



FOUNDATION



SMG Essential Syllabus

Welcome to The Stock Market Game™ (SMG)! The following syllabus is designed to provide students with a foundational experience that reinforces financial education principles/goals. Below are suggested mini-lesson videos, activities, and guided discussions for team breakouts and portfolio management. The program is customizable to best suit your schedule, needs, and student knowledge base.*

The SMG Essential Syllabus consists of 10 sessions:

- 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

Each session is designed for a one-hour timeframe consisting of the following components:

- Mini-lesson & activity ~ 20 minutes
- Whole group discussion ~ 15 minutes
- SMG team breakout & portfolio management ~ 25 mins

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

*Please note that this curriculum is intended to assist advisors with implementing The Stock Market Game but is not required to participate. The syllabus and accompanying materials are suggestions only. Feel free to customize to best fit the time, scope and goals of you and your students. For additional activities, please visit the Teacher Support Center.

Session 1: Intro to Investing**1. Mini-Lesson Videos**

Video 1: SMG Kick Off (3 mins)

Video 2: Intro to Investing (4 mins)

<http://tinyurl.com/smgessentialminilessons>

2. Activity

Distribute **SMG Team Logins**.

Write down two short-term and two long-term financial goals.

3. SMG Team Breakout

Discuss your short-term and long-term financial goals with your team or class. Would you save or invest your money to achieve your goals? Why?

Additional

Identify **Team Roles** if applicable.

Notes:

SESSION 1: INTRO TO INVESTING: SMG TEAM LOGINS

Either copy/paste team logins into the SMG ID and Password boxes or leave blank. Print and distribute to individual students or SMG teams.

Teams can change their password by logging in to their SMG trading portfolio at www.stockmarketgame.org and clicking Resources->Change Password.

Advisors can keep track of Team logins by visiting www.stockmarketgame.org and logging in with their TSC ID/password. Advisors can then click View Team Portfolios to see up-to-date team passwords.

Example:

Your Name(s)	Team Name	SMG ID	SMG Password
Jane Bond	The Warren Muppets	HI_1_ZZ123	QUET6354

Your Name(s)	Team Name	SMG ID	SMG Password

Your Name(s)	Team Name	SMG ID	SMG Password

Your Name(s)	Team Name	SMG ID	SMG Password

Your Name(s)	Team Name	SMG ID	SMG Password

Your Name(s)	Team Name	SMG ID	SMG Password

Your Name(s)	Team Name	SMG ID	SMG Password

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: SMG TEAM BREAKOUT

Name: _____ Date: _____ SMG ID: _____

Discuss your short-term and long-term financial goals with your team. Would you save your money or invest your money to achieve your goals? Why?

If you are working independently, use the space below to share your thoughts and write down your response.

Description of goal	Short or Long- Term	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: TEAM ROLES

Name: _____ Date: _____ SMG ID: _____

Team Role	Description
Director	The Director leads the team. It is the Director's responsibility to coordinate the efforts of the entire team, ensure that activities are being completed successfully, and that everyone on the team is being treated fairly. If the occasion arises, the 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.
Head Researcher	Everyone on the team is responsible for gathering and sharing research on potential investments and trades. The Head Researcher is responsible for coordinating the team's findings and summarizing them into a cohesive presentation that can be easily shared.
Portfolio Coordinator	The Portfolio Coordinator may not have much to do at first but will be busy a week into the game. The 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	Each team member should have a chance to log on and enter trades. The Data Entry Coordinator is responsible for ensuring those trades are entered and executed correctly. No member of the team, including the Director, should enter a trade without the Data Entry Coordinator knowing about it. 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 the team's activities and the status of their portfolio. The Reporter works with other members of the team to collect and organize their reports.

Session 2: Intro to Companies & Intro to Stocks**1. Mini-Lesson Videos**

Video 1: Intro to Companies (3 mins)

Video 2: Intro to Stocks (4 mins)

<http://tinyurl.com/smgessentialminilessons>

2. Activity

Brainstorm brands and companies in Jim's Birthday Present.

3. SMG Team Breakout

Research the brands and companies you brainstormed in the activity.

Practice logging in to your SMG portfolio with your team IDs/passwords at

www.stockmarketgame.org.

