

Quickstart teacher's notes

ASX

ASX Schools
Sharemarket Game



Lesson 1: Introducing the Game

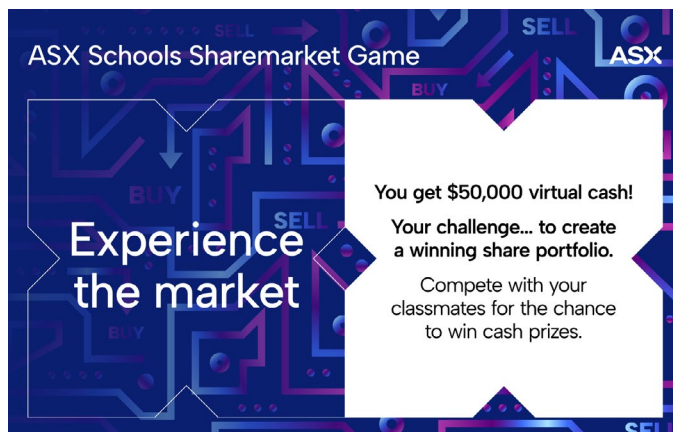
This lesson introduces the sharemarket, ASX and the Sharemarket Game.

Students are shown around the Game. They will become more familiar with the Game resources by watching 4 short tutorials including the Game dashboard, Finding their way around the Game, How to buy and a Portfolio tutorial.

Expected learning outcomes:

Students will:

1. Understand the function of the Sharemarket and ASX
2. Understand how to buy and sell shares
3. Learn how to participate in the Sharemarket Game
4. Understand basic sharemarket terminology



Important Game rules your students need to be aware of:

- Only teachers can register for the Schools Sharemarket Game. Students who register as Coordinating Teachers will be suspended from the Game.
- A student may be entered to participate in the Game either as an individual syndicate or as part of a group syndicate which can consist of two, three or four students.
- Students must choose a name to identify themselves within the Game ('Syndicate Name'). To avoid exposing students' full names, it is recommended to use a less obvious naming convention in order to protect students' identity.

- Syndicates must purchase shares in at least four different companies over the Game period.
- Once purchased, a security must be held for a minimum of one full trading day before it may be sold.
- Syndicates cannot place an order that would make one company's shares 25% or more of their total portfolio value (diversification rule).

Read more about the [Game rules](#).

Prior to lesson

For this lesson, students will need to be able to log into their Game pages. This means you will need to set up student syndicates prior to the lesson, so that you can give them their Login ID and password.

(Please highlight that students need to keep this information safe.)

Overview of student lesson:

1. Read through the introduction together. Discuss the similarities of a market such as eBay and the sharemarket.
2. Introduce the Game by getting students to read '*The Game*'.
3. Students need to login and go to the '*How to participate*' page (Under Information menu) and complete tasks. If there are download problems with the tutorials, the other option is to watch them together as a class and answer the questions. They can then go to their Game Dashboard, have a look around.
4. Resources Page: '*Helpful things to know*' read together or set for homework. (The homework task – '*Investigate questions*' are relevant to these pages.) You might like to have a quiz at the start of the next lesson to check student knowledge.
5. Set homework: '*Investigate*' task.



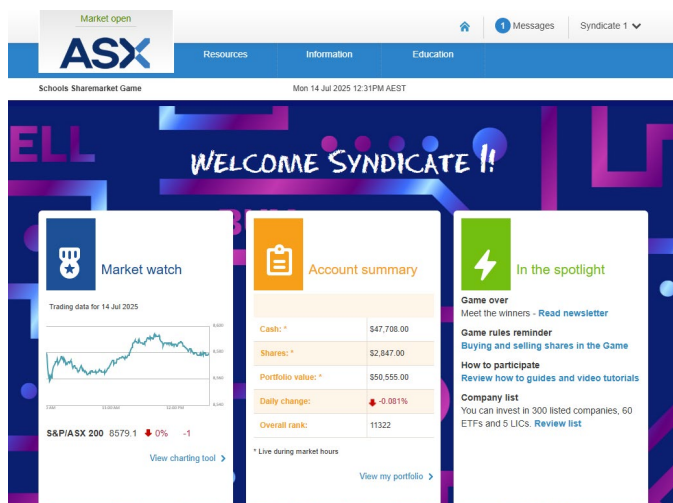
Additional resources

Consider using Lesson 1 & 2 from the curriculum aligned, skill-based lessons. They can be downloaded from the [Teacher resources](#) page.

