I hope you enjoyed the first INVESTMENT SEGMENT class.



REMEMBER – printing the handout 12.00 Instructor’s Notes and keeping it handy during class will minimize in-class notetaking.

Below is the assignment – after following the directions, please answer the worksheet questions at the end and email Diane.Drey@gmail.com.

**ASSIGNMENT #1**

1. **READ handout – 12.81.** How much money should I have in my emergency fund? See if your point of view aligns with the article. Note how they mention that your emergency fund should be a multiple of your monthly expenses, reinforcing the need for a cash flow statement.
2. **Read 3.00 and Complete 3.01 on the CASH FLOW STATEMENT.** For those who have not taken the Foundation segment, read 3.00 and see if you can complete your Cash Flow Statement for an entire year. Your goal is to set a goal amount for your emergency fund.
3. **DOW JONES – GOOGLE TO FIND OUT**
   * Google “Which stocks are included in the Dow Jones Industrial Average” today?
   * What do they have in common?
   * What was the Dow Jones closing value on these dates OR the most recent trading day close to these dates:
     1. 12/31/2019,
     2. 3/31/2020 (Covid meltdown),
     3. 12/31/2021,
     4. 12/31/2022
     5. 12/31/2023
     6. 6/30/2024
   * AND For fun… see if you can find out which stock was on the DJIA when it started in 1896 and continuously through 2018 –over 120 years, but then got bumped off.
   * If you are a math geek (I am not) and want to see how the Dow is calculated – I found this great article [https://www.investopedia.com/articles/investing/082714/what-dow-means-and-why-we-calculate-it-way-we-do.asp.](https://www.investopedia.com/articles/investing/082714/what-dow-means-and-why-we-calculate-it-way-we-do.asp)
4. **S&P 500 – FIND OUT**
   * What is the S&P 500?
   * Name three companies on the S&P 500. Are they US or international? Are they value or growth? What is their capitalization?
   * How is the S&P 500 different from the Dow Jones? How is it similar?
   * Which provides more diversification, the Dow or the S&P 500?
5. **Download a FREE STOCK and BOND fund tracking app on your phone** (if you have an iPhone, it is usually preloaded with the app “Stocks.” If you use an Android – you might want to use Yahoo Finance. If you don’t have a smartphone, go to <https://finance.yahoo.com/>

Add THREE funds to “follow” on your phone – (select one from a, b, c). If you already have a Fidelity, Schwab, or Vanguard account, stick with their selection. In general, it is helpful to stay with one “family of funds.”

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Fund includes | **Fidelity** | **Schwab** | **Vanguard** |
| a | Stocks – United States | FSKAX | SWTSX | VTI |
| b | Stocks - International | FTIHX | SWISX | VXUS |
| c | Bonds – United States  mix duration and credit rating | FTBFX | SWAGX | BND |

* Watch how the funds fluctuate daily; see the high, low, and CLOSE.
* Watch how those funds fluctuated over the past one, two, or five years.
* **Begin to understand that changes in the market, both up and down, ARE NORMAL.**

Train yourself NOT to look at the “NUMBER” or fund price but at the **PERCENTAGE CHANGE.**

About volatility. … a daily change of

|  |  |
| --- | --- |
| A DAILY change of | Means |
| .30% or less | a quiet day. |
| .31% to .75% | there was some movement, but not insane. |
| .75% to 1.25% | something is going on – the market is turbulent; *think about what might be happening in the WORLD that is affecting the value of stocks.* |
| more than 1.25% | is a roller coaster – and you know what to do. |

1. **Read handout 12.1** –and think about what you learned in class…could you explain to a friend:
   * What are the five major Asset Classes for investments? (we covered 2 in the first session)
   * What is FDIC Insurance – and how much protection does it provide?
   * How should you keep your emergency funds?
   * When you buy a stock, what benefits does it give you?
   * What is an IPO?
   * In classifying stocks, we talk about “domicile” – what does that mean?
   * What is an Emerging Market? Name some countries that might be considered in this group.
   * What is a Growth Company? - list three companies that fall into this category
   * What is a Value Company? – list three companies that fall into this category.

What is Market Capitalization? … and how do you calculate it?

* + What is a Dividend?

**NEEDED FOR THIS ASSIGNMENT**

[See: https://money101education.com/handouts-investment-segment/](https://money101education.com/handouts-investment-segment/)

12.01 Asset Classes

12.05 Cash Instruments and FDIC insurance.

12.81 How Much Cash to Keep on Hand

[See: https://money101education.com/handouts-foundation-segment/](https://money101education.com/handouts-foundation-segment/)

3.00 Handout - How to prepare a cash flow statement

3.01 Form - Cash Flow Statement Budget Form

**WORKSHEET** – from: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
| 1 | How many companies are on the Dow Jones? |  |
| 2 | Which Company had been on the Dow Jones the longest? |  |
| 3 | What do all the companies on the Dow Jones have in common? |  |
| 4 | What was the value of the Dow Jones on these dates?  If those dates fell on a weekend or holiday get the Dow Jones closing value on the closest date the market was open.  For example, 12/31/2022 was a Saturday, so enter Dow Jones closing value on Friday 12/30/2022 | 12/31/2019 =  3/31/2020 =  12/31/2020 =  12/31/2021 =  12/31/2022 =  12/31/2023 =  6/30/2024 = |
| 5 | **BONUS QUESTION** – what was the PERCENTAGE change in the Dow Jones between 12/31/2019 and 12/31/2023?  What was the average annual change? |  |
| 6 | How many companies are included in the S&P ? |  |
| 7 | What do the Dow Jones, and the S& P companies have in common? |  |
| 8 | What does “domicile” mean when we discuss stocks?  And what are the two distinctions of stock domicile? |  |
| 9 | What does it mean to be in an “Emerging Market”? |  |
| 10 | List five companies that would be considered GROWTH companies |  |
| 11 | List five companies that would be considered VALUE Companies. |  |
| 12 | Which type of company is more likely to pay a dividend… a growth company or a value company? |  |
| 13 | What does the word “capitalization” mean in plain English? |  |
| 14 | How do you calculate a public company’s capitalization? |  |
| 15 | What is the minimum size of a company that is classified as a “small cap” stock? |  |