Notes:

SESSION 2: INTRO TO COMPANIES & STOCKS: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

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

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.

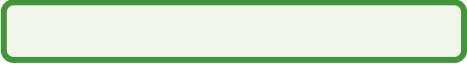
His grandmother is supposed to come by over the weekend and promised to take him shopping for his birthday. But it's never without a catch. His grandmother will only consider an item made by a

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: SMG TEAM BREAKOUT

Name: _____ Date: _____ SMG ID: _____

Look up the brands you chose to complete *Intro to Companies & Stocks Activity* worksheet. Make a list of the brands owned by publicly traded companies.

If you do not have enough publicly traded companies to complete the chart below, work with your team to find publicly traded companies that make the brands you like.

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**1. Mini-Lesson Videos**

Video 1: Building Your Portfolio (5 mins)

Video 2: SMG Trading Portfolio (6 mins)

<http://tinyurl.com/smgessentialminilessons>

2. Activity

Return to the short-term and long-term financial goals you shared. Rate your risk tolerance on each goal.

Which of the companies you chose would help you achieve your investment goals? Are there companies you would add to that list?

3. SMG Team Breakout

Share your revised goals and investment plans. Discuss which of the companies chosen will be your first SMG trade.

Notes:

SESSION 3: BUILDING YOUR PORTFOLIO: ACTIVITY

Name:_____ Date:_____ SMG ID:_____

MINI-LESSON VIDEOS

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

1. 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 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
Short-Term Goal #1			
Short-Term Goal #2			

	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 & Intro to Stocks: Activity* would help you achieve your investment goals? Are there companies you would add to that list? Explain.

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

SESSION 3: BUILDING YOUR PORTFOLIO: SMG TEAM BREAKOUT

Name: _____ Date: _____ SMG ID: _____

Share your revised goals and investment plans.

After each team member has had a chance to present their goals and plan, discuss which of the companies chosen in the *Intro to Companies & Stocks: SMG Team Breakout* will be your first Stock Market Game trade.

If you are working as an individual, write down your reasons for choosing the company that will be your first Stock Market Game trade.

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**1. Mini-Lesson Videos**

Video 1: Conducting Research (5 mins)

Video 2: Entering Stock Trades (3 mins)

<http://tinyurl.com/smgessentialminilessons>

2. Activity

*Enter stock quote info on the activity sheet.
What does the stock quote tell you about
the company? Are you still interested in
investing in the company?*

3. SMG Team Breakout

Share your research with your team. Select at least one stock to trade. Log in to your SMG portfolio at www.stockmarketgame.org and enter the trade.

Additional

What did your team invest in? What is the most important part of analyzing a stock quote? Explain your reason why.

Notes:

SESSION 4: CONDUCTING RESEARCH: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

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

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

You can also choose a new company to research. It can be a company from the SMG 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.

