



A program  
of the **sifma**

**FOUNDATION**

## Investing in Stocks

- Students will need to know the company name, ticker symbol and current stock price to make trades in their Stock Market Game Portfolio.
- It helps to understand the Cap Size of a Company. (helpful for learning about mutual funds too)
- An Index is a list of stocks organized by a specific category. I will show you where you can find indexes organized by cap size.
- I will teach you about Cap Size, Indices (an Index) and explain what Sectors are.

## Market Cap

**Market cap:** the total dollar value of all of a company's outstanding shares.

**Calculating the Market Capitalization (Market Cap) of a company.**

**For example:**

Coca-Cola has 4,280,000,000 outstanding shares of stock.

The current stock price (at the time I typed this up) was \$53.75.

**Outstanding shares × current stock price = Market Cap**

$4,280,000,000 \times 53.75 = 230,050,000,000.$

**Coca-Cola has a Market cap of 230 Billion making it a Large Cap Company**

<b>Small Cap</b>									
<p>Refers to a company with a stock market capitalization of <b>less than 1 billion</b>.</p> <p>Examples:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Callaway Golf (ELY)</td> <td style="padding: 2px;">Chart Ind. (GTLS)</td> </tr> <tr> <td style="padding: 2px;">SkyWest (SKYW)</td> <td style="padding: 2px;">Tivity Health (TVTY)</td> </tr> <tr> <td style="padding: 2px;">Itron (ITRI)</td> <td style="padding: 2px;">LivePerson (LPSN)</td> </tr> <tr> <td style="padding: 2px;">Addus HomeCare (ADUS)</td> <td style="padding: 2px;">PDC Energy (PDCE)</td> </tr> </table>	Callaway Golf (ELY)	Chart Ind. (GTLS)	SkyWest (SKYW)	Tivity Health (TVTY)	Itron (ITRI)	LivePerson (LPSN)	Addus HomeCare (ADUS)	PDC Energy (PDCE)	<p>Shares of relatively small publicly traded corporations, typically with a total market capitalization of less than \$1 billion. <b>Small-cap stocks tend to grow faster than larger cap companies, but they also tend to be more volatile.</b></p>
Callaway Golf (ELY)	Chart Ind. (GTLS)								
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<b>Mid Cap</b>									
<p>Refers to a company with a stock market capitalization between <b>1 and 5 billion</b>.</p> <p>Examples</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Yeti Holdings (YETI)</td> <td style="padding: 2px;">Five Below (FIVE)</td> </tr> <tr> <td style="padding: 2px;">Freshpet (FRPT)</td> <td style="padding: 2px;">Scotts Miracle-Gro (SMG)</td> </tr> <tr> <td style="padding: 2px;">Aaron's (AAN)</td> <td style="padding: 2px;">Gray Television (GTN)</td> </tr> </table>	Yeti Holdings (YETI)	Five Below (FIVE)	Freshpet (FRPT)	Scotts Miracle-Gro (SMG)	Aaron's (AAN)	Gray Television (GTN)	<p>Mid-caps are established companies that haven't quite become household names yet. <b>They make excellent diversifiers, having both the growth characteristics of small-cap and the stability of large-cap companies.</b> One of the most watched mid-cap indexes is the S&amp;P MidCap 400, which has an average market cap of \$2.30 billion</p>		
Yeti Holdings (YETI)	Five Below (FIVE)								
Freshpet (FRPT)	Scotts Miracle-Gro (SMG)								
Aaron's (AAN)	Gray Television (GTN)								
<b>Large Cap</b>									
<p>Refers to a company with a stock market cap between <b>\$5 and \$100 billion (and beyond)</b></p> <p>To find a list of Large Cap Stocks go to one of the following indexes.</p> <ul style="list-style-type: none"> <li>• The Dow</li> <li>• S&amp;P 500</li> <li>• Nasdaq 100</li> </ul>	<p>These companies play an especially significant role in driving the economy. Because of their sheer size, <b>large-cap companies tend to grow more slowly than small-cap stocks, but they also tend to be much more stable.</b></p>								

As a general rule, Small cap companies have more risk & are also more likely to grow. Bigger companies are typically much more stable but underperform their riskier, smaller peers. This guiding principle helps many investors decide how to divvy up their portfolio to align with their risk preferences.