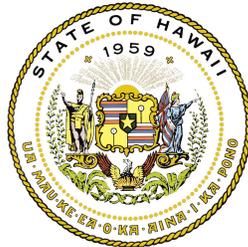


Advisor Guide

Fall 2019

Thanks to the generous support of:



Department of Commerce & Consumer Affairs
Office of the Securities Commissioner
www.hawaii.gov/dcca/areas/sec/



HCEE
HAWAII COUNCIL ON
ECONOMIC EDUCATION





Welcome to the Hawaii Stock Market Simulation

Aloha Teachers,

Welcome to the Hawaii Stock Market Simulation. We are delighted that you are including this useful interactive tool in your curriculum. We believe that responsible money management and investing are important life skills and this simulation is an engaging and effective way for students to learn those skills. We are proud to sponsor the simulation and hope that you and your students consider it as fun and valuable as we do.

Mahalo for your commitment to investor education and your dedication to the students who benefit from your efforts.

Sincerely,

Dori Kim
 Administration and Outreach Program Coordinator
 Hawaii Council on Economic Education

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About the SMS

The SMS is the fastest growing 3-12 grade stock market simulation in the country. Last year over 200,000 students participated in the SMS. The SMS is sponsored and administered by Stock-Trak, Inc. of Quebec, Canada. The program is aimed at improving financial literacy among elementary, middle, and high school students. The SMS offers teachers in economics, social studies, technology, math, and other related fields an opportunity to bring "real world" applications into their class.

The Hawai'i Council on Economic Education provides this simulation at no cost for teachers and students thanks to their partner, the [Department of Commerce & Consumer Affairs, Office of the Securities Commissioner](#).

Each team is given \$100,000 to invest in stocks and bonds over a ten-week period. From www.hawaiisms.com, students may invest and check their account status at anytime. Should the internet be unavailable for any reason, investments may be faxed to SMS toll free at 888-2755-0969 via the Fax Form provided on www.hawaiisms.com and later in this guide.

Contacts for the Hawaii SMS[®]

Hawai'i Council on Economic Education
126 Queen Street #226
Honolulu, HI 96813
Phone: 808-585-7220

Email: hceedori@gmail.com

Stock-Trak
3575 Rue Ashby
Montreal Quebec H4R2K3, Canada
Phone: 514-871-2222
Toll Free: 800-786-8725(9-6 ET)
Fax: 514-871-8561
Email: support@stocktrak.com

Registration for the SMS

The easiest and most convenient way for teachers to register for the simulation is by visiting www.hawaiisms.com. Registration is FREE. For further questions about the registration process please contact the Hawai'i Council on Economic Education at hceedori@gmail.com or (808) 585-7220.

Upon registration, please print the confirmation page with the student team numbers and passwords listed. Teachers will also receive a demo account and password for use prior to the start of the simulation. This account will be zeroed out on the first day of the simulation so that teachers can participate along with their students.

Getting Started

Once you have registered, keep student team numbers and passwords in a safe place. This information will be needed to log into your account or make a transaction. **Teams: Each team must have between 2 and 4 students.**

On www.hawaiisms.com, the Rules for the simulation are available on the button marked "Rules" on the left margin of the page. We encourage you to become familiar with them and to distribute copies to each student. The Rules are updated at the start of each semester with suggestions and improvements from previous semesters.

Ideas for student teams:

1. Each student on a team could be assigned a field of expertise such as "treasurer, record-keeper, etc." The \$100,000 can be invested on a group decision basis or by assigning a pro rata share of the funds to each student to invest at their discretion. One team member could be an accountant who writes down the investments and verifies the team's manual calculations with the account summary listed on the web site. This becomes an excellent math assignment!
2. Teachers may also consider naming a team captain, lead researcher, treasurer, record-keeper, and transaction verifier. The captain can ensure each member does his/her job and does the final check before entering investments. The researcher reports on news affecting the general economy and the team's stocks as well as taking reports from the 'experts.' The treasurer acts as an accountant, filling out worksheets and keeping records. The record-keeper manually tracks daily gains and losses in the team's stocks. The transaction verifier double-checks current market values, ticker symbols, and prices before turning in investments to the captain. Teachers may want to rotate students to broaden their learning experiences.

