

Welcome Professor, Instructors and Other Investment Groups

Thank you for your interest in Stock-Trak and our stock market investing software. We are now in our 16th year of providing custom stock market simulations, and other virtual stock exchange services to the education market -- by “education market” we mean colleges, high schools, middle schools, investment clubs, brokers in training, and any other group of individuals. While we have seen competitors come and go, we have consistently provided a valuable service at a reasonable price to finance students, economics students and other students in the United States and abroad.

In addition, we provide a toll-free phone number if your students have questions about their account or any other issues. This number allows the professors to concentrate on concepts and leaves the Stock-Trak customer service to answer all trivial questions about ticker symbols, dividends, splits, etc. Each year we strive to improve our service, and we listen to what our valuable professors/instructors tell us. We attend the national finance conferences and many of the regional finance meetings so that we can hear first-hand comments and criticisms. Our ability to respond to the demands of the market has allowed us to grow consistently even in turbulent times. If you are new to Stock-Trak, give us a try and find out what you and your students are missing!

Stock-Trak is the most comprehensive stock market investment simulation and virtual stock market game on the internet and the easiest to implement into any Finance, Economics, or Investments class. Stock-Trak is the only simulation offering stocks, options, futures, bonds, mutual funds, international stocks, future options and spots. We have constructed this page to assist professors/instructors with ideas on how to implement Stock-Trak into their classroom and how to get started.



Keep in mind that if you have any questions contact us immediately at :
1-800-786-8725 Monday-Friday from 9:30 am to 5:30 pm EST.

Getting Your Class Started is SIMPLE!

- 1** Fill out the on-line Sign-Up Sheet. Since we customize the trading period to each professor/instructor, you will need to specify the start and stop date of the trading period for your class, as well as the initial cash balance. Generally you should allow two weeks of classes before your trading period starts, and have the trading period end a week or two before your last class. You will receive Student Registration Forms on or before the date requested.
- 2** If you requested hard copy registration forms, upon receiving them, hand them out to each person or team in your class. Their account number will be on the bottom right of the registration form. If you have requested our Express Registration service, you will receive your students account numbers via email. Pass out a unique account number to each student or student team and encourage them to print out a copy of the rules themselves from the web page.
- 3** Instruct your students to go to Stock-Trak's web site, click on the "Open Account" link on the left column, and open their account number. Upon registering they will be asked to choose a password, and then they will be asked to proceed to a secure credit card screen to make their payment. If students do not have a credit card, then they can mail us a check (they must write their account number on the check) and we will open the account once the check is received.
- 4** Review the Stock-Trak rules with your students, especially when the markets are open, what price they will be receiving and encourage them to get started right away. Many students seem shy at first, but once they make their first trade they see how easy it is.

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Remind your students that they must have the ticker symbols to trade stocks, options, and mutual funds. Stock ticker symbols can be obtained from our web page at the “Symbol Lookup” link in the right hand side of our home page. Ticker symbols are not needed to trade futures, bonds, spot contracts, and international stocks, as a pre-selected list of each is listed in their respective trading pits.

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Discuss any specific investment objectives or class assignments with your students. If this is your first time using Stock-Trak we recommend you do something like the following:

- Create a one page assignment for your students that says “Suppose you inherited \$500,000 and in order to keep the money you must do the following transactions over the next 10 week trading period.
- In week one design an asset allocation mix that is appropriate for your age (If you are a 20 year old student you can keep 60% stocks, 10% bonds, 10% international stocks and 20% cash).
- By the end of the second week the students have to invest at least half of their money following that asset allocation mix. Professors benefit from this because it buys them time to discuss various topics.
- By the third week the students can start buying on margin, selling short and dollar cost average.
- By the fifth week the students can start learning about options. Once students make money on a stock they can buy a protective put and lock in the profit. If student have not made money in their stocks they can write a covered call in order to bring more income to the account to help increase the position. Also, for the stocks they bought they can trade index options to hedge their stock positions.
- By the sixth week, the professor can hypothetically say Alan Greenspan is meeting this week. What do we think he will do? If the class decides he will raise rates, the students can buy stocks that will benefit from an interest raising environment.

- By the eighth week the professor can hypothetically say the Iraq issue is resolved and Osama Bin Laden is caught. The professor can ask what will happen to oil prices and the market if world peace exists.
- By the ninth week students can learn about futures. They can buy future options to hedge investments.
- We don't recommend professors grade their students based on portfolio value, but rather with a written assignment based on the trades made. The students can write about what they traded, why they traded it and what they learned from the trade. Professors can see from written assignments if the students understand what is going on. Professors can also encourage their students by using a dart board account or say whoever beats me will receive 2 bonus points on their exam. If the students have a risk and a reward they will trade differently. If you have any questions or would like to discuss this further please call us.

