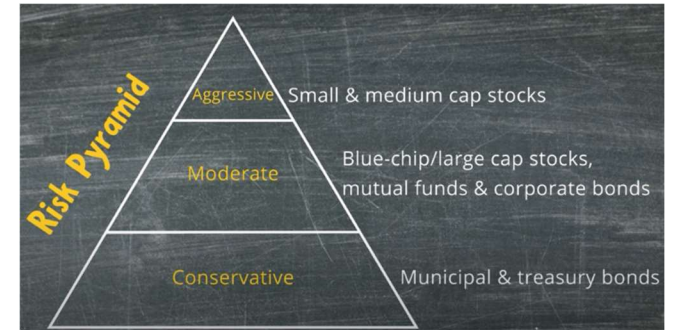


Creating an Investment Profile

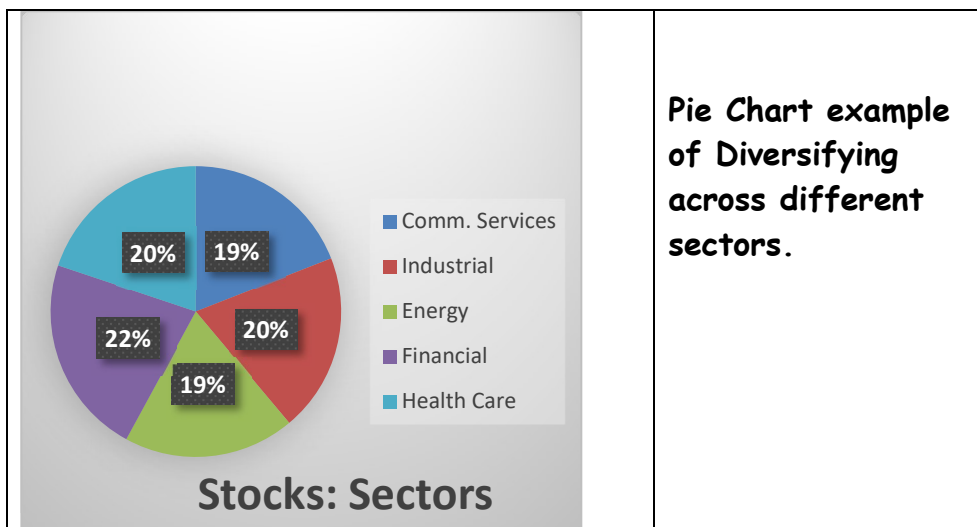
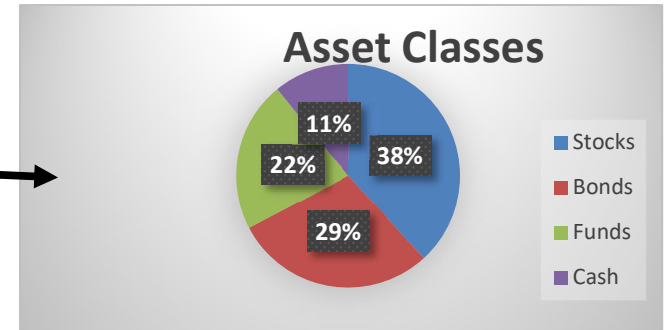
Students need to decide on an investment strategy. (See Risk Pyramid)

I think it is important for students to have a plan before investing. I have included examples below. So, step #1 is to create an Investment Profile, which involves decision making and the understanding of the following topics: If you are new or do not have time this year for bonds and mutual funds you can accomplish this with stocks only, by diversifying across market cap and sectors.

- Stocks
- Market cap
- Dividends
- Bonds (optional)
- Mutual Funds (optional)
- Risk
- Risk Pyramid
- Diversification
- Sectors and Industry



Pie chart example with all asset classes



Example: Investment Profile. These are examples you can change it up by adding Beta, P/E Ratio or delete dividend.

Asset	Portfolio Value	Market Cap	Dividend	Percent
Stock	\$10,000.00	Large	Yes	10%
Stock	\$10,000.00	Large	Yes	10%
Stock	\$10,000.00	Large	Yes	10%
Stock	\$10,000.00	Large	Yes	10%
Stock	\$10,000.00	Mid		10%
Stock	\$10,000.00	Mid		10%
Mutual fund	\$10,000.00	Small		10%
Mutual Fund	\$10,000.00	Small		10%
Mutual Fund	\$5,000.00	Small		5%
Bond	\$5,000.00	Municipal		5%
Bond	\$5,000.00	Corporate		5%
Bond	\$5,000.00	Treasury		5%
<p>Asset breakdown by percent.</p> <ul style="list-style-type: none"> • Stocks: 60% • Mutual Funds: 25% • Bonds: 15% 				

Example: I added a column for Sector/Industry.

Asset	Portfolio Value	Market Cap	Sector or Industry
Stock	\$10,000.00	Large	
Stock	\$10,000.00	Large	*Student add after choosing stocks.
Stock	\$10,000.00	Large	
Stock	\$10,000.00	Large	
Stock	\$10,000.00	Mid	
Stock	\$10,000.00	Mid	
Mutual Fund	\$10,000.00	Small	
Mutual Fund	\$10,000.00	Small	
Mutual Fund	\$10,000.00	Small	
Mutual Fund	\$10,000.00	Small	

*See Vocabulary below

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