Customer Support

Hawaii SMS has a toll free customer service line (1-866-SMS-DESK) for teachers to call when they need help with their account or just have general questions. Participants can email help-desk@stocktrak.com or fill out the Online Error Form. Replies will be sent within 48 hours. Many questions can be answered by reading the SMS Basics, SMS FAQ's, and the Rules.

Investing in Securities

There are several different types of securities in which teams can invest with the SMS. Stocks, preferred stocks, mutual funds, bond and bond funds are available for participants to invest with the SMS. Hawaii SMS allows investing of all of these securities. All stocks and preferred stocks will be invested on delayed prices. Mutual funds and bonds are all invested on end of day prices.

Stocks

The SMS invests all stocks listed on the NYSE, AMEX, and NASDAQ Exchanges that are priced above \$5.00 and have a volume of more than 100. All stocks are invested at 15-20 minute delayed pricing if placed while the market is open (9:30am – 4:00pm ET).

Mutual Funds

The SMS allows investing of any mutual fund that is listed on the NYSE, AMEX, and NASDAQ regardless of the price or volume. All mutual funds are invested at close of day prices.

Bonds

A list of all bonds available to be invested with the SMS is on the Bond Order Screen. If there is a bond not on the list that your students would like to invest, please contact SMS Help Desk and they will add it to the page. All bonds and bond funds are invested at close of day prices.

Stock Transactions with SMS[®]

In order to make a transaction, click on the “Buy/Sell” tab at the top of the site, then make sure you are on the “Stocks” tab. Next, enter your transaction information – transaction type, number of shares, and the ticker symbol. Once all of this information is entered, click on the “Preview” button to double check the transaction. **DON’T STOP HERE!** The transaction has not been placed quite yet. After clicking the “Preview” button, a Preview Order Page will list the number of bonds and the price, ticker symbol, transaction type, and the estimated amount that this order will cost. **If you choose *not* to place the transaction, click on the “Cancel Order” button at the bottom of the page and the transaction will be cancelled.** If everything on the preview page appears correct, click the “Submit” button on the bottom of the page and the transaction will be submitted. A “Stock Order Confirmation” will then automatically open and display the transaction and a corresponding confirmation number. **Please print or keep a copy of all the confirmation numbers.**

Rules for placing transactions:

1. Transactions for stocks can only be done in shares, not dollars or units. The minimum number of shares is 25 shares. All stocks must be worth more than \$5.00. If the price of a stock you already own goes below \$5.00, you don’t have to sell the stock. You may still hold your position but you cannot purchase any more of that stock.
2. The stock must also have a volume of at least 100 shares or it cannot be ordered. The amount of shares you can buy is limited to the actual volume for the day.
3. All teams are limited to making 100 transactions throughout the 10-week simulation. If you use all of your orders, then you cannot make any more transactions for the remainder of the simulation. Additional transactions **cannot** be purchased.
4. Each *buy* and *sell* counts as one transaction. If you buy 100 shares of a stock and then sell 25 shares of a different stock, that counts as two transactions.
5. Teams are also limited by their position limit, which is explained later in this guide. The Hawaii SMS has a position limit of \$50,000. Teams are only able to order stocks listed on the AMEX, NASDAQ, or NYSE. Teams may not invest in INDEX stocks. Investing in preferred stocks is allowed.