SESSION 4: CONDUCTING RESEARCH: SMG TEAM BREAKOUT

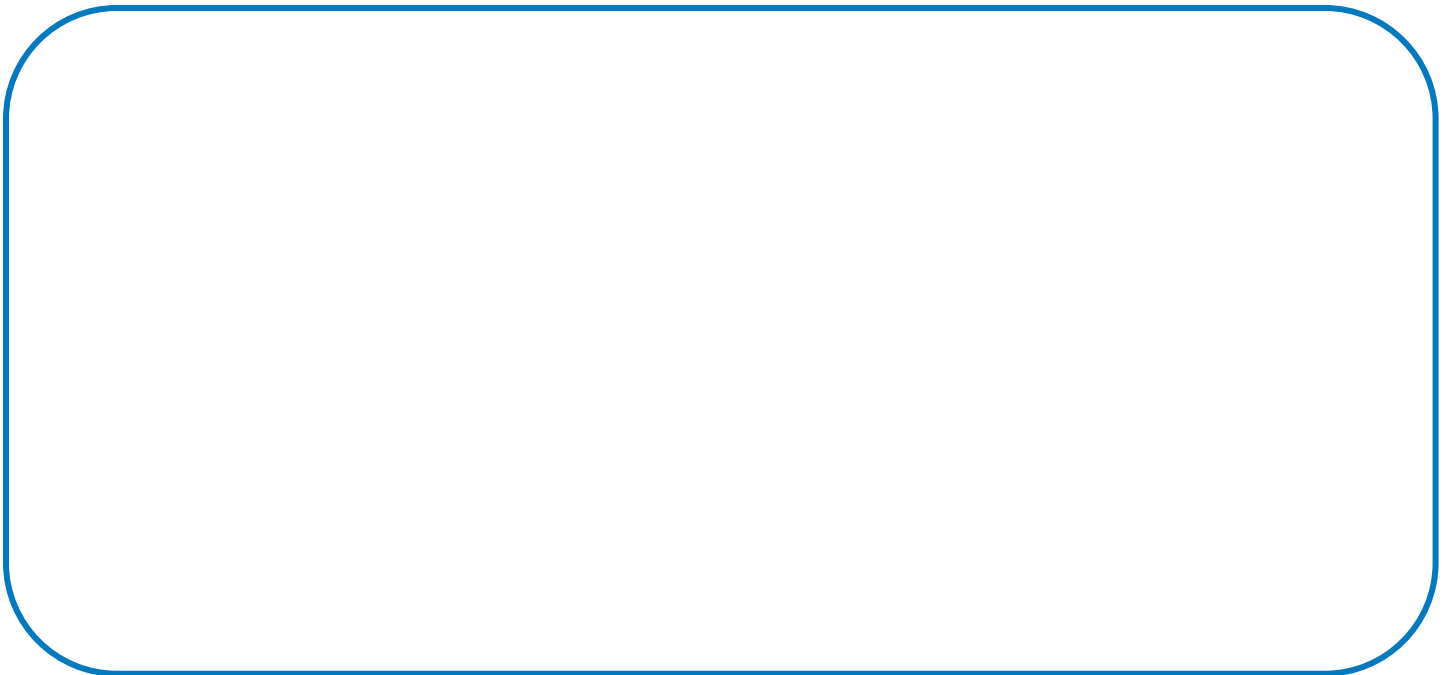
Name: _____ Date: _____ SMG ID: _____

Discuss 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 with your team which new company would make the best investment and purchase shares of it for your SMG portfolio.

If there is time, discuss which part of company's stock quote were the most helpful in analyzing its investment potential? Explain your reason why.

If you are working independently, share your thought process and investment strategy in the space below.

**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**1. Mini-Lesson Videos**

Video 1: Assessing Risk (4 mins)

<http://tinyurl.com/smgessentialminilessons>

2. Activity

Practice evaluating risk by recommending low, moderate, or high risk portfolios to investors.

3. SMG Team Breakout

Review answers with your group. How risky do you believe you should be right now?

Log in to your trading portfolio and check to see if your stock trade executed on the Transaction Notes page. View your Account Holdings to see how your stock is performing.

Discuss with your team to decide whether or not you should buy more. Based on what you know now, is it a risky stock?

Notes:

SESSION 5: ASSESSING RISK: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

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

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: SMG TEAM BREAKOUT

Name: _____ Date: _____ SMG ID: _____

Review your answers to the activity with your team. 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: SMG Team Breakout*. Was it executed successfully? How is it performing? Discuss with your team to decide whether or not you should buy more. Based on what you know now, is it a risky stock?

If you are working independently, share your thoughts below.

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**1. Mini-Lesson Videos**

Video 1: Diversification (4 mins)

Video 2: Entering Mutual Fund Trades
(4 mins)

<http://tinyurl.com/smgessentialminilessons>

2. Activity

Research stocks and categorize them by industry and sector.

3. SMG Team Breakout

Discuss the stocks you chose with your team. Determine how you would like to diversify your portfolio.

*Review the **Mutual Fund Quote (NAV)** worksheet. Research mutual funds with your team and enter at least one mutual fund trade in your SMG portfolio.*

Additional

What does the phrase “don’t put all of your eggs in one basket” mean? How can you apply that to your current portfolio?

Notes:

SESSION 6: DIVERSIFICATION: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

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

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: SMG TEAM BREAKOUT

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 this table 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.

