

Stock Market Game



Basics

- **Teams of 1 – 5 members**
- **Game runs 10 weeks**
 - **Team gets \$100,000 to spend and a margin credit line of \$50,000**
 - **Trade only stocks and mutual funds listed on the NASDAQ and the New York Stock Exchanges**
 - **Must purchase at least 10 shares of a Stock**
 - **Stocks are limited to more than \$3; market capitalization of \$25 million**
- **Mobile App is available to help track weekly performance of your portfolio (SIFMA Foundation – The Stock Market Game)**
- **All trades are computed as of 1 pm daily (4 pm EST)**

What is a Company?

- **Company:** A business or association usually formed to manufacture or supply products or services for profit.
 - What are some companies you and your family regularly do business with?

What is a Corporation?

- **Corporation:** A business that is owned by share holders.
 - Shareholders can buy or sell their stock
 - Public Corporations
 - Private Corporations
- Corporations are traded in a stock market
 - **New York Stock Exchange** – Wall Street – dates back to 1792
 - **NASDAQ** – National Association of Securities Dealers Automatic Quotation – dates to 1971

Why do we want to own stock?

- Good financial planning has 3 main components
 - Savings
 - Insurance
 - Investment
- The earlier you start, the better off you will be.
- Risk vs. Reward
- Time value of money – compounding interest Rule of 72

Stock Market Rate of Return



Historic rate of return

10.00%

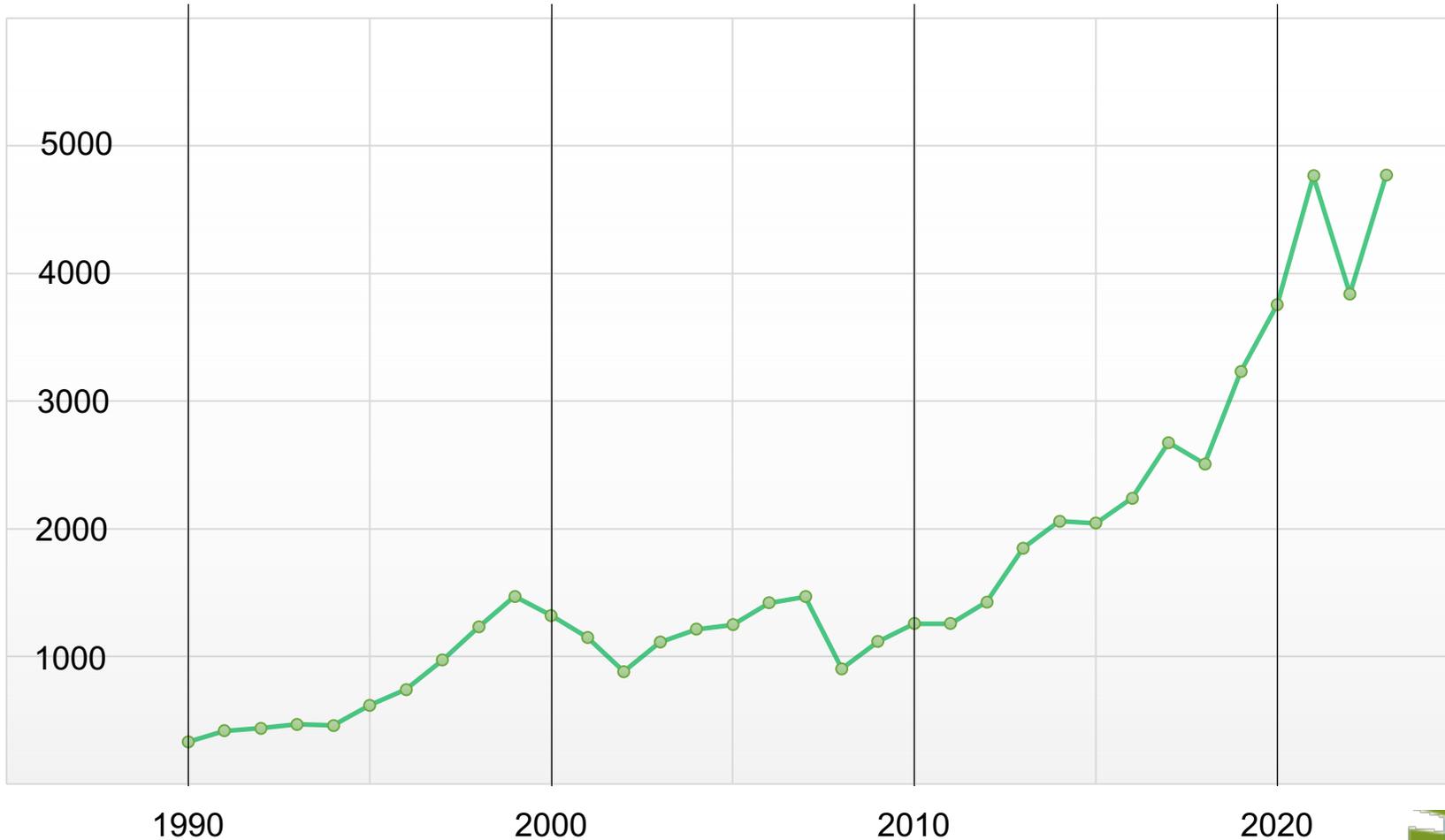
Over time the market has gone up in about 70% of years.



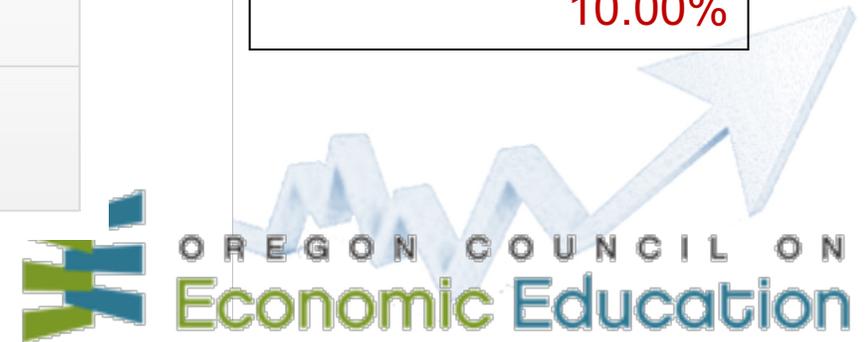
Stock Market Rate of Return



S&P 500 Yearly Close



2023:	24.23%
2022:	-19.44%
5-year return	65.49%
10-year return	11.83%
Historic return	10.00%



Rule of 72

- Discovered by Albert Einstein
- Approximates the “doubling effect” of interest

$$72 / \text{Interest Rate} = \text{Years to double}$$

- 7% interest rate
- $72/7 = 10.28$ years

$$72 / \text{Years to double} = \text{Interest Rate}$$

- Double in 6 years
- $72/6 = 12 \rightarrow 12\%$ Interest

Rule of 72

- \$1000 invested at 8% average rate of return
- Rule of 72 – Double every 9 years

$$72 / \text{Interest Rate} = \text{Years to double}$$

$$72 / 8 = 9$$

18	\$ 1000
27	\$ 2000
36	\$ 4000
45	\$ 8000
54	\$ 16000
63	\$ 32000

19	\$ 1000
28	\$ 2000
37	\$ 4000
46	\$ 8000
55	\$ 16000
64	\$ 32000

20	\$ 1000
29	\$ 2000
38	\$ 4000
47	\$ 8000
56	\$ 16000
65	\$ 32000

$$\$3000 \rightarrow \$96,000$$

Stock Market Game