Lesson 1: Solutions

'Dashboard' tutorial

- The dashboard
- Click on the house icon.
- Teacher messages at the top of the page and Game messages – in the spotlight box.
- Under Information – How to participate and FAQ pages.



'Finding your way around the Game' tutorial

- Go to **Resources** tab and scroll down to **Company** list.
- Industry type
- You will need to go to the energy and real estate sectors – to see if students have chosen the correct companies.
- If you want to learn more about a company click on the company name (on other pages the ASX code), this will take you through to a **Company details** page?
- A watchlist is a tool which helps you monitor the performance of shares that you are interested in.
- From the **Company list** page, the **Company details** page or the **Portfolio page**, students can select the plus button to add a company to their watchlist.
- Dividends are payments from listed companies where they share their profits with shareholders.
- On the **dividends plus** page under 'Future dividend payments and other corporate actions affecting your portfolio.'
- Go to the **Resources** tab and scroll down to **rankings**.
- List the different types of ranking you can see – Overall, State / NZ / International, School, Year, Subject.

'How the to buy' tutorial

- Go to the **Resources** tab and then select **Place an order**.
- On the right hand side of the **Place an order** page once you have added your company (diversification also gives the last price). Last price can also be found on the **Company details** page and the watchlist page.
- A market to limit order and a limit order.
- It's important you check your order details, because once an order is submitted, it may be very difficult to cancel or amend as orders can be processed almost immediately.
- Pending orders** page.
- Yes
- To increase the number of shares you are buying or selling.
 - To change the price.
 - To change the order type.
 - If you have run out of cash.

'Portfolio' tutorial

- The **Transactions** page.
- DIV under buy/sell column and a comment in notes section.
- Portfolio** page.
- Under **holdings** on the **Portfolio** page.

'Investigate'

- Seven Group Holdings
 - Wesfarmers
 - Coca-Cola Amatil
 - Qantas Airways
 - Cochlear
 - Bega Cheese
- A stockbroker charges a fee when a trade is placed – this is their fee for buying or selling shares on your behalf. To find out more about brokerage costs in the Game go to the FAQ page.
 - To diversify simply means to invest in different companies and/or different industry sectors that don't tend to move in the same direction at the same time.
 - Maximum amount – \$12,500.

- d. You can put your order in at any time; however, as the market is only open between the hours of 10am and 4pm Sydney time, your orders will only be processed over this time. Please note: If students want to place a trade for the next day, they need to do it after 4.12 PM. The market closes at 4pm however there is a clearing period where trades can still be processed.

- e. Market to limit order – To explain a **'market to limit'** order it helps to provide some background.

Some stocks can be quite illiquid which means there are not many shares available and also at times the market can be very volatile. If there is a sudden drop in the market all the buyers can rapidly disappear and prices can gap dramatically. This happened in the global financial crisis.

Previously, if you put in an order to buy **'at market'** you were saying I want to buy this number of shares and I don't care how much I have to pay to get them. As a seller you were saying I want to sell this amount of shares and I don't care how little I get for them. This might be alright in a normal market where there are lots of buyers and sellers and the gap between the buy price and the sell price is small (the bid ask spread). But when markets are volatile it can be a different story. Consider when markets went into freefall during the financial crisis. If you had put in a market order to sell you could have ended up selling for a fraction of what you really expected to get.

This is why the **'market to limit'** order was introduced.

A market to limit order, as the name suggests, is a mix of both a market order and a limit order. When you place your order it acts as a market order and fills as much of your order as it can at the current market price.

