Why Invest? After the economy declined in 2008 and the creation of the Card Act of 2009, the banking industry is no longer offering interest rates on savings tools that are profitable. Banks are only offering 1-2% interest at best on our savings. Gone are the days of a 4-5% CD or money market deposit account. Needless to say, this is forcing all of us to invest in the stock market. According to Peter Lynch, former portfolio manager for Fidelity Magellan Fund, you should invest in those things you know. What are the products you really like? What is popular among your friends? Who makes it? Do you think it will continue to be popular? You may not realize it, but stock tips are all around us. Go with What You Know. Peter Lynch has other good advice: Take advantage of what you already know (the companies you patron, the products you think are great). Look for opportunities that haven't yet been discovered and certified by Wall Street. Invest in a house before you invest in stock. Invest in companies, not in the stock market. Ignore short-term fluctuations. Large profits can be made in common stocks. Predicting the economy is futile. Long-term returns from stocks are both relatively predictable and also far superior to the long-term return from bonds. The average person is exposed to interesting local companies and products years before the professionals. Having an edge will help you make money in stocks.

Economic Conditions

Of course, the stock market does have its economic cycles. When the economy is prosperous, people are buying things and have jobs. When the economy is slowing down, more people than normal are out of work, businesses cut back on spending, and luxury items are eliminated. But, people do still buy products—to live. Buying stocks in a variety of sectors and industries, along with understanding the economic cycles, will help you make choices about which stocks to buy. Stock Market Game Strategy Selecting stock for a stock market game is different than buying real-life stock. In real-life, we would not take the same risks with our real money. Once you join, you will be able to have this account for one year so you can see how your 'fake' stocks are doing. That way you will be able to practice trading stocks. Sources: Learning from the Market, 2004, National Council on Economic Education, New York, NY. One Up on Wall Street, 1989, Peter Lynch Financial Education, Family Economics.

What is a Stock?

A stock is a physical piece of paper that says you own a certain number of shares of a company, and that you are in partnership with that company. To make more money on your interest, you need to purchase stock or shares in companies that are publicly traded on the stock exchange or stock market. A business sells stocks because it needs money either to operate its business or increase the size of the business. By offering shares to be purchased, companies bring in money from stockholders in exchange for the right to a part of the profits. The company may pay quarterly dividends to shareholders out of its profits (or reserves). Otherwise, you can sell your shares either back to the company or to another investor by trading your stocks. Overall, your rate of return investing in the stock market is two to four times greater than your typical saving's tools. Remember, however, that every trade you make will require a commission charge between 2 and 10%. This is regardless if you are buying stock or selling stock. What Stock should I Buy? The size of the company has a lot to do with what you expect to get out of a stock. Typically, big companies don't have big stock moves. You doesn't buy a company like Coke expecting to triple your return in a year. Big companies have small moves, small companies have big moves. Look for a fast growing company that grows very fast! This type of company may increase by 20 to 30 percent within one year. That is where a real opportunity exists. Go with What You Know. Look for companies of things you know or like. Remember that you want to diversify. This means selecting companies in different sectors and industries. You should always understand the nature of the companies you own and the specific reasons why you want to own them. The things you use everyday would be a good place to begin investing. The fast growers are small, aggressive new enterprises that grow at 20 to 25 percent a year. Taco Bell and the Gap are good examples. Researching stocks is one of the most important things you can do, if you want to make money. The more you know, the better it will be for you in the long run. Sources: One Up on Wall Street, Peter Lynch, 1989. http://WeSeed.com.
What is a Company IPO?
What is a Company?Watch this video for a better understanding.What Makes a Good Company?A good company puts its products
where the customers can find them and sells quality products. Quality products attract people, those people tell their friends, the
company makes money, the stock goes up, shareholders make money, a winning product has been created and, everyone is happy!
Learn from Warren Buffett on what makes a great investment.

Reading Beta
Beta:Perhaps the single most important measure of stock risk or volatility is a stock's beta.Â It's one of those at-a-glance measures
that can provide serious stock analysts with insights into the movements of a particular stock relative to market movements.Â The
concept of beta is fairly simple; it's a measure of individual stock risk relative to the overall risk of the stock market.Â It's sometimes
referred to as financial elasticity.Â The measure is just one of several values that stock analysts use to get a better feel for a stock's
risk profile.Â The beta value is calculated using price movements of the stock we're analyzing.Â Those movements are then compared
to the movements of an overall market indicator, such as a market index, over the same period of time. Click on the link below to
watch a video on beta.Beta Rules of ThumbBeta values are fairly easy to interpret too. If the stock's price experiences movements
that are greater - more volatile - than the stock market, then the beta value will be greater than one.Â If a stock's price movements,
or swings, are less than those of the market, then the beta value will be less than one. Since increased volatility of stock price means
more risk to the investor, we'd also expect greater returns from stocks with betas over one.Â The reverse is true if a stock's beta is
less than one.Â We'd expect less volatility, lower risk, and therefore lower overall returns.Lower Beta=Lower Risk=1Click on the URL