Mutual Fund Transactions with SMS[®]

In order to make a transaction, click on the “Buy/Sell” tab at the top of the site, then make sure you are on the “Mutual Funds” tab. Next, enter the transaction information – transaction type, amount of the transaction (a dollar amount in multiples of \$500), and the ticker symbol (the ticker symbol for mutual funds will be 5 letters long ending in the letter X). Once all of this information is entered, click on the “Preview” button to double check the transaction. **DON’T STOP HERE!** The transaction has not been placed quite yet. After clicking the “Preview” button, a Mutual Fund Order Preview Page will list the number of shares, price, ticker symbol, transaction type, and the estimated amount that this order will cost. **If you choose *not* to place the transaction, click on the “Cancel Order” button at the bottom of the page and the transaction will be cancelled.** If everything on the preview page appears correct, click the “Submit” button on the bottom of the page and the transaction will be submitted. A “Mutual Fund Confirmation Page” will then automatically open and display the transaction and a corresponding confirmation number. **Please print or keep a copy of all the confirmation numbers.**

Mutual Fund Rules:

1. When making transactions with mutual funds, use the dollar amount and not the number of shares. For example, if 10 shares of the mutual fund cost \$500, please enter \$500 as the amount to sell when it is time go to sell the order.
2. To sell all the mutual fund shares at once, place 99999 in the amount field on the “Mutual Fund Order Screen.”

Bond Transactions with the SMS[®]

In order to make a transaction, click on the "Buy/Sell" tab at the top of the site, then make sure you are on the "Bonds" tab. Next, enter your transaction information – transaction type, number of bonds, and choose a bond from the list provided. Once all this information is entered, click on the "Preview" button to double check the transaction. DON'T STOP HERE! The transaction has not been placed quite yet. After clicking the "Preview" button, a Bond Order Preview Page will list the number of bonds, price, ticker symbol, transaction type, and the estimated amount that this order will cost. **If you choose *not* to place the transaction, click on the "Cancel Order" button at the bottom of the page and the transaction will be cancelled.** If everything on the preview page appears correct, click the "Submit" button on the bottom of the page and the transaction will be submitted. A "Bond Order Confirmation" will then automatically open and display the transaction and a corresponding confirmation number. **Please print or keep a copy of all the confirmation numbers.**

Market Holidays

The stock markets will be closed on the following days in 2019. When the stock markets are closed, teams may still order, however, their orders will not be posted to their accounts until the next business day.

| | 2019 |
|-----------------------------|------------------------|
| New Year's Day | Tuesday, January 1 |
| Martin Luther King, Jr. Day | Monday, January 21 |
| Washington's Birthday | Monday, February 18 |
| Good Friday | Friday, April 19 |
| Memorial Day | Monday, May 27 |
| Independence Day | Thursday, July 4 |
| Labor Day | Monday, September 2 |
| Thanksgiving Day | Thursday, November 28 |
| Christmas | Wednesday, December 25 |

****Note: The markets will be closed early at 1:00pm EST on the following days.**

| | |
|-----------------------------|-------------|
| Day Before Independence Day | July 3 |
| Day Following Thanksgiving | November 29 |
| Day Before Christmas | December 24 |

Investing Restrictions

There are restrictions with SMS to help encourage appropriate investing.

- ⊕ Position Limits: Position limits are put in place to limit the amount each team can invest in one security. This restriction prevents participants from losing all their money in one security and it also encourages diversification. Throughout the simulation, teams may invest no more than \$50,000 in any one stock.
- ⊕ Transaction Limits: ***Hawaii SMS has a limit of 100 transactions.*** Transactions limits are put in place to prevent participants from focusing on short-term investments. Researching of securities before orders are placed and long-term investments are encouraged.
- ⊕ \$5.00 Minimum: The \$5.00 minimum is put in place to prevent participants from purchasing penny stocks.
- ⊕ Transaction Fill Price: Securities are invested at 15-20 minute delayed pricing or end of day pricing depending on the securities in which you are investing.

Stock Market Basics

The stock markets are open Monday through Friday from 9:30 am to 4:00 pm EST. There will be a 15-20 minute delay on pricing for all stocks and preferred stocks.

