

ATU High School Investment Challenge

Objective: The objective of this investment challenge is two-fold. The first objective of this challenge is to achieve the highest net value portfolio at the end of the challenge. The second objective of this challenge is to present a synopsis of each team's investment strategy to a panel of judges. The team with the highest net value at the end of the challenge will receive a prize. The team with the best investment strategy will receive the highest award.

Methodology: Teams will comprise 5 students or less. Each team will create and use a StockTrak investment account. Each team is allocated a portfolio with \$1,000,000 in cash. Teams will have a maximum of 200 trades (Buy then sell = two trades). It is up to the team members to decide on which assets to purchase and when to trade.

Diversification. The portfolios should be structured to minimize the risk of a significant loss in any one security, industry, sector, or market. Each portfolio should never contain any more than 15% of the portfolio value outstanding for any one company, ETF, or mutual fund at the time of purchase, nor short shares worth more than 15% of the total portfolio value (excluding margin). Likewise, there should be no more than 30% of the portfolio in any one holding, nor more than 30% of the portfolio in any one sector or industry at the time of purchase (the same percentages also apply when shorting). Equity securities should be broadly diversified among the stocks of companies in all capitalization ranges. Portfolios could include foreign securities, not to exceed 25% of the total equity holdings. Foreign bonds are also permissible not to exceed 25% of the total fixed-income holdings. Foreign exchanges are allowed a 25% max allocation. Foreign exchanges include London, Munich, Frankfurt, Hong Kong, Tokyo, and Toronto. Students/Mentors are responsible for keeping track of the permissible asset allocations, any divergence from the allowed asset allocations will result in disqualification. At any time after the last day of the first week and until the last week of trading, teams must not have more than a 15% allocation in cash during any trading day. Teams with more than 15% allocation in cash at the end of any trading day during the challenge will be disqualified.

Allowed Asset Categories

- Stocks (long and short allowed)
- Bonds
- Mutual Funds
- ETFs (Exchange-traded funds)

Performance Measurement and First Objective Review. Teams with the highest net value portfolio at the end of the challenge will win a prize. Teams will be required to liquidate their portfolio into 100% cash towards the end of the challenge; any portfolio that does not have a 100% allocation in cash will be

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disqualified from competing for the prize or award. Allocation to 100% cash at the end of the challenge is meant to discourage investment into highly risky illiquid assets.

Performance Measurement and Second Objective Review. The investment performance of the portfolio, as well as asset class components, will be measured against an evaluation benchmark such as the S&P 500. The judges will consider the investment strategies of the respective teams. Teams are to present a thorough explanation of the trades they placed, including the rationale for making those trades. Judges will consider the trade's motivation, including any Macroeconomic/Microeconomic or company/asset specific trade made by the teams. The specific judge evaluation criteria can be found in the "High School Investment Challenge Presentation Judging Rubric" below.

Teams must:

- 1) Adhere to the investment policy outlined herein.
- 2) Present rational investment objectives/goals/philosophy and adhere to that policy.
- 3) Have a valid explanation for the three best trades with the highest returns and three worst trades with the lowest returns. Explain why the trades above resulted in either a winning trade or a loss (trade reflection).
- 4) Have a valid explanation for each trade.
- 5) Keep records of wins and losses for each trade and the overall portfolio.
- 6) Be well organized.
- 7) Deliver a good presentation to the judges. The presentation must be no more than 5 minutes long and include a visual such as a PowerPoint.

Each team will present, via a PowerPoint presentation and any associated materials, their investment strategy, philosophy, the rationale behind each trade, and why their trade resulted in either a winning trade or a loss. The Judges will consider all of the above, including the rationale behind each trade and the reflection upon why each trade was a winning trade or a losing trade.

Finalists Selection Criteria

At the end of the challenge, ideally, the top 10 teams with the highest cash value in their respective accounts will be selected for consideration of the First and Second objectives of the challenge. However, judges reserve the right to increase or decrease the number of teams. Again, teams must adhere to the investment rules as outlined in the challenge. Failure to adhere to the investment rules may lead to disqualification for the finalists selected.

Students may be guided and mentored by their teacher, but they should not seek advice from family or friends in a financial analysis career for this competition.

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High School Investment Challenge Presentation Judging Rubric

	Excellent (4 points)	Proficient (3 points)	Competent (2 points)	Advanced Beginner (1 point)	Score
<p>Present rational investment objectives/goals/philosophy and adhere to that policy:</p> <p><i>Define investment objectives and present how the trading strategies (including modifications during 8 weeks of investment) were designed and executed to reach investment objectives.</i></p>	<p>Extremely detailed investment objectives/goals/philosophy and clear explanation of how the trading strategies were designed and executed to reach investment objectives.</p>	<p>Semi-detailed investment objectives/goals/philosophy and clear explanation of how the trading strategies were designed and executed to reach investment objectives.</p>	<p>Somewhat detailed investment objectives/goals/philosophy and clear explanation of how the trading strategies were designed and executed to reach investment objectives.</p>	<p>Investment objectives/goals/philosophy and clear explanation of how the trading strategies were designed and executed to reach investment objectives not discussed.</p>	
<p>Have a valid explanation for the three best trades with the highest returns and three worst trades with the lowest returns. Explain why the trades above resulted in either a winning trade or a loss (trade reflection):</p> <p><i>Present trade's motivation, explanation of the trades that were placed, and an analysis of current macroeconomy (including monetary policy, interest rates, inflation, business</i></p>	<p>The trade strategy seems valid. Extremely detailed explanation of why the three best and three worst trades resulted in either a winning trade or a loss.</p>	<p>The trade strategy seems somewhat valid. Semi-detailed explanation of why the three best and three worst trades resulted in either a winning trade or a loss.</p>	<p>The trade strategy is not likely to be valid. Little detail in explanation of why the three best and three worst trades resulted in either a winning trade or a loss.</p>	<p>The trade strategy does not seem valid. No detail in explanation of why the three best and three worst trades resulted in either a winning trade or a loss.</p>	

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<p><i>cycle conditions, and any other macroeconomic subjects) that is relevant to the trade. Select and use information to explain why trade did or did not work out according to expectations.</i></p>					
<p>Organization</p>	<p>The presentation was within the time restrictions (4–5 minutes), and it was extremely structured and organized (i.e., it flowed smoothly).</p>	<p>The presentation was close to being within the time restrictions (4–5 minutes), and it was semi-structured and organized (i.e., it flowed smoothly).</p>	<p>The presentation was not quite close to being within the time restrictions (4–5 minutes), and it was not very structured or organized (i.e., it did not flow smoothly).</p>	<p>The presentation was far from being within the time restrictions (4–5 minutes), and it was not very structured or organized (i.e., it did not flow smoothly) at all.</p>	
<p>Delivery</p>	<p>The presentation strongly held the audience’s interest. The students did a great job of speaking extemporaneously (i.e., did not read PPTs) and answering audience questions appropriately. Students presented in an extremely professional manner.</p>	<p>The presentation held the audience’s interest. The students did a decent job of speaking extemporaneously (i.e., did not read PPTs) and answering audience questions appropriately. Students presented in a professional manner.</p>	<p>The presentation somewhat held the audience’s interest. The students somewhat spoke extemporaneously (i.e., did not read PPTs) and answered audience questions appropriately. Students somewhat presented in a professional manner.</p>	<p>The presentation did not hold the audience’s interest. The students did not speak extemporaneously (i.e., did not read PPTs) or answer audience questions appropriately. Students did not present in a professional manner.</p>	

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Team Name: _____

Judge Name: _____

Total Score: _____/16.0

Comments: _____