Reading/Analyzing Stock Info
Many newspapers publish financial pages that provide readers with a great deal of information about the world of stocks, mutual
funds, and bonds. One excellent source is the Wall Street Journal (often called The Journal). Other newspapers have similar
information. This information will help guide you in selecting your stocks. Using the numbers in the picture above, below is a brief
description of each. The "Researching Stocks Worksheet" is located on the next link or you can obtain it from your instructor to follow
along.Before we begin breaking down this image, watch this video:0-Name of the Company who is publicly trading on one of the stock
exchanges.1-A ticker is a stock symbol for that particular stock. Each company who exchanges on the New York Stock Exchange
have typically a 3-letter code as their ticker. Mutual funds have a 5-letter ticker ending with X.2-This column reports the highest price
of the stock in the most recent 52-week period. That way, if the current stock price is close to the high, you know that it may not be a
good time to buy.3-This column reports the lowest price of the stock in the most recent 52-week period.Â If a stock price is close to this
good price, you may want to consider buying it.4-DIV stands for dividend, which is an annual payment per share to owners of the stock.
Stock dividends are usually paid quarterly (every three months).5-The yield (YLD) is the dividend calculated as a percentage of the
closing price. Â 6-P/E ratio is the ratio of price to earnings. The P/E ratio is obtained by dividing the stock's price by the company's
latest 12-month earnings per share. It is the most widely used and critical measurement of the stock's price. It represents how much
investors are willing to pay for each dollar of the company's earnings. Most companies have a P/E ratio of 5 to 25. Financially
successful companies have a ratioÂ of 7 to 10, rapidly growing companies are between 15 to 25, and speculative companies are 40 to
50. Low P/E stocks pay higher dividends and have less risk, lower prices, and slow growth. High P/E ratios indicate a firm is
expected to have a lot of growth in the future.7-Beta measures a stock's volatility compared to changes in the overall stock market. If
a stock has a beta of +1.5 and the market went up 10%, it is expected the value ofÂ the stock would rise by 15%. Conversely, if the
market dropped 10%, a +1.5 beta stock would drop 15%. Stocks have an average beta between +0.5 to +2.0. A negative beta is a
counter cyclical stock because the price changes are opposite the movements in the business cycle. Conservative investors want a
stock with a beta of +1.0 or less meaning the stock is less sensitive to changes in the market. A beta of +1.1 to +2.0 indicates the
stock is more sensitive to changes in the market because it moves at a greater percentage. A higher beta indicates a greater risk.8-
This represents the high selling price of the day for one share of stock from the previous day.9-This represents the low selling price
of one share for the previous day.10-This is the numberÂ shares traded on the reported day, represented in hundreds (take the number
and add two zeros).11-The close is theÂ price of the last share sold for the previousÂ day.12-Net CHG is the net change or difference
between the closing price ofÂ a share from the prior day and the current day. A loss will be represented by a minus sign. This video will
show you where all this information comes from and why you want to look at it to make your decision.

Task 4: Researching Stocks
Go with What You Know The stock market is made up of companies and brands that you know and love. Think about the shampoo
you use, sports you play, movies you watch, cars you like, your favorite cereal--anything that comes to mind. Use these ideas to think
of companies that you may want to buy stock. “Go with what you know” is what the experts say. Think about your life and list 10
products, brands, or companies you love.Watch how Warren Buffett does it! Assignment Use the Researching Stocks worksheet
below or from your instructor to follow along. Before we begin breaking down this image, watch this video:0-Name of the Company
who is publicly trading on one of the stock exchanges.1-A ticker is a stock symbol for that particular stock. Each company who
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day. A loss will be represented by a minus sign. This video will show you where all this information comes from and why you want
to look at it to make your decision.
Trading Stocks
Research
After you research your stocks, you will begin trading. To help you understand the stock market a little easier, we will be using MarketWatch.com, a game. You can actually do research within MarketWatch; however, you should have already completed your Research worksheet. Remember, by buying stock in a bunch of different sectors or industries, you are diversifying your portfolio and that is exactly what you want. You will be given $10,000 of fake money to trade on the market. Go to Market Watch and create a username and password. Now, for Period 1, go to MarketWatch.com/game/pfp1f19. For Period 2, go to MarketWatch.com/game/pfp2f19. Select the Join button and type in the password: Raiders. You can actually do research within MarketWatch, however, you should have already completed your Research worksheet. Remember, by buying stock in a bunch of different sectors or industries, you are diversifying your portfolio and that is exactly what you want. You will be given $10,000 of fake money to trade on the market.

