

# Understanding SMG

## Suggested Grade

Grades 9-12

## Suggested Time

45-90 minutes

## Teacher Background

### Students in The Stock Market Game™

In The Stock Market Game (SMG), students work together to create and manage a virtual investment portfolio of real world stocks, bonds, and mutual funds. Each team is responsible for researching and evaluating potential investments. Team members must also effectively come together on cooperative decisions on whether to buy, sell, or hold the stocks, funds, and bonds in the portfolio they have created.

The team's SMG portfolio provides them with ample research through the *Investor Research* link. Additional research and news is available at websites listed in the *Outside Links*. Support with the various functions of the portfolio is available through the Help link that appears on each page of their team portfolio.

In addition to working in the online portfolio and researching their investments, each student is encouraged to keep a journal. The journal can contain a combination of minutes from team meetings, research notes, reflective entries, printouts of rankings reports, Transaction History reports, or Account Holdings reports. Student journals are effective formative assessment tools. A list of writing prompts is available with this lesson.

### Teachers in The Stock Market Game

The confirmation message you receive when you have successfully registered contains your SMG Advisor ID and password. Visit the SMG homepage ([www.stockmarketgame.org](http://www.stockmarketgame.org)) and login for access to the Teacher Support Center. The Teacher Support Center provides you with lessons, activities, technical guides, and other resources for engaging your students in the SMG program.

The SMG program's teaching materials support each student's financial literacy development by them with opportunities to practice and test what they've been taught in the real world. To stimulate this, SMG provides you with lessons differentiated by knowledge and skill level. The program also provides you with rubrics and pre/post tests to use to assess your students progress. Each lesson also has an assessment component.



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## Vocabulary

**Consensus:** To reach team agreement on a decision.

**Invest:** When you invest you become part owner in a company or loan a government agency money with the expectation of earning more money.

**The Stock Market Game (SMG):** An investment education program with applications for teaching core academic subjects such as math, English Language Arts, economics, social studies, technology, and business.

**SMG Journal:** Student journal to record decision-making process, summarize important information, and reflect on decision made through the course of the SMG program.

**SMG Portfolio:** Record of investments and their current value, history of investments with prices of sales, cash on hand, and money borrowed.

**Teacher Support Center:** Teacher reference and resource center for implementing the SMG program in the classroom.

## Performance Objectives

Students will be able to:

- Understand the relative dollar value of \$100,000.
- Understand the consensus building process
- Cooperatively create rules for successful cooperation and consensus building
- Set up and begin to use student SMG Journals.

## Materials

SMG IDs and passwords (After the teacher registers the class these are sent via E-mail)

Internet Access

Sales circulars and newspaper advertisements (must have prices listed)

Notebooks

Activity Sheet 1: Team Building Skills

Fact Sheet 1: SMG Journal Prompts

## Springboard Activity

Ask your students: "What would you do with \$100,000?" After accepting a few responses, ask: "How much is \$100,000?"

Explain to your students that they will be buying \$100,000 worth of merchandise online. They may buy toys, clothes, or food – anything they want. They may buy multiple quantities of the same item. It is up to them. The only thing they must do is to spend the entire \$100,000.

If your class does not have internet access, you may complete this activity using sales circulars, newspaper advertisements, and classified ads. It is important that what you use has prices listed.



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Explain to your students that the goal of the activity was to give them a concrete sense of the “value” of \$100,000. Inform them that each group is going to be given a \$100,000 in virtual cash to invest in companies they believe will make the most money over the coming weeks. They will also be able to buy bonds and mutual funds. Explain that each group will need to work as a team to make the purchases.

## Procedure

Organize your students into teams of two to five members each. These will be their “SMG teams” Distribute *Activity Sheet 1: Team Building Skills* and complete it with your class.

After teams have chosen their names, review the challenging aspects of the activity and ask how your teams how they overcame them. Ask teams to write their team name in their SMG journals. It may also be helpful for you to create and display a list of all your teams’ names.

Practice team building skills again by asking teams to create a short list of rules that all teams should follow when they work together. For example, if there is a disagreement, team members should vote. The option with the most votes wins. Or a rule that gives everyone on the team three minutes to comment on a decision.

Review the team-created rules with the entire class. Create a list of the most popular rules and display them in the classroom.