However, if not all your order is filled at the current price it won't keep buying at higher prices or selling at lower prices. Instead the order will change to a limit order at the current market price.

Students will need to check their order (on their Pending orders page) to see whether it got filled or only part of their order was filled.

If the order has only been partly filled, this means the remaining unfilled part of their order, is now in pending orders as a limit order?

They can either:

1. Amend their order and change it back to a market to limit order.
2. or they can leave it as a limit order but at a price they think it is likely to get filled at.

If students get frustrated with market to limit orders, you might suggest they stick with limit orders but at a price a bit higher than the current market if buying or a bit lower if selling. The order will still execute at the best price but gives them more scope to get all of their order filled straight away. It is also a good discipline as it makes them consider what is the most they are prepared to pay for these shares and what is their lowest price to sell?

3. Types of Stockbrokers:

Full service brokers: Have an in-house research team that give recommendations; clients have their own personal broker and help is given with investing. Tend to charges higher fees.

Discount brokers: A discount on brokerage fees is given in exchange for not providing research on companies.

Instead clients do their own research. The client may be given a list of recommended stocks to research.

Online brokers: Usually they charge the lowest brokerage but the client must know investment basics because everything is done online by the user.

Lesson 2: Researching a company

The aim of this lesson is for students to get an idea of what to look for when choosing companies and gain an awareness of the benefits of investing across different sectors.

We start with a brief look at what share price indices are. Students will learn that companies are included in different indices as well as different industry sectors.

The lesson helps to get students started with researching a company including:

- discovering the company's story;
- looking at the latest numbers; and
- how the share price is trending.

Expected learning outcomes:

Students will:

1. Understand what an index is
2. Identify different sectors
3. Learn how to use fundamental analysis to find out more about companies
4. Understand what a dividend is
5. Learn the basics of share price trends

Overview of student lesson:

Students can complete the worksheet on their own or it can be done as a class.

As a class:

1. Read through the introduction on '*Researching a company*'.
2. Students to complete the '*Investigate: Industry sectors*' task – this can be done individually or in groups.
3. '*What to buy*' – this section is about analysing an individual company.
Select a company to use as an example as you work through the **Story, the Numbers and the Charts**.

Ask the class about **the STORY** of this company. This can include how it started; what service or products it offers; the sector it is in and who are its customers?

For the NUMBERS: Go to the latest company report and see if students can find whether the company is growing, whether costs are rising or falling etc.

(Note: The ASX website (in its announcements for that company) and the company website (in the shareholders or media section) will usually include that information.)

The CHART: What is the trend? How does the trend look in the shorter term compared to the longer term? Often the performance can be quite different when comparing time periods.



4. **Investigate:** Students (either individually or as a pair) choose a company they are interested in buying. Or you can nominate a company from the Game company list. Students complete the '*Investigate*' task.



Additional resources

See [Teacher resources](#) page

1. Dividends are covered in Lessons 2 and 5
2. Sectors are explained in Lessons 1 and 5

Lesson 3:

Your Game plan

The goal of this lesson is to help students formulate a basic trading plan. We pose some questions, along with giving previous player experiences to help students formulate a strategy.

There is a 'Game Plan' table where students can fill out what strategies they will use for the Game.

Expected learning outcomes:

Students will:

1. Identify different types of trading strategies: buy and hold, trading in and out; or a mixture of both.
2. Understand the importance of informed buy and sell decisions.
3. Outline a Game plan.

Overview of student lesson:

This can be either an individual or group activity:

1. Read: '**Your Game Plan**' together as a class or ask the students to read in their syndicate, small group or individually.
2. Students to work together or individually to complete the table: '**My Game Plan**'.

The '**My Game Plan**' table is a task that students could add to a trading journal. If you haven't introduced a journal task, there is a trading journal activity called '**Keeping Track**' in the **Teacher resources** page.



Additional resources

See [Teacher resources](#) page

Keeping Track journal activity: Students learn how to research a company, set up a trading plan and make investment decisions. They can document their learning by writing a trading journal, which they present at the end of the Game.