

Rules of the Game:

Each Student:

- Receives \$100,000 to invest; you have 6 days to invest the money
- Must have a minimum of \$80,000 invested throughout the game
- Must own at least 5 individual stocks, ETFs, and/or bond funds at all times
- Cannot invest more than \$20,000 in a single stock, ETF, or bond fund
- Must invest \$5,000 of your money in the Vanguard Short-Term Government Bond ETF (VGSH)
- Cannot buy a stock with a price below \$2 dollars per share

Note: Each trade costs you \$10 in commission fees. Be careful! Excessive trading is expensive!

Class game ID: _____ Password: _____

How to Choose your Stocks

Step#1: Develop an overall portfolio strategy:

- How much risk do you want to take? low medium high
- How many stocks do you want to own? 5 10 15+
- What sectors do you want to invest in?
- Do you plan to invest all of your money?

Step #2: Begin your stock research on Yahoo.finance.com to help pick your stocks [Yahoo Finance Home Page](#) You can:

- Look up stock symbols
- Graph recent stock prices
- Compare market capitalizations: **Small Cap** \$500 million-\$2 billion **Mid Cap** 2-10 billion **Large Cap** > 10 billion

Other sources that you may find valuable for your research include:

- MarketWatch: <http://www.marketwatch.com/>
 - Wall Street Journal: www.wsj.com
- Look at these links:
- [List of SP500 Stocks](#) (The biggest 500 companies in the USA based on market capitalization)
 - [List of Dow Jones Stocks](#) (The 30 Stocks in the Dow Jones)
 - [List of Index Funds to invest in](#) (great site to find index funds!)

These **index funds** trade just like a stock and offer you instant diversification among many companies. You can use these to concentrate your portfolio in different areas such as:

- **market sectors** (such as energy, finance, retail, healthcare, technology etc...),
- **International stocks** (such as China, Japan, Europe, etc...)
- **market capitalizations** (large cap, mid cap, small cap)

These are very efficient ways to instantly diversify your portfolio and attempt to concentrate on sectors rather than picking the best company in a particular sector. Sample index fund symbols are:

SPY = SP500 index MDY = Midcap 400 index XLF = financial index
XLK = technology index GLD = Gold Index

<http://beginnersinvest.about.com/cs/newinvestors/a/040901a.htm> (4 things to look for in an investment)

<http://beginnersinvest.about.com/cs/research/a/researchinvest.htm> (Investment Research 101)

<http://beginnersinvest.about.com/cs/newinvestors/a/011503a.htm> (Finding investment ideas for your portfolio)

EXCHANGE TRADED FUNDS (ETFs)

An **exchange-traded fund** (or **ETF**) is an investment vehicle traded on stock exchanges, much like stocks. An ETF holds assets such as stocks or bonds and trades at approximately the same price as the net asset value of its underlying assets over the course of the trading day. ETFs may be attractive as investments because of their low costs, tax efficiency, and stock-like features.

Most ETFs are index funds that hold securities and attempt to replicate the performance of a stock market index. An index fund seeks to track the performance of an index by holding in its portfolio either the contents of the index or a representative sample of the securities in the index. The first ETF, SPDR Trust, was listed in 1993 with an underlying portfolio designed to replicate the performance of the S&P 500 Index.

Examples: DIA Dow Jones Index
 SPY SPDR Trust Series S&P 500 Index
 VV Vanguard Large Cap ETF
 XLK Select Sector SPDR Fund--Technology

Exchange Traded Commodities (ETCs) are investment vehicles that track the performance of an underlying commodity index based on a single commodity. ETCs trade just like shares, are simple and efficient and provide exposure to an ever-increasing range of commodities and commodity indices, including energy, metals, and agriculture.

Examples: USO United States Oil Fund GLD SPDR Gold Trust