutual funds listed on the American Stock Exchange, Nasdaq Stock Market and the New York Stock Exchange that have traded within the last 7 days. Canadian stocks traded on these exchanges will be priced within these markets but the current value is calculated using Canadian exchange prices adjusted using the current exchange rate for the American dollar equivalent.

3. End of Day Game transactions are priced at market daily closing prices. These prices can be found in the next day's newspaper or by using the price quote facilities of SMG. Real Time Game transactions are priced at the market price at the time of entry.

All Mutual Fund transactions are treated as real time transactions and priced at the previous day's closing price. This applies to both End of Day and Real Time games.

Transactions entered with a limit price will not be held past the initial attempt to price the transaction. This applies to both the End of Day or Real Time Games.

4. All buy orders must be a minimum of 100 shares. Sell orders for less than 100 shares will be permitted.

5. SMG does not permit buying stocks or mutual funds that trade below \$5 per share. Such orders will be rejected. Sell transactions for existing long positions where transactions are executed at closing or real time prices will be accepted, even if the price is less than \$5.00 per share. (There are a number of reasons for this rule. Low priced stocks, known as penny stocks, are very risky and volatile investments. Accordingly, brokers will not permit their customers to trade such securities on margin, just as SMG does not. Also, penny stocks tend to have very shallow markets and their

prices move sharply with large orders, unlike SMG where transactions are executed at closing or real time prices regardless of order size).

6. Trades can only be processed in whole and will be rejected if sufficient buying power does not exist to execute the entire order.

7. A 2% broker's fee is charged for all transactions. For example, if you buy 100 shares of a stock at \$10 per share, you must pay the 2% of \$1000 or \$20. On Sell or Shortsell transactions an SEC fee of \$15.30 per million gross rounded to the nearest penny is also charged.

8. The Game is run Monday through Friday. Teams may trade on any day the participating stock markets are open. Orders may be entered 7 days a week 24 hours a day.

9. Trades entered after close of market (4:00 PM ET) will be priced at next day's closing price for the End of Day Game and at opening price for the Real Time Game. Mutual Funds are always treated as real time trades but priced at the last closing price.

10. Teams do not have to liquidate their portfolios at the end of The Game. Winners will be determined on the basis of either equity or the % return above/below S&P 500 Growth. (Some states may use additional criteria to determine winners).

11. All short sell orders must be for a minimum of 100 shares. Short cover orders for less than 100 shares will be permitted. Open ended mutual funds can not be short sold.

12. SMG does not permit short sells on stocks or mutual funds that trade below \$5.00 per share. Such orders will be rejected. Short cover transactions for existing short positions will be accepted, even if the price is less than \$5.00 per share. (See Rule #5 for an explanation).

13. A record of a team's portfolio and transactions will be available daily. A team will not receive a portfolio nor be listed in regional rankings until its initial transaction is entered successfully. A student can only be assigned to ONE portfolio per game period.

14. No back posting of trades will be done for trades of securities not contained within the SMG Security Table. Once the missing security has been added to the Security Table the security can then be traded. The same rule applies to trades rejected if they are incorrectly priced below \$5. Once the pricing has been corrected the security can be traded.

15. Stock and cash dividends and stock splits are automatically computed into your portfolio. However, you are required to check them for accuracy. Promptly notify your Coordinator at their e-mail address of any problems you encounter. Canadian stocks trading on US exchanges cannot be traded between a split's record date and payout date.

16. Participants of the end of day pricing game may delete pending transactions prior to market close except in the case of Mutual Funds which are processed as real time orders.

17. Any violation of the rules of the SMG may result in the invalidation of a transaction. Repeated violation of the rules may result in the disqualification of a team.

18. Additional rules have been developed in some states and, if applicable, have been included in your Coordinator's Information Page. It is the responsibility of your team to learn and abide by all rules.

19. You must maintain a total equity position that is greater than or equal to 30% of the current value of your current holdings. If you don't you will receive a margin call.

