

How the Student Investor Challenge works

The Student Investor Challenge is a 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 the FTSE and Bloomberg.

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.

The Student Investor Challenge has two phases: The Online Trading Game at www.studentinvestor.org and the 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 Semi-finals 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 August 2019 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.

Only teachers can register teams. Registration opens at 9am on Monday 03 September 2018 at www.studentinvestor.org and closes at midnight on 16 November 2018. Teams must be registered before they can start trading. The earliest a team can trade is 9am on 17 September 2018 when the practice period starts.

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)

For the full list of rules regarding registration please see www.studentinvestor.org/rules-portfolio

Phase One: The Trading Game

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

A practice trading session is available from 9am on 17 September 2018 until 4:30pm on 12 October 2018. 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 9am on 15 October 2018 and closes at 4:30pm on 25 January 2019.

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 'SmallCap50' and Exchange Traded Funds (ETFs).

Teams will have the opportunity to run two share portfolios simultaneously. The first is the Active Investor portfolio. This portfolio is where teams will make their typical day to day trades, buying and selling shares each day. The second portfolio teams will manage will be the Strategic Investor portfolio. This presents more of a challenge to investors as only 10 trades per calendar month are allowed to be made, which will encourage investors to think more strategically when making investment decisions.

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.

- The minimum investment in a company's shares is £1,000
- Teams can only trade between 09:00 and 16:30 each day that the stock market is open
- The maximum a team can invest in a company's shares is 20% of the total value of their portfolio
- Teams should not hold more than £15,000 in cash, with the rest of the portfolio held in shares. If teams go over this they will be subject to Windfall Tax which is set at a rate of £1,000 for each day that more than £15,000 of cash is held, starting 8 days after a team's first trade
- Teams can only make one trade in an individual company each day in their Active Investor portfolios
- Teams can only hold a maximum of 0.25% of the total shares available in one company
- Teams can only make 10 trades per calendar month on their Strategic Investor portfolios

A full list of rules is available at www.studentinvestor.org/rules-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 competition 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 Student Investor Challenge Stock Market operates on the same trading days as the London Stock Exchange, www.londonstockexchange.com. Trading opens at the slightly later time of 9.00am and closes at 4:30pm except on certain days around Christmas when trading closes at 12:30pm. Competition 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 website.

Frequently asked questions about The Trading Game

Q: What if we cannot start trading on 15 October?

A: Teams that are unable to start playing on 15 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! Exactly 500 teams will secure a semi-final place – 50 of these will be the best performing teams based on percentage portfolio gain in January 2019. This is a great chance for 'late-chargers' to gain a place in the semi-finals.

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: Semi-finals

The semi-finals will consist of a four week online Stock Predictor challenge. On a weekly basis teams will

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need to correctly predict the closing price of an asset by the end of trading on a Friday. Points will be awarded to predictions closest to the closing price and according to how long the final prediction has been held. Results are counted for only 3 of the 4 weeks meaning with your worst week being discounted from your final tally, so even if teams have a bad week they can still progress to the final!

In total 500 teams will progress to the semi-final. How these teams are decided are as follows:

- 250 highest combined score from both the day trading challenge and the long term trading challenge
- Top 100 from the day trading challenge
- Top 100 from the longer term trading challenge
- Top 50 performing teams in January

Out of these 500 teams only the top 8 teams will progress to the final in April 2019, exact date TBA.

Please note that more than one team per school can qualify for the semi-final and all teams that qualify for the semi-final will do so based on merit and not by geographical region or school. These rules will likewise be implemented with teams that qualify for the final.

Preparing for the semi-finals

To build up their financial knowledge we recommend that teams read the financial pages of newspapers and news websites, such as www.thisismoney.co.uk, and www.bbc.co.uk (see the Business News section on 'Your Money'). They can also research financial products and services on the Money Advice Service website at www.moneyadviceservice.org.uk. We also recommend following the competition's twitter page @investorchallenge to keep up to date with news and tips.

Phase Two: National Final

The National Final will be held at our London office in the City in April 2019. In the morning, the eight qualifying teams are set a stock buying and trading challenge based on a real life scenario, with teams competing against one another to make the most money. 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 and then a winner will be decided based on the presentation and performance in the morning stock trading challenge.

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Prizes

Monthly prizes

Every month from November to January 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 i.e. £25 each.

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.

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. Plus £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:** VIP trip to London and £150 for each team member.
- **Third prize:** VIP trip to London 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. Teachers register teams on the Student Investor website.

Dates

Registration: 9am on 03 September to midnight 16 November 2018

Practice game: 9am on 17 September to 4.30pm 12 October 2018

Main game: 9am on 15 October 2018 to 4.30pm 25 January 2019

Semi-finals: 9am on 18 February to 4.30pm 15 March 2019