All commodities will be invested at end of day prices. Transactions ordered after the market has closed will be placed the following business day (that markets are open) at the opening price. Transactions ordered before the market opens, will receive the opening price for that day.

The SMS website includes a link to the Most Used Ticker Symbols which is located on the left margin of the web site. This selection lists the most frequently ordered stocks and their ticker symbols and is a good reference for teachers and students. The SMS page also has a ticker symbol lookup screen for those hard to find ticker symbols. It is important to be familiar with ticker symbols, which are different from the abbreviations that newspapers use.

Stock Market Basics continued...

There will be a \$25.00 flat fee commission on all stock orders, regardless of the number of shares or the price ordered. Since this simulation involves "online investing" this fee approximates a real online transaction commission.

To obtain daily, detailed information about any account, just login to the Hawaii SMS web page and click on "Portfolio" or "Summary" tab. Team activity and rankings are updated each business day. Click on the Ranking tab to compare your account against other teams in your division. A statewide top 50 ranking is also available to see how the top 50 teams in the state are performing. **At the end of the simulation period, do not sell all of your stock holdings.** Final team standings will be based on the last day's closing prices of equities in your portfolio.

Researching a Company or Market

The Hawaii SMS home page contains two excellent resources that provide information on a particular company or industry: the "Quotes" and "Research" pages. These tabs are located on the top part of the homepage next to the "Ranking" tab.

The Quotes page is an excellent starting point for researching a company. Click on the "symbol lookup" icon located on the left margin of the page to research any stock's ticker symbol. Type in the company's name and click on the "search" button. A one to five character ticker symbol will be displayed. Record this symbol, as each team must input the ticker symbol to make a transaction. Then, click on the symbol and the stock information will be displayed. Additionally, important financial information such as the Earning per Share (EPS) and the Price to Earnings Ratio (P/E) will be listed.

The most thorough resource on the SMS web page is the Research page. Clicking on the "Research" tab on the top navigation bar takes students to a listing of fifty top research and investment sites chosen by Stock-Trak's Investment Specialists. These sites are categorized into the following nine sections: Fundamental Research, Technical Research, Market Watch, Other Popular Investment Sites, Industry-Leading Stocks, Teacher Recommended Sites, Quote Tools, Finance 101, and Helpful Newsletters. The students should evaluate each stock considered for investment. The Research segment of the SMS web page is an excellent resource for investigation. Some companies' annual reports are available to be mailed to you by selecting "Free Annual Report" from the "Fundamental Research" heading.

Major Market Indices

Professional money managers are evaluated on how their stock selections performed compared to certain stock market averages or indices. The three most popular "benchmark" indices are the Standard & Poors 500 Index (S&P 500), Dow Jones Industrial Average (DJIA), and the NASDAQ Composite Index.

The S&P 500 is the standard for most account managers and contains 500 large cap stocks. The S&P 500 accounts for 80% of the value of the U.S. equity market. Professional money managers use this index when they refer to the "stock market."

The DJIA contains 30 large companies (large market capitalization or "large cap") stocks that represent about 30% of the value of the U.S. equity market. The oldest index, the DJIA, started in 1896 when twelve stocks were selected by Charles Dow to track the emerging industrial sector of the American economy. Today, the editor and owner of the *Wall Street Journal* determine the stocks in the DJIA.

The NASDAQ Composite Index was created in 1971. It is a computerized network of stockbrokers attempting to buy or sell stocks. It is commonly referred to as the "technology laden" index because 70% of its market value is technology stocks versus 28% for the S&P 500 index. There are approximately 3,800 stocks in this index.

Suggested Curriculum

Our new lesson plan and presentation library is now available in the Teacher Resources section of the SMS (available on the right side of the teacher admin page):

<https://hawaiisms.com/content/learncenter?page=https://learn.stocktrak.com/category/teacher-resources/>

The Presentation Templates are Google Slides/PowerPoint presentations (we provide both) to accompany some of the most popular articles from the Learning Center. This allows each activity to be used either as part of direct instruction, or as an independent activity through the lesson built into the SMS (at the discretion of the instructor).