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Stock-Trak sends out statements and professor/teacher summaries on Mondays. Statements will be mailed only to professor/instructor and not each individual student. These statements are for the professors to review their students trading activity, and then to be passed out to the students. Students can also always print out their own statements 24/7 off of the webpage.

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Professors can always manage an account or two compliments of Stock-Trak. Just give us a call and we will be glad to set them up for you. If you have further questions, please visit the Professor's User Manual.



Getting your students started with Stock-Trak is just that simple. If you have questions or special requests, please call **1-800-786-8725**.

Frequently Asked Questions

Q ▶ How many schools use Stock-Trak?

A ▶ Each year Stock-Trak works with over 800 professors from across the country and over 50,000 students. Our customers include colleges, universities, community colleges, private schools, and finance and investment clubs located in 49 states, the District of Columbia, and over 20 countries around the globe. Schools using Stock-Trak in the past have included Michigan, MIT, Northwestern, Penn, Harvard, Notre Dame, Dartmouth, Cornell, and University of Chicago just to name a few.

Q ▶ What exactly is Stock-Trak?

A ▶ Essentially Stock-Trak is set up as a discount stock brokerage office. When your students register, they receive a brokerage account with an imaginary cash balance. Once their accounts are activated, they can visit our web page to make trades or call into our office using a toll-free phone number if they have questions about their account. Stock-Trak brokers DO NOT give advice.

Q ▶ What securities can students trade?

A ▶ We trade any stock listed on the NYSE, AMEX or NASDAQ that is over \$5.00 per share. Stock-Trak also trades all stock options, all mutual funds and the most popular corporate bonds, treasury bonds, index options, and commodity, index, and foreign currency futures. For example, the foreign currency futures we trade are the Yen, Pound, Mark, Mexican Peso, Canadian Dollar and Swiss Franc. For a complete list of the bonds and futures, see the Registration Materials.

Q ▶ What are the trading hours?

A ▶ Stock-Trak makes all stock, option, and futures trades that are made

on the web page at 20 minute delayed prices. Mutual fund, bond and international stock trades are made at end of day prices. Since the markets close at 4 pm ET., trades made after that time will get the next day's prices. Our customer service hours are from 9:30 a.m. to 5:30 p.m. ET. During these hours students calling in will be speaking to a live broker who can make trades, give quotes, or answer any other question about their account. Your students call also make trades by:

- Visiting our website
- Sending an email to Help-Desk
- Calling in during office hours and leaving their trades with a broker

Q What is the cost?

A Each account is only \$20.95, which allows a maximum of **100 trades** and the professor receive **bi-weekly statements**. There are variations to the basic account. The professor may choose to increase the maximum number of trades to 200, or request to receive weekly statements. These variations each cost an additional \$5.00 per account. Additionally, a **Passive Strategy** account is also available for only \$5.00. The particulars of this account are discussed below.

Q How long does the trading period last?

A The length of the trading period is up to you. We recommend that the trading period begin one or two weeks after your classes have started, and that it ends at least one week before your last class. This will give your students some time to write a summary of their portfolio strategy/return.

Q When does the trading period begin?

A The trading period begins (any given Monday) and ends (any given Friday) at your discretion. When you sign your class up for Stock-Trak, you will fill out a Stock-Trak Sign-up Sheet that will ask you when to begin and end the trading period, as well as other relevant information.

Q Are any commissions charged on Student's Transactions?

A Yes. We want Stock-Trak to be as much like the real world as possible. Trades made on the web page offer a discounted commission of a flat rate of \$25. Trades made via the phone carry a commission of \$50.00 plus \$5.00 per lot (futures contract, bond, options contract, etc.). Mutual funds have a 1% front-end load.

Q What is the initial cash balance for the students?

A You have the flexibility to choose whatever size portfolio you want. We recommend \$500,000 for undergraduates and \$1,000,000 for graduate students.

Q Do Professors receive any update on their student's progress?

A Yes, they receive 2 types of updates. A Professor Summary will be sent to you every week which rank students according to total portfolio values so their progress can be tracked vis-a-vis the rest of the class. This Summary also shows each account's cash position, market value long, market value short and the number of trades made. The Professor Summary can be distributed to you via regular mail, fax, or email.

Individual student statements will also be sent to you every two weeks (weekly if you select that option). The statements list transactions made, loan balances, interest earned, S&P 500 return over the same trading period, and the market value of the student's open positions. Statements are distributed to you via your choice of email, fax, or regular mail.

Q Do The Professors ever Participate?