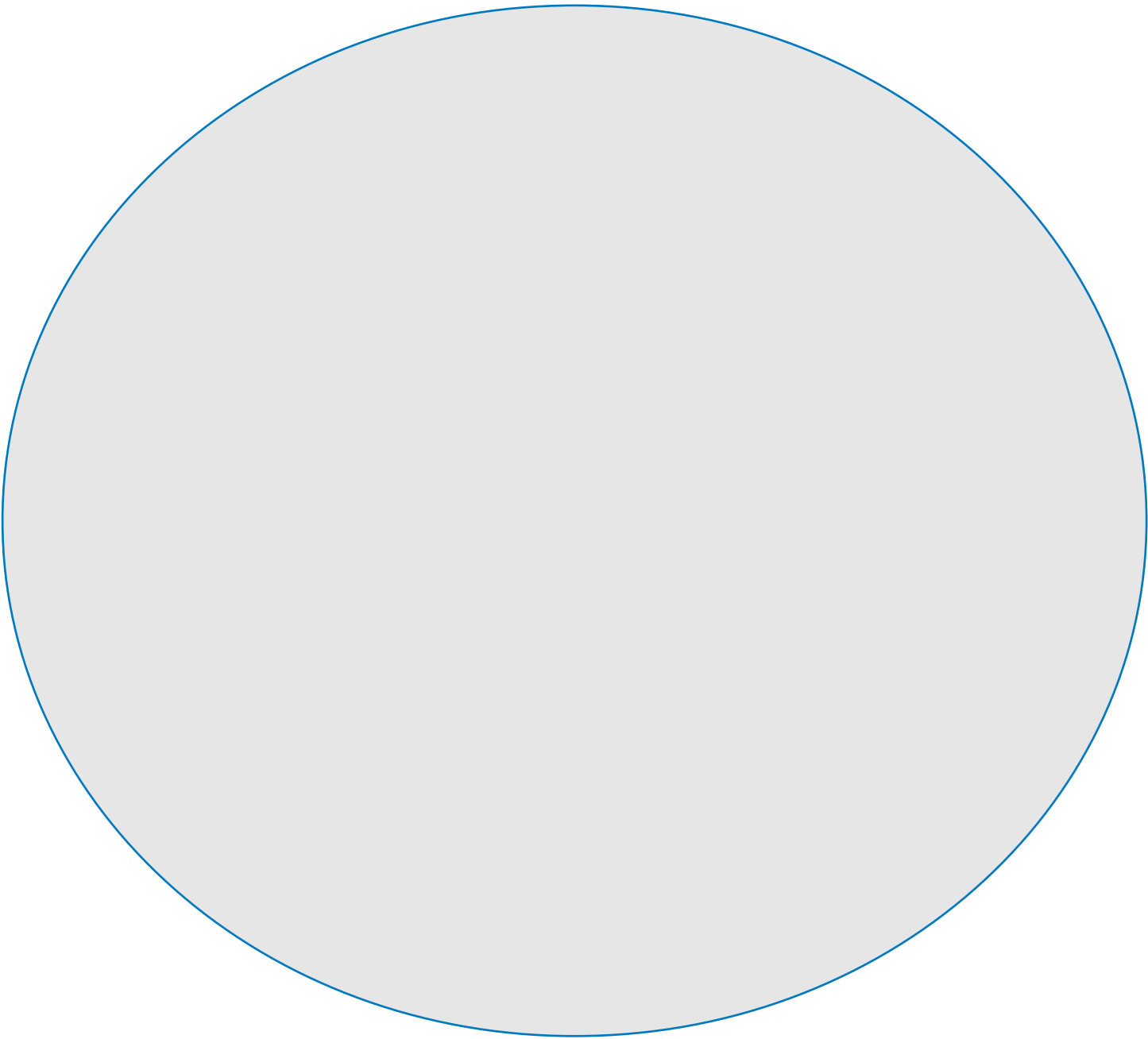
Index reports changes in a specific sector or in the economy.

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: _____

Read the Glossary 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

Briefly describe the fund. What companies and industries is it invested? 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**1. Mini-Lesson Videos**

Video 1: Market Analysis (4 mins)

<http://tinyurl.com/smgessentialminilessons>

2. Activity

Discuss quarterly earnings predictions for companies you would like to invest in.