### Code of participation

1. SMG advisors must be responsible adults 18 years of age or older. In no case may they be a matriculated student in grades K-12.

2. SMG advisors will ensure that every participant on their team(s) has read and understands the SMG Rules and the Code of Participation.

3. Teams that do not comply with the SMG Code of Participation will be removed from the portfolio rankings.

4. The authority to remove a team from the rankings lies solely with the team's SMG coordinator organization.

5. Each team is responsible for any opening or closing transactions entered into its portfolio.

6. Teams may not enter transactions into portfolios other than their own. (Please note that when a team asserts that a transaction was entered by a non-member of that team, the team will nevertheless be ranked based on their portfolio's total equity, which will include the challenged transaction.)

7. Only transactions stored on the SMG database will be recognized for purposes of evaluating portfolio total equity.

8. FIE will be responsible for the accuracy of the market data. If a team believes a stock price or other information is in error, it shall notify its SMG coordinator organization.

9. In the event of an error on the part of FIE and/or coordinator organization(s), their liability to a participant shall be limited to the refund of registration or other fees paid.

## Links

The links below may enhance your SMG experience. However, some lead to commercial sites. The Foundation for Investor Education, the Securities Industry and Financial Markets Association, and the SMG program, have no control over their content. It is always prudent to visit a site first before introducing it to students.

**Path to Investing** ([www.pathtoinvesting.org](http://www.pathtoinvesting.org)) - an acclaimed, innovative educational website that features engaging relevant content and provides a variety of learning opportunities for investors with all levels of experience.

**TheStreet.com** ([www.thestreet.com](http://www.thestreet.com)) - a leading multimedia provider of business, investment and ratings content, available through its proprietary properties, which include Web sites, email subscription services, print, radio, syndication and audio and video programming. The Company offers proprietary information on stocks, mutual funds, exchange traded funds (ETFs) and financial institutions.

**Investinginbonds.com** ([www.investinginbonds.com](http://www.investinginbonds.com)) - an award-winning web site for individual investors features daily updates and historical databases of municipal and corporate bond trades. Treasury prices and range of data and indices across bond markets.

**Tomorrowsmoney.org** ([www.tomorrowsmoney.org](http://www.tomorrowsmoney.org)) - is a suite of sites for people-especially woman in charge of family finances, young adults, Spanish-speaking Americans—who need motivation, confidence and basic personal finance skills.

**Nasdaq Stock Exchange** ([www.nasdaq.com](http://www.nasdaq.com)) - is NASDAQ's homepage. Founded in 1971, is the largest electronic stock market. The web site allows students to compare companies and chart stock performance.

**New York Stock Exchange** ([www.nyse.com](http://www.nyse.com)) - is the New York Stock Exchange's homepage. The NYSE is an auction market where buyers and sellers compete for the best possible stock prices. Visit MarkeTrac on their Web site to experience a virtual trading floor.

**American Stock Exchange** ([www.amex.com](http://www.amex.com)) - is the American stock Exchanges' web site. Like the NYSE, Amex is also an auction market. Visit their Web site for their business "Word of the Day."

**EDGAR Database of Corporate Information** (<http://sec.gov/edgar.shtml>) - is the Electronic Data Gathering, Analysis, and Retrieval system, offers real-time filings and other company information for publicly traded companies.

**US Treasury Office of Financial Education** (<https://www.treasury.gov/education/>) - raises awareness about the need for financial education and provides information about federal financial education resources.

**Hoover's Online** ([www.hoovers.com](http://www.hoovers.com)) - is a great source for finding subsidiaries or discovering whether a company is privately held or publicly owned. It also provides students short, easy-to-read fact sheets about companies as well and company news and financials.

**MyMoney.gov** ([www.mymoney.gov](http://www.mymoney.gov)) - is the US government's website dedicated to teaching all Americans the basics about financial education.

