

ifs Student Investor Challenge 2011/12

HOW THE CHALLENGE WORKS

The **ifs** Student Investor Challenge is a fun competition for 14-19 year olds which gives a taster of buying and selling shares to make a profit. The Challenge is free thanks to the support of Bloomberg, FTSE and the *Financial Mail*.

Thousands of teams play every year, competing against other teams in their school or college and teams across the world. There are many prizes to win including the top prize of an all expenses-paid trip to New York with £200 spending money for each team member and £2,000 for the school or college.

The Challenge has two phases: The online Trading Game at www.studentinvestor.org and the live, face-to-face finals.

This booklet covers:

- How to enter the competition by registering teams.
- How 'Phase One: The Trading Game' works.
- How closely The Trading Game mirrors the real stock market.
- Support for teams during The Trading Game (see the 'Making Investment Decisions' booklet).
- Answers to frequently asked questions about The Trading Game.
- How 'Phase Two: the Regional and National Finals' work.
- The prizes available.
- Quick reference of key points.

Teams and registration

The competition is for teams of four students. Students must be aged between 14 and 19 years on 31 July 2012 to be eligible. A student can only belong to one team. A school or college can enter as many teams as they like. Teachers can enter their own team(s) too, although teachers are not eligible for the prizes.

Only teachers can register teams. Registration is at www.studentinvestor.org from midday on 5 September 2011 to midnight on 20 November 2011. As soon as a teacher has registered a team, it can start trading.

To register a team you need:

- A team name.
- The names of all four team members.
- The date of birth for every team member.
- Each member's email address.
- A team password (at least seven characters long).

The Challenge website has a full list of the rules around registration: www.studentinvestor.org. See the 'About' tab.

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Phase One: The Trading Game

Each team is given a virtual £100,000 to invest via the online virtual trading centre at www.studentinvestor.org.

A practice trading session is available from 9 am on 3 October 2011 until 4:30 pm on 28 October 2011. At the end of this practice session, all the teams that have participated have their portfolio (the collection of shares and cash they own) reset at £100,000 in cash. The main Trading Game opens at 9 am on 31 October 2011 and closes at 4:30 pm on 10 February 2012.

Goal: to make as much money as possible by the end of The Trading Game!

Teams achieve this goal by buying and selling shares from the list provided. This list includes FTSE 100 companies, around 50 smaller companies called 'ifs SmallCap50' and some investment trusts.

The competition is designed to be as close to real life as possible while being fair to all teams, regardless of where they are located and how much time they have to play. There are, therefore, some rules that need to be followed to ensure your team is eligible to win prizes.

Teams need to hold:

- Shares in ten different companies at any one time.
- At least six of these ten shares in the FTSE 100 companies we list.
- A minimum of £1,000 worth of shares in each company.
- A maximum of 20% of the total value of their portfolio in one company.
- A maximum of £15,000 in cash, with the rest of the portfolio held in shares.
- A maximum of 0.25% of the total shares available in any one company.

Teams can choose to hold up to £20,000 of their cash in an investment trust, if they wish.

Teams can only make one transaction per team per company per day.

A full list of rules is available on the Challenge website: www.studentinvestor.org under the 'About' tab.

The Guru and the Monkey

The Student Investor Challenge has two characters who are also playing The Trading Game:

- **The Guru**

The Guru is a mystery investor who gives advice on how to pick your shares. The Guru is a sophisticated investor who uses information about companies to pick her shares. She sends you an email called the Guru's Newswire every two weeks. This email explains what is happening in the markets and how other external factors have been impacting share prices. You can see a summary of the investments she made last month. But you don't know whether or not she has sold her shares since then.

- **The Monkey**

The Monkey buys and sells shares at random, relying on chance. See if you can beat the performance of the Monkey's portfolio.

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The Trading Game mirrors the real stock market

The Challenge uses market data provided by Bloomberg. These are real share prices, although updates may be delayed by 15 minutes, so they are not suitable for making investment decisions with real money! If there is a difference between the share information on the Challenge website and the share information on other websites, the prices on the Challenge website will be considered correct.

Just like the real stock market teams are charged:

- Stamp duty reserve tax (0.5% of the money you pay for the shares) and flat rate commission when they buy shares.
- Flat rate commission when they sell shares.
- The relevant costs when trading in investment trusts (the information pages for each trust explains what these are).