3. SMG Team Breakout

Discuss the companies you selected as potential investments with the members of your team. Which companies would most likely be influenced by the news? Will current events increase or decrease its value.

Review the performance of your investments on the Account Holdings page.

Notes:

SMG ESSENTIALS

SESSION 7: MARKET ANALYSIS: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

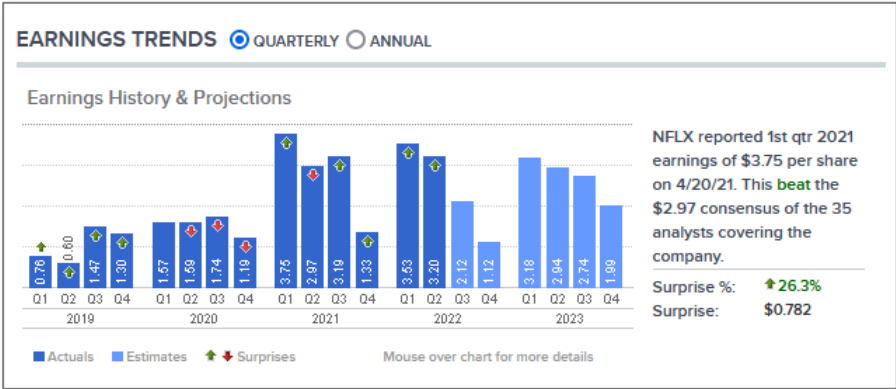
MINI-LESSON VIDEOS

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

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: SMG TEAM BREAKOUT

Name: _____ Date: _____ SMG ID: _____

Discuss the companies you selected as potential investments with the members of your team. Which companies would most likely be influenced by the news? Discuss with your team how current events may increase or decrease its value.

If you are working independently, share your thoughts below.

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

1. Mini-Lesson Videos

Video 1: Asset Allocation: Bonds & Beyond
(5 mins)

Video 2: Entering Bond Trades (5 mins)

<http://tinyurl.com/smgessentialminilessons>

2. Activity

Read **About Bonds** and recommend bonds to investors based on the bond's maturity, risk, and interest.

3. SMG Team Breakout

Discuss the benefits of asset allocation. Research and select one bond for each bond type of bond: 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.

Notes:

SESSION 8: ASSET ALLOCATION: ABOUT BONDS

Background on Bonds

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 assetbacked 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

US Treasury bonds are backed by the full faith and credit of the United State 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: _____

MINI-LESSON VIDEOS

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

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: SMG TEAM BREAKOUT

Name: _____ Date: _____ SMG ID: _____

Discuss 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.

If you are working independently, complete the table below to help organize your thoughts.

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

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Description (Issuer Name)	Next Payment Date
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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**1. Mini-Lesson Videos**

Video 1: Portfolio Evaluation (4 mins)

<http://tinyurl.com/smgessentialminilessons>

2. Activity

Review the latest annual reports for two companies in your SMG portfolio. Record their net income and revenue. Determine whether to buy more, sell, or hold the investment.

3. SMG Team Breakout

Discuss your findings with your team. Based on what you've learned, are there changes you would make to your existing holdings? Explain what impacted your decision.

If applicable, make changes to your holdings based on your discussions.

Notes:

SESSION 9: PORTFOLIO EVALUATION: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

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

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."

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: SMG TEAM BREAKOUT

Name:_____ Date:_____ SMG ID:_____

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

Discuss with your team the information that impacted your decision. If you are working independently, 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

1. Mini-Lesson Videos

Video 1: End of Session Reflection (4 mins)

<http://tinyurl.com/smgessentialminilessons>

2. Activity

Review your portfolio's performance.

3. SMG Team Breakout

Create a presentation describing what you feel are the three most important lessons you have learned from playing SMG.

Additional

Refer to **Additional Assessments** for creative and fun ideas for students to showcase their learning.