A We actively encourage professors to personally participate in Stock-Trak. As an incentive, you will be given one free account when you register your class. The free account has been used by different professors in a variety of ways. Often one account will be used for a passive portfolio (such as a dartboard account) while the other is actively managed. You can use the accounts as a measuring stick for your students or as a means to try out a new strategy.

Q Does Stock-Trak Account For Dividends & Splits?

A Yes. Each day we receive an updated list of stocks that have split or paid a dividend. All splits are adjusted accordingly and dividends greater than 5¢ are invested in the student's money market account.

Q How Do I Prevent My Students From Taking Very Risky Positions?

A Give the students a disincentive for losing money or underperforming the S&P500. For example, some professors tell their class that the top 3 performing students will get 5 extra credit points on their final exam grade, and the 3 worst students will get 5 points taken off their final exam grade (the professors then give the bonus points but do NOT take off points from the poor performers--just the threat is enough to make the students stay more conservative).

Also, remember that you have a good deal of flexibility when it comes to specifying the simulation you want for your class. You can limit the number of transactions, size of trades or type of security. We will work with you to make sure that your students get the most out of Stock-Trak.

To force students to diversify their portfolios, and to make the students trade as if it was real money, students will not be able to put "all their eggs in one basket." Stock, option, and future positions will be limited to 1/2 of their initial cash balance. Accounts that begin with \$100,000 will only be allowed to spend \$50,000 on any given stock. (Without this position limit, we have seen some students buying on margin and spending \$200,000 on one stock; Now they can only spend 1/4 of that on any stock, option, or future.)

Q Can Students Test Active vs. Passive Investment Strategies?

A Many professors have requested that students be given a second account for a nominal fee so that students can have one buy-and-hold account, and another actively managed account. You, the professor, must request this account when you fill out the Sign up Sheet. This buy-and-hold account will be limited to 20 trades, professor summaries will be sent, but students will have to print their

individual statements from the web page. This second account costs an additional \$3.00.

Q How Can Stock-Trak be Incorporated Into My Class?

A Professors are finding that Stock-trak can play an integral role in the success of their class. Stock-trak allows you to blend classroom theory with real world experience, tailored to the level of your students. Stock-trak is most effective when it is used to complement your lectures.

For example, many professors of introductory investments and finance courses have the students make trades in each security discussed in class (in order to avoid confusing the students, many professors also limit the securities traded to those covered in class). Students of an introductory class might be given an assignment like this:

- In the first 2 weeks of class have your students develop an asset allocation plan and invest some of their money in blue chip stocks or conservative mutual funds
- Encourage some investments to be bought all at once and others to be bought into over several weeks (this will teach them dollar costs averaging)
- Encourage your students to sell short stocks and buy on margin as you cover these topics
- As you discuss diversification in class, have your students adjust their portfolio accordingly across industry sectors or company size
- As you discuss bonds, have your students invest in some corporate or treasury bonds according to the asset allocation model they developed early in the semester
- And as you cover options and futures, encourage your students to take some percentage of their account and speculate in buying calls and puts, writing naked and covered options, and betting on interest rates, commodity prices, or currencies

- And finally, at the end of the semester, ask your students to write a short report about the portfolio performance, including a sentence or two about why they made each trade, what worked, what didn't work, and why.

One professor distributes a new scenario every two weeks and then grades the students on how they adjust their portfolio. Past scenarios have included dropping interest rates, high inflation, war breaking out in the Persian Gulf, or large gains in the leading indicators.

The infamous dart board has historically been a very effective tool for demonstrating portfolio theory and it can easily be combined with the Stock-Trak experience. Professors who have used this approach typically paste a list of securities on the wall (the dart board) and then throw darts to select a portfolio. Using one of the two free accounts each professor receives, the dart board account can be tracked throughout the trading period. Students can compare their results to the "random" portfolio and see the principles of portfolio theory in action. As an incentive for the student to take an active interest in his or her portfolio, points can be given on the final for doing better than the dart board account or the S&P 500. Some professors even take a few points away for doing worse than the S&P.

The important thing to remember, however, is that the emphasis should be on education and not portfolio return. Stock-Trak is a tool for exposing students to the stock market. You want the students to care about what they are doing, but don't make them so concerned about the return on their portfolios that they miss out on the educational experience.

Q How Do I Register My Class?

A Registration is easy. You simply fill out a Stock-Trak Sign-Up Sheet. The form asks for the number of registration packets needed, trading period dates, portfolio size, your phone number, etc.

Once we receive the Sign-Up Sheet, we will email or FedEx your registration materials to you. On the first day of class you can pass out

the materials to your students which contain their individual account number, the Stock-Trak trading rules and guidelines, helpful hints, a list of futures and bonds that we trade.

Our pledge is to make sure your students receive the best educational supplement available....let us know if we can help Stock-trak work better for you and your class!



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