



YOUNG INVESTORS SOCIETY

TEACHER WELCOME PACKET



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Welcome to Young Investors Society (YIS)! We are so excited to have you and your school join us in helping students learn financial literacy and begin to invest in themselves. This welcome packet should help you as you navigate your first year with YIS. As always, if you have any questions, please reach out to a member of the YIS team at contact@younginvestorsociety.org.



Greetings!

I am the founder of Young Investors Society ("YIS"). YIS is dedicated to preparing the next generation of investors. It is our goal to encourage young people and give them the tools they need to be outstanding long term investors – investors in companies, investors in their communities and investors in themselves. YIS programs **promote financial literacy, teach sound investment fundamentals** and **provide leadership and investment management experience** for high-school-age youth.

I started YIS because of a letter that I received from a young man named Edgar. After visiting his school in inner-city Los Angeles, and leading the class in an engaging discussion about the stock market and how investors pick companies to invest in, he wrote me the following:

"It's awesome to have someone give their time to teach us, adults don't really do that anymore, especially for teenagers. You may think this is a joke, but your 45 minute presentation has changed my goals for my life. It has given me something to strive for."

That letter burned in my soul. Edgar's statement that "adults don't really do that anymore" became a personal challenge for me that led me to start YIS.

Why does YIS exist? Because we believe financial education in the United States and abroad is inadequate at best. It does not begin to prepare students to manage their personal finances, let alone make responsible investment decisions in adulthood. **According to JumpStart, two-thirds of U.S. high-school students fail a basic financial literacy test.**¹

YIS wants to change that. We offer a multi-pronged approach which includes school-sponsored investment clubs; beginning and advanced courses that teach investment basics; annual stock pitch competitions; and our very popular Dollar-a-Day investment matching challenge. Our curriculum is written by some of the brightest minds in the industry, and then packaged into engaging lesson plans and video content. We make the process **turn-key for teachers**, even those with little or no investment background. Simply put, we believe there is no other investment program out there as hands-on and as impactful to kids as YIS. We help kids **learn**, then **invest**, and then **inspire** others to do the same.

I thank you in advance and I look forward to working with you as we invest in the future generation!
With best regards,

A handwritten signature in black ink, appearing to read "James Fletcher", written in a cursive style.

James Fletcher, CFA

Young Investors Society is a 501(3)(c) non-profit organization, which was founded by James Fletcher, CFA, portfolio manager at APG Asset Management. It is backed by Board Members with professional experience at prestigious academic institutions and leading asset management firms, including Harvard, Pepperdine University, the CFA Institute, Fidelity, Google, and Bank of America Merrill Lynch.

¹ NFECE, National Financial Literacy Test Results, February 2014.

YIS Student Experience

YIS is designed to be turn-key and can adapt to your school's needs. Each lesson plan can be used with or without technology in the classroom (access to computers and the internet is preferred, but not required). In addition, chapters may choose to meet more or less frequently. However, if you are looking for some structure to help you get started, here are some "best practices" that many of our pilot schools found helpful.

BEST PRACTICES

- Typically, YIS is an after school club.
- The club meets weekly.
- In many cases, the teacher presents the material covered in the lesson plan during the meeting. However, the club should be student-led as much as possible, so one or more students may present some or all of the material covered in the lesson plan, present a topical presentation or lead an activity.
- Each meeting should have pre- and post-meeting assignments designed to help the students prepare for the upcoming lesson or reinforce learning.
 - Pre-meeting assignments are typically reading something or watching a video. They can also be preparing a presentation related to the upcoming lesson or about a current market topic (e.g., something company specific).
 - Post-meeting assignments are typically activities, readings, and/or quizzes that reinforce the concepts taught in the lessons and tie the concept to the Stock Pitch Competition.
- Club meetings are usually 45 minutes long but that time may vary depending on the school. The suggested club meeting agenda is:
 - Topical Presentations (5 minutes):
 - Have 1-2 students quickly present on a topic currently affecting the market (e.g., Apple announces a change in its long-term strategy and what the student thinks that means for the company).
 - Review Pre-Meeting Assignments (5 minutes)
 - Lesson (20 minutes)
 - Learning Activity (15 minutes)
 - Wrap Up

Lesson Plans

Lesson plans currently comprise for seven units, each of which is broken down into three or four lessons.

Each lesson plan contains the following resources:

- PDF lesson plan including:
 - Mapping to Common Core standards
 - Objectives
 - Suggested resources (websites, books, articles)
 - Handouts with practice problems and answer keys
- Prezi presentation
- Videos and links to other resources (as necessary) on YIS website

LESSON PLAN OUTLINE

MODULE 1: THE FIVE STEPS TO FINANCIAL FREEDOM (6 week course)

- Lesson 1 - **Earning Money** (Choosing a Career, Human Capital)
- Lesson 2 - **Saving Money** (Budgeting, Debt)
- Lesson 3 - **Developing a Financial Plan** (Develop SMART Goals)
- Lesson 4 – **Investing and the Power of Compounding** (Stock Market Terminology, Compound Interest)
- Lesson 5 - **Avoiding Common Mistakes** (Scams, Risk, Debt, Behavioral Biases)

MODULE 2: HOW TO PICK GREAT STOCKS (24 week course)

- **UNIT 1 - THE SEVEN GOLDEN RULES OF INVESTING**
 - Lesson 1 - Who Are Investors? Why Invest?
 - Lesson 2 - What Does It Mean To Invest In the Stock Market?
 - Lesson 3 - Beating the Market
 - Lesson 4 - The Seven Golden Rules of Investing