Trading
To help you understand the stock market a little easier, we will be using MarketWatch.com, a game. You can actually do research within MarketWatch; however, you should have already completed your Research worksheet. Remember, by buying stock in a bunch of different sectors or industries, you are diversifying your portfolio and that is exactly what you want. You will be given $10,000 of fake money to trade on the market. Go to Market Watch and create a username and password. Now, for Period 1, go to MarketWatch.com/game/pfp1f19. For Period 2, go to MarketWatch.com/game/pfp2f19. Select the Join button and type in the password: Raiders. You can actually do research within MarketWatch, however, you should have already completed your Research worksheet. Remember, by buying stock in a bunch of different sectors or industries, you are diversifying your portfolio and that is exactly what you want. You will be given $10,000 of fake money to trade on the market.

Evaluate
By the time you complete this webquest, you should complete and submit the following items in the order given: Researching Stocks Worksheet, Time to Invest Worksheet. Don't forget to take the Quiz! At the end of the quarter, reevaluate your stock holdings.

<table>
<thead>
<tr>
<th>Category and Score</th>
<th>1-Needs Work</th>
<th>2-Off to a Good Start</th>
<th>3-Sense of the Market</th>
<th>4-True Investor</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diversifying Your Portfolio</td>
<td>Needs Work</td>
<td>Off to a Good Start</td>
<td>Sense of the Market</td>
<td>True Investor</td>
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</tr>
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<td></td>
<td>Did not thoroughly understand what was being asked. Please see the teacher for assistance.</td>
<td>It is evident you read some of the information, but you need to dig deeper.</td>
<td>You have reviewed all the information and have identified items you have researched in picking a stock and diversifying your portfolio.</td>
<td>Right on the money again! You are a master for diversifying. Way to go!</td>
<td>20</td>
</tr>
<tr>
<td>Researching Stocks</td>
<td>Not quite sure what information you were looking at, as it appears to be fragmented and not accurate.</td>
<td>Beginning to have a handle on what you are looking at when you are researching your stocks.</td>
<td>You know what you are reading in the investments and are mastering the research.</td>
<td>Right on the money! A true investor knows how to pick the stocks as well as read the investment information!</td>
<td>40</td>
</tr>
<tr>
<td>Time to Invest Market Watch</td>
<td>You began investing but stopped. You need to invest all of your $10,000 ASAP!</td>
<td>You have written down the stocks you are investing, calculating the shares and total price invested. However, you need to invest all $10,000 ASAP.</td>
<td>You are right on target with your investments, shares, prices, etc. . .your reasons for investing are a bit weak. Review your answers.</td>
<td>You are the Investorator!!! You Rock! You have it down, from the initial research of the company to your justification to investing all $10,000. Way to go!</td>
<td>40</td>
</tr>
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</table>

Total Score ____________

Conclusion
We hope you found this webquest useful in learning how to invest. We believe the best way to learn is by doing. Hopefully you had a few takeaways while you were completing this webquest. Good Luck and Happy Investing!!

Teacher Page
Carol Nielsen and Deb Reynolds are Business and Computer teachers at Stevens High School in Rapid City, SD.

Standards
11-12 Personal Finance Class. Jump$tart Coalition: 1a: Compare strategies for investing as part of a comprehensive financial plan
3c: Devises an evaluation strategy for selecting investments that meet the objectives of a personal financial plan
South Dakota Standards: PF.4.2: Explain how investing builds wealth and helps meet financial goals.
PF.5.1: Evaluate how risk management protects against financial loss.

Credits
The original webquest was created by Carol Nielsen and Deb Reynolds. As resources changed over the years, Deb continued to update the materials used. Special thanks to Market Watch for having games in which students can try their hand at investing for free and the plethora of financial planning resources available on the Internet.
Deb Reynolds has been a Business, Marketing and Computer Teacher for the past 29 years in Rapid City, South Dakota. She is an advocate for Career and Technical Education. “Project Based learning helps students understand the world of work and the skills necessary to succeed.”