

Extension Activity: **Battle of the Sectors**

Student's will demonstrate their understanding of **Stocks, Sectors & calculating the Rate-of-Return**. *Optional: Market Cap & Beta*

I **recommend joining me** for a live Stocks 101 and Basic Company Research webinar or emailing me for the teaching power point. I can be emailed at: smgmichigan@gmail.com. You can find my webinars by logging into the Teacher Support Center using your Teacher/Adviser username and password and clicking on Events Calendar.

After teaching my students Stocks 101, I like to have them work in small groups of 3 to 4 students and choose a sector to buy 5 stocks at \$20,000.00 each. I included Market Cap and Beta, but I generally teach my students those concepts too along with risk, risk tolerance and Diversification. But this activity can happen with a focus on sectors and calculating the rate of return.

So, I have my students in groups of 3 to 4 students and they will have an opportunity to choose one sector from this [link](#) (see list below). After choosing their sector they can comb through and decide which 5 stocks to choose. They can use market cap and beta as their research tools.

I give them 30 minutes of time to decide which stocks to buy (take more time if necessary). Once they have decided on their 5 stocks, I have them complete the Battle of the Sectors worksheet. **See next page for worksheet.**

Sectors	BATTLE OF THE SECTORS	Sectors
Communication Services	Energy	Health Care
Information Technology	Industrials	Utilities
Consumer Discretionary	Financials	Materials
Consumer Staples		Real Estate

Battle of the Sectors Worksheet

Team:		Sector:	
Date we bought stocks:			
Company	Ticker	Initial Stock Price	How many shares to buy (Only use if entering trades in a portfolio)

How Many Shares to Buy = $\$20,000.00 \div \text{Initial Stock Price}$ Students can't buy partial shares of stocks, so round to nearest one value. I always have my students round down to the nearest "0" or "5" value.

Calculating the Rate-of-Return: After two or three weeks have students find the current stock price for their stocks.

For example: I buy AT&T Stock at \$18.30

Two weeks later AT&T stock is trading at \$18.50

Step № 1: Find the difference between the two prices. $18.50 - 18.30 = \$0.20$

Step № 2: Divide the difference (\$0.20) from the Initial Stock Price stock price. $\$0.20 \div 18.30 = 0.0109289$

Step № 3: Multiply the Step № 2 total by 100. $0.0109289 \times 100 = \underline{1.09289}$ (round to the 100ths place)

1.10% is the growth for AT&T

Remember if the stock price went down it would be negative growth and you would need to include the negative sign.

Step № 4: Add the Rate-of-Return for all 5 of your stocks. **(Remember to subtract negative values)**

The team with the highest Rate-of-Return is crowned the Champions!

Using barchart website to find list of sectors.

Click on the link or go to: www.barchart.com/stocks/sectors/rankings

+ S&P 500 Communication Services <i>2 Industries</i>
+ S&P 500 Information Technology <i>7 Industries</i>
+ S&P 500 Consumer Discretionary <i>12 Industries</i>
+ S&P 500 Energy <i>2 Industries</i>
+ S&P 500 Industrials <i>12 Industries</i>
+ S&P 500 Financials <i>5 Industries</i>
+ S&P 500 Real Estate <i>2 Industries</i>
+ S&P 500 Health Care <i>6 Industries</i>
+ S&P 500 Utilities <i>3 Industries</i>
+ S&P 500 Materials <i>4 Industries</i>
+ S&P 500 Consumer Staples <i>6 Industries</i>

Click on one of the highlighted sectors to see a list of stocks

Here you will find the ticker symbol, the name of each company. The last stock price, which is your CSP (Current Stock Price)

Symbol	Name	Last
+ ATVI	Activision Blizzard	79.63
+ CHTR	Charter Communicatio	475.52
+ CMCSA	Comcast Corp A	43.03
+ DIS	Walt Disney Company	101.40
+ DISH	Dish Network Corp	18.25
+ EA	Electronic Arts Inc	132.18

Click on the ticker symbol to learn more about each stock.

Look under Fundamentals to find Market cap and 60-Month Beta.

Fundamentals

Market Capitalization, \$K	80,405,664
Shares Outstanding, K	167,858
Annual Sales, \$	51,682 M
Annual Income, \$	4,654 M
60-Month Beta	1.01
Price/Sales	1.56
Price/Cash Flow	5.91
Price/Book	5.04

Battle of the Sectors: Calculating the Rate-of-Return

Company	Initial Stock Price	Current Stock Price	Calculating Rate-of-Return
AT&T	\$18.30	\$18.50	Step № 1: $18.50 - 18.30 = 0.20$ Step № 2: $0.20 \div 18.30 = 0.010$ Step № 3: $0.010 \times 100 = 1\%$ AT&T Rate-of-Return is 1% growth
<p>The winning team is the team with the highest total Rate-of-Return. Add all 5 of the teams Rate-of>Returns. Remember to subtract the negative growth returns.</p>			