## Application

Ask each team member to review the list of products they created in the Springboard Activity and number them by popularity (with “1” being the product everyone might own). In their teams, each member should share their lists and come to a consensus on the three most popular products.

## Assessment

In their SMG journals, ask your students to identify the companies they believe their team should invest in using their virtual \$100,000. They should include why they selected these companies and how they would convince their teammates to invest in them.



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# Fact Sheet 1: Journal Prompts

Keeping a journal will help you make better decisions by providing you with a written record of your team meetings, research notes, and decisions you have made.

This is a list of suggested writing prompts if you need help getting started. Be specific in your writing so everything is clear when you refer back to your entries. Also, be sure to cite the sources that helped inform your opinion so you can refer back to them when needed.

1. Write about the impact of a recent news event on a company that your team has invested in or that your team wishes to invest in.
2. Think about a company, mutual fund, or bond your team has recently purchased. Did you agree with your team's decision? Why or why not?
3. Select one of the investments your team has made. Has it gone up or down in price since its purchase? What do you think caused the change?
4. Provide a review of your favorite research website. Why do you prefer it to other sites? What is your favorite feature? And why? Contrast and compare it to another site.
5. Research the biggest competitor of one of the companies your team is invested in. How are they performing? Why did you choose your current company over them to invest in?
6. Is your team's portfolio diversified? Could it be more diversified? Describe how your team has attempted to create a diversified portfolio.
7. How would you rebalance your portfolio to boost performance? Why?
8. Review your current investments. How do you think they'll perform five years from now? Why?
9. What advice would you give someone new to The Stock Market Game program? Why is it important to listen to your advice?
10. What is the most important thing you have learned from The Stock Market Game?

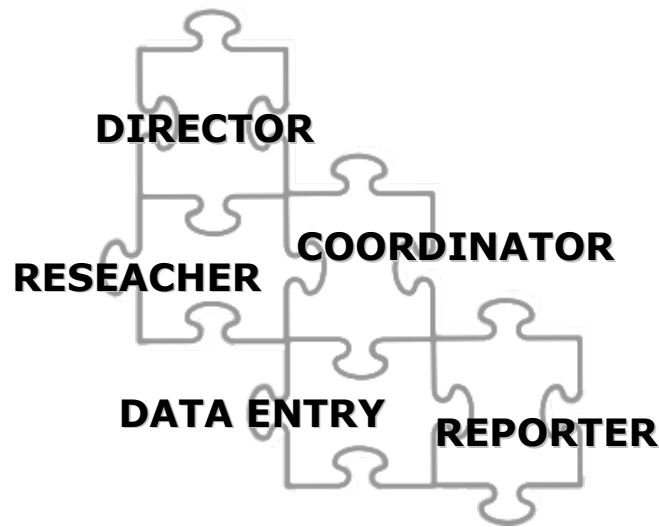


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# Team Roles



## DIRECTOR

The Director leads the team. It is the Director's responsibility to coordinate the efforts of the entire team, ensure that activities are being completed successfully, and that everyone on the team is being treated fairly. If the occasion arises, the Director is responsible for summarizing the team's activities to the teacher and other teams. The Director is responsible for resolving disagreements among team members.

## HEAD RESEARCHER

Everyone on the team is responsible for gathering and sharing research on potential investments and trades. The Head Researcher is responsible for coordinating the team's findings and summarizing them into a cohesive presentation that can be easily shared.

## PORTFOLIO COORDINATOR

The Portfolio Coordinator may not have much to do at first but will be busy a week into the game. The Coordinator monitors the team's portfolio transactions, records of all transactions the team makes, and ensures the portfolio data displayed is correct. The Coordinator reviews the *Transaction History*, *Transaction Notes*, *Account Summary*, and *Account Holdings* pages for accuracy.

## DATA ENTRY COORDINATOR

Each team member should have a chance to logon and enter trades. The Data Entry Coordinator is responsible for ensuring those trades are entered and executed correctly. No member of the team, including the Director, should enter a trade without the Data Entry Coordinator knowing about it. The Coordinator checks the portfolio's *Transaction Notes* page for error messages.

## LEAD REPORTER

The Lead Reporter compiles the team's meeting notes. The Reporter's job is to maintain a current journal of the team's activities and the status of their portfolio. The Reporter works with other members of the team to collect and organize their reports.



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