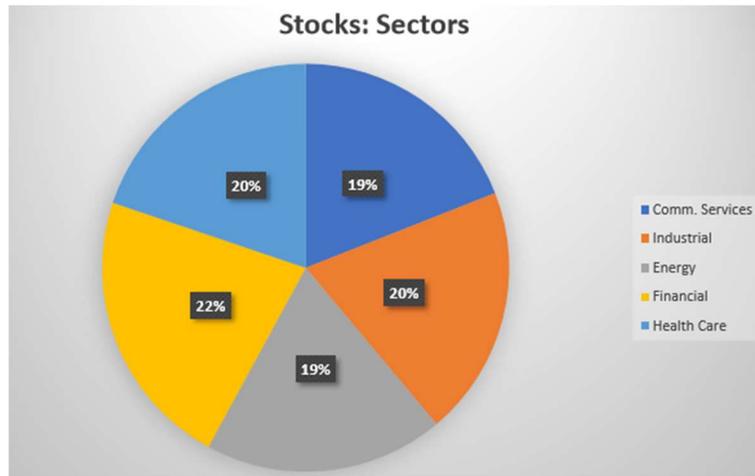


Creating an Investment Profile



Possibilities for a Diversified Portfolio

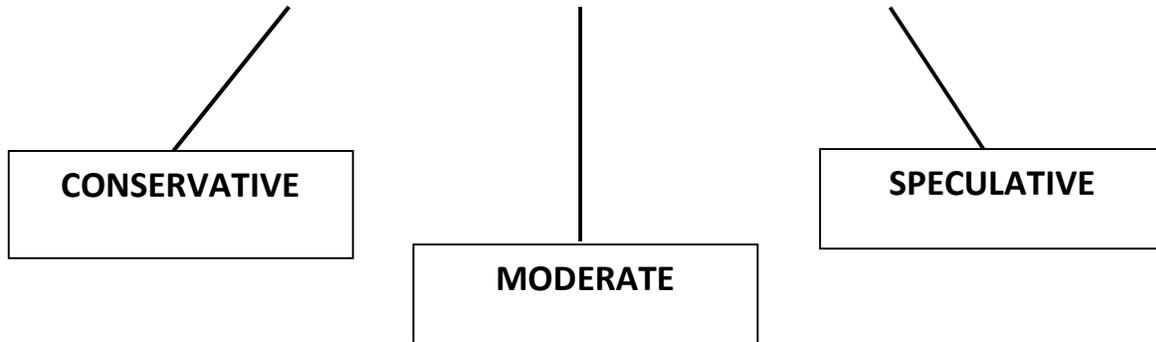
- Based on spending \$100,000.00 available to you in the Stock Market Game.
- Teacher decides what asset classes will be used for investing (stocks, bonds mutual funds)
- This is one of many possible examples for diversifying your portfolio.
- Due to Maximum Percent Equity Rules Speculative Portfolio Investing is contained to 20% per stock, mutual fund or bond.

Conservative	Moderate	Speculative
15 – 20 stocks, bonds & mutual funds	10 stocks & bonds	5 Stocks
* \$5,000.00-\$7,500.00 per investment	*Each purchased around \$10,000	*Each purchased around \$20,000
*5 to 7 Sectors	*3 to 5 Sectors	
* All Large Cap	*Company size 5 - 7 Lg. Cap 3 - 5 Sm. cap	*For my students it is 5 stocks at \$20,000.00 each for very speculative. This is due to Maximum Equity Rule. It is set at 20% for my states

***These are examples only**

Student/Team Profile

Student/Team: _____



Directions: Have a team discussion on the level of risk that the SMG portfolio will have. Decide by team majority what your investment strategy will be. Indicate by placing \$ signs in the box above which risk level has been decided on.

Below: Use the note pad to identify the specific investment position and percent of stocks, ETF's, mutual funds, and bonds you will buy.

No	Asset (stock, Bond or Mutual Fund)	Value (How much money)	Cap Size (Stocks & Mutual Funds only)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			

VOCABULARY

Risk Tolerance: the level of risk that an individual/team is willing to take. (Conservative, Moderate, and Aggressive Risk Levels)	
Diversification: spreading your money among stocks, ETF's, mutual funds or bonds	
Stock: investing in a company as a shareholder with expectation of investment profits and dividends	
ETF/Mutual Fund: an investment with many stocks or bonds providing diversification/safety based on the funds risk objective	
Bond: the investor is lending money to a corporation (Corporate Bond), city, state, institute (Municipal Bond) or the government (Treasury Bills, Notes, Bonds) considered to be a conservative and safe investment	
Market Cap: the total dollar market value of all of a company's outstanding shares <i>*Large cap: 10 billion + less risk</i> <i>*Mid cap: 2 billion to 10 billion moderate risk</i> <i>*Small cap: less than 2 billion speculative risk</i>	
Dividend: a payment to shareholders of a portion of a company's earnings.	
Beta: measure of the volatility of a security (stock) or a portfolio in comparison to the market as a whole. Break down - a beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta greater than 1 indicates that the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market.	
P/E: the ratio for valuing a company that measures its current share price relative to its per-share earnings. Break down - the P/E ratio indicates the dollar amount an investor can expect to invest in a company in order to receive \$1.00 of that company's earnings. If a company were currently trading at a P/E of 20 the interpretation is that an investor is willing to pay \$20 for \$1 of current earnings. <i>*In general, a high P/E: investor is expecting higher earnings growth in the future compared to companies with a lower P/E. A low P/E can indicate either that a company may currently be undervalued or that the company is doing exceptionally well relative to its past trends.</i>	
Growth Stock: a company whose earnings are expected to grow at an above average rate relative to the market, most tech stocks are growth stocks and found on NASDAQ Exchange. Expect higher levels of risk	
Income Stock: a company whose earnings are historically consistent, with less risk found on the NYSE Exchange	
Possible reasons for stock prices to rise	Possible reasons for stock prices to drop
New Products, News Positive Leading Economic Indicators Profit (Earnings report) shows growth Co. takeover bids or spinoffs	Accidents or Health Problems Negative Leading Economic Indicators Supply & Demand for company stock Investigation by the SEC