Notes:

SESSION 10: WRAP UP & REFLECTION: ACTIVITY

Name: _____ Date: _____ SMG ID: _____

MINI-LESSON VIDEOS

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

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		

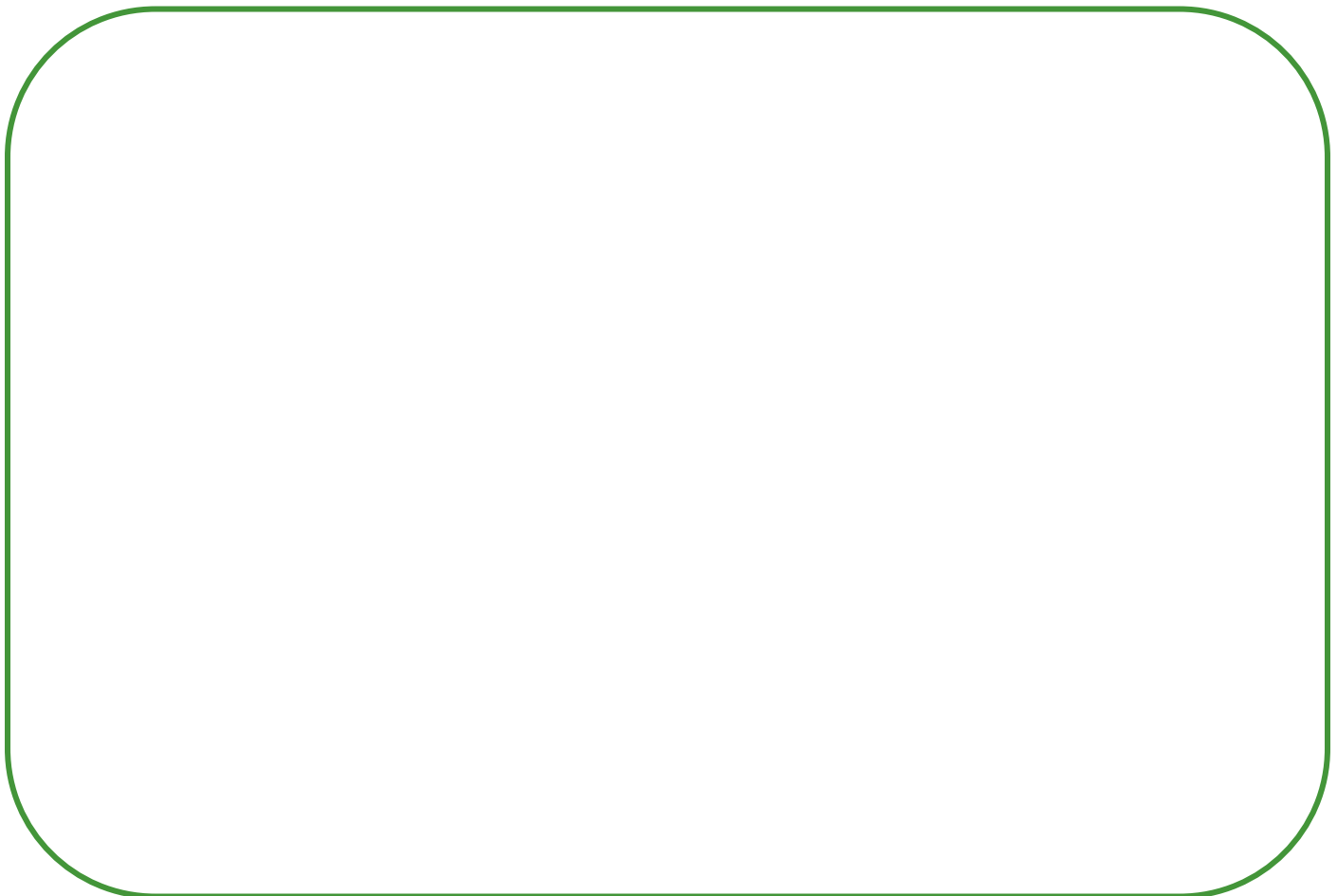
Review the Gains/Losses section of your Account Holdings. Which company performed as well or better than you expected? Which company performed below your expectations? Why do you think this was?

	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: SMG TEAM BREAKOUT

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?

Share the steps you used to decide what types of assets to invest in such as companies, municipalities, or government agencies.

Which of the companies you invested in surprised you the most by performing above your expectations or below them?

If you were going to begin investing today, are there any companies/funds from your portfolio that you would invest in? Why?

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 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