The *ifs* Student Investor Challenge Stock Market operates on the same trading days as the London Stock Exchange, www.londonstockexchange.com. Trading opens at 8:35 am and closes at 4:30 pm except on certain days around Christmas when trading closes at 12:30 pm. Challenge trades that take place while the stock exchange is closed will be settled at the opening price of that share when the stock exchange re-opens.

Dividends will only be paid if you own the share on the day it went 'ex-dividend'. In the real world this is the date shareholders must own the share to receive the next dividend payment. If you want to receive dividends you will have to research these dates carefully.

Making Investment Decisions

There is a separate booklet of information and activities (with answers) to support students making investment decisions during The Trading Game. This is also available for download from the Challenge website and replaces the worksheets used in previous years.

Frequently asked questions about The Trading Game

Q: What if we cannot start trading on Monday 31 October?

A: Teams that are unable to start playing on Monday 31 October will have the value of their initial £100,000 linked to the performance of the FTSE-100 index until their first trade (this prevents teams who start later having an unfair advantage if share prices fall).

Q: Suppose we lose a lot of money at the beginning of the Game. Can we progress to Phase Two?

A: Yes! You could win a wild card place at the Regional Finals if your portfolio makes the highest percentage increase in value in a month

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Q: Why can we only trade a share once in a 24-hour period?

A: This is to make the game as fair as possible to all teams. For example, one team might be lucky because they can play when there is a sudden price rise in a particular share.

Phase Two: Regional Finals

The Regional Finals are live events held in Birmingham, Bristol, London and Newcastle. The final involves a multiple-choice quiz on finance and investment. There are 70 questions covering the following topics:

- General finance knowledge.
- Savings.
- Investments.
- Shares and the stock market.
- In the news (finance related).

The top two teams from each region go to the National Final in London.

Preparing for the Regional Finals

To prepare for the regional finals, teams can test their knowledge on the quiz questions from last year's events. See the Resources section of www.studentinvestor.org.

To build up their financial knowledge we recommend that teams read the financial pages of newspapers and news websites, such as www.thisismoney, and www.bbc.co.uk (see the Business section on 'Your Money'). They can also research financial products and services on the Money Advice Service website at www.moneyadviceservice.org.uk.

Phase Two: National Final

The National Final is held at the *ifs* School of Finance's London campus in the City. In the morning, the eight qualifying teams are set a business challenge to work on for 60 minutes. This involves a realistic business task. In the afternoon, each team has to give an eight-minute presentation on a topic that they have been given in advance. The judging panel then ask the team questions.

Prizes

Monthly prizes

Every month from November to February there is a prize for the team that has improved the value of their portfolio (all the shares they own) by the greatest amount. Each prize is worth £100 to be shared between the members of the team ie £20 each.

Every month, the team that has made the largest percentage increase to their portfolio in their region will win a place in the wild card draw to go to the Regional Finals.

Judging for the monthly prizes takes place at the end of the last trading day in the month. Each team can only win a monthly prize once.

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Guru's Challenge prize

The Guru's Challenge is a quiz of five multiple-choice questions which runs in the first two weeks of January. The team that wins this quiz receives £75 for each team member.

Prizes at the end of The Trading Game

At the end of the online phase of the Challenge, the team that has made the most money is awarded Online Trader of the Year. Each team member wins £150, making this prize worth £600.

Prizes for the Finalists

There are prizes for the top three teams at the National Final.

- First prize: a one week, all-expenses paid educational trip to New York for the team and their teacher. They also win £2000 prize money for their school or college and £200 for each team member. The trip to New York includes visits to the financial district as well as some of the famous city landmarks.
- Second prize: £1500 for their school or college and £150 for each team member.
- Third prize: £1000 for their school or college and £100 for each team member.

International teams

Teams from outside the UK can also play The Trading Game. These teams are not eligible for the prizes listed above. However, they have their own prize called the International Online Trader of the Year. This prize is awarded to the international team with the best performing portfolio at the end of The Trading Game. Each team member wins £100, making the prize worth £400 in total.

Quick reference

Website

www.studentinvestor.org

Teams

Need to have four members aged between 14 and 19 on 31 July 2012 and a team name. Teachers register teams on the Challenge website.

Dates

Registration: 5 September to 20 November 2011

Practice game: 3 October to 28 October 2011

Main game: 31 October 2011 to 3 February 2012

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