The Lesson Plans are customizable resources for a variety of topics. This means each Lesson Plan has several recommended activities with different time requirements that teachers can choose between – including activities utilizing the SMS directly and articles in the Learning Center. We are planning a lot of further development on both fronts, and hope to utilize this semester to gather teacher feedback to guide the future direction.

Adventures in the Stock Market

Learning about the stock market can bring a lot of excitement to a classroom. That excitement can spill over into other areas and really enhance the learning environment. In some cases, it will provide a topic for dinnertime conversation with parents, in others, parents themselves may be encouraged to learn more about investing.

Throughout the lessons, students will use “real-world” math skills and learn about current events. They’ll be able to answer questions such as: “Why did the news about an increase in the price of oil affect the price of my stock?” or “Why does the war in another country affects the price of my stock?”

“Adventures in the Stock Market” contains helpful hints for teachers whose students participate in the Stock Market Simulation. For example, through out the competition, student’s desire to win often causes them to engage in the riskiest of strategies, resulting in a few big winners and lots of big losers. However, it is essential that students understand that investing is a lifetime undertaking and not a game. Real investing decisions need to be thoughtful informed choices. Lessons from “Adventures in the Stock Market” will help teachers teach the importance of saving and investing. In addition, students will learn about the role of business in the economy, as well as how the stock market helps business raise financial capital while letting small investors share in their success or failure.

Learning Earning and Investing High School and Middle School

“Learning Earning and Investing” introduces students to the world of investing, its benefits and risks and the critical role it plays in fostering capital formation and job creation in our free market system. “Learning, Earning and Investing” is a comprehensive investor education program focuses on the benefits of and strategies for investing for the long term. Lessons cover basics such as the language of financial markets, reading the financial pages and financial institutions in the U.S. economy. The 16 lessons in the middle school volume and the 23 lessons in the high school volume provide students with active-learning experiences.

In addition, the companion Web site offers sample lessons, interactive simulations, downloadable Power Point visuals, a glossary and assessments. The Web site offers downloadable lessons that are not included in the print publications, for fourth - and fifth – grade students. The Web site serves as a portal for a wide range of investor education Web sites and materials. You can reach the site at <http://lei.ncee.net>

Frequently Asked Questions

1. **When is my investing period?**

The Fall 2019 Hawaii SMS will begin on Monday, September 30, 2019 and ends on Friday, December 6, 2019.

2. **How do I register for the SMS?**

Visit www.hawaiisms.com and click on the teacher registration link.

3. **What is my team number and password?**

Register for the SMS is at www.hawaiisms.com. Team numbers and passwords will be listed on the confirmation page. If you do not receive or have misplaced your team numbers and passwords, contact the SMS Help desk at 1- 800-786-8725.

4. **What do I do if I registered too many teams?**

If you requested too many teams while filling out the registration form, contact the Hawai'i Council on Economic Education immediately. Extra teams are not a problem and can be easily corrected, but communication between the teacher, Hawai'i Council on Economic Education, and Stock-Trak is imperative.

5. **How do I find a specific ticker symbol?**

Ticker symbols can be found for a specific company by going to www.hawaiisms.com and clicking on Ticker Symbol Lookup. This will prompt you to enter the company name of the ticker symbol you need. If no ticker symbol is found for this company then you should determine if the company has a parent company. The Wall-Street Journal website is a good place to find ticker symbols.

6. **Do I need to sell everything I own at the end of the simulation?**

No. Please DO NOT convert your entire portfolio to cash on the last day of the simulation. Your portfolio will be valued at the closing prices for that day. The Hawai'i Council on Economic Education will announce the official winners of the simulation within two weeks after the last day of session.

7. **What do I do if my team numbers aren't working?**

Immediately contact the SMS Help Desk at 1- 800-786-8725 or by email at support@stocktrak.com .