- **UNIT 2 - THE VALUE OF A STOCK**
 - Lesson 1 - The Role of Mr. Market
 - Lesson 2 - What Is the Value of a Business
 - Lesson 3 - Applying the P/E Ratio
- **UNIT 3 - WHAT MAKES A GOOD BUSINESS**
 - Lesson 1 - How Do I Know If a Company Is a Good Business?
 - Lesson 2 - Whatever Floats Your Moat
 - Lesson 3 - Predicting the Future
- **UNIT 4 - FINDING STOCKS TO INVEST IN**
 - Lesson 1 - How Do I Come Up With Investment Ideas?
 - Lesson 2 - Screening For Stocks
 - Lesson 3 - Using Research Reports
- **UNIT 5 - THE LANGUAGE OF FINANCE**
 - Lesson 1 - Financial Statements
 - Lesson 2 - The Income Statement
 - Lesson 3 - The Balance Sheet
 - Lesson 4 - The Statement of Cash Flows
 - Lesson 5 - Forecasting a Company's Numbers
- **UNIT 6 - THE INVESTMENT THESIS**
 - Lesson 1 - What Is an Investment Thesis?
 - Lesson 2 - Case Studies
- **UNIT 7 - INTRINSIC VALUE**
 - Lesson 1 - Book Value, Market Value & Intrinsic Value
 - Lesson 2 - The Discounted Cash Flows Method
 - Lesson 3 - The Relative Valuation Method

Stock Pitch Competition

YIS' annual flagship event is the National Stock Pitch Competition. This competition is the culmination of investment skills gained during the year and provides High School students hands-on mentoring in financial analysis.

Students (either individually or in teams of two) create a “best stock idea” and analyze a publicly traded company—sometimes meeting with company management. Each student/team writes a report on their chosen company with a “Buy” or “Sell” recommendation and then presents and defends their analysis in a written report and brief to a panel of University Professors and Industry Professionals.

HOW IT WORKS

The state and national competitions are hosted by YIS. The winner from each state competition advances to the national competition, where one team emerges as national champion. The state competitions are held in the beginning of May and the national competition is held during the last two weeks of May.

REPORT GUIDELINES

The written report must:

- Be no longer than 10 pages; although it may include an appendix of infinite length
- Include the following information on the first page:
 - Company name
 - Exchange or Ticker symbol
 - Sector or Industry
 - Recommendation (Buy/Sell/Hold)
 - Current price (as of submission date)
 - Target price (% increase/decrease)
- Contain only publicly available information
- Be the original work of the student(s)
- Be prepared from the perspective of an independent research analyst

- Include, without limitation, the following sections:
 - Business Description
 - Industry Overview and Competitive Positioning
 - Investment Summary
 - Valuation
 - Financial Analysis
 - Investment Risks
- Be submitted by the deadline published each year on the YIS website

SUBMISSION GUIDELINES

Entries may be submitted via email to: contest@younginvestorssociety.org or alternatively by mail to:

Young Investors Society
Re: Stock Pitch Competition
C/O L. Mackay
31248 Oak Crest Drive, Suite 100
Westlake Village, CA 91361

Dollar-a-Day Challenge

We want every student to not only learn the concepts of investing, but to put those concepts into practice by participating in the Dollar-a-Day Challenge. This is an opportunity for students to start investing their own money. Students who participate in the Dollar-a-Day Challenge may be eligible for a one-to-one donor match.

THE MOTIVATION

The average American has only \$148,000 saved by the time they reach age 65. Members of the Young Investors Society, however, are not average. YIS students can accumulate way more than that.

Saving can be as simple as forgoing the purchase of one can of soda per day (\$1 a can), resulting in a savings of \$365 by the end of the year. By saving this amount each year and investing it at 11% (a bit above the 10% stock market average of the S&P 500 for the past century), this is worth \$1.4 million at age 70. That's pretty dang impressive. But it gets better... YIS has an amazing group of donors that invest in students willing to take action.

Students who take the Dollar-a-Day Challenge will be eligible for a one-to-one donor match. That means each student gets an extra \$365 in his or her account each year through and to the day of high school graduation.

Assume a YIS student is sponsored for four years. That \$1.4 million becomes \$2.1 million at age 70. If the student continues saving for another ten years beyond age 70, then his or her \$2.1 million continues to compound until it reaches \$5.9 million at age 80.

At age 90, it becomes \$18.2 million! That's the magic of starting early and the power of compounding!

Now it gets even more interesting. Imagine a YIS alum at age 80 decides to keep \$1 million for him- or herself and donate the remaining \$4.9 million to sponsor the next generation of "Dollar-a-Day" young investors. That donation will be able to sponsor 3,356 students for four years each and by the time they turn 90 the total accumulated by all those students is \$61,146,002,259 (that's billions).

That's the magic of starting early and the power of compounding! Summary: One less can of soda per day, invested well, over two generations = \$61 billion dollars. About the size of the economy of Bolivia and Jamaica combined.

HOW IT WORKS

YIS has partnered with Robinhood (www.robinhood.com) to allow students to start investing. Robinhood is a brokerage firm that allows free stock trades. Students who are 18 can start their own accounts; students who are younger than 18 will need to set up custodial accounts with their parent or guardian.

Teacher Resources

We would like to thank you in advance for all your hard work and dedication in helping change students' lives by giving them the opportunity to participate in YIS at your school! We hope to give you as many resources as you need to make YIS a success this year and in the years to come.

VIDEOS FOR TEACHERS

We have several introductory videos on our website for teachers. They cover each aspect of YIS, from the Stock Pitch Competition to the Dollar-a-Day challenge to a mock classroom experience. Please watch these videos at your convenience to help prepare you for YIS at your school.

Many of our YIS teachers are learning how to invest alongside their students. We plan to release monthly videos giving an overview of each unit to be covered in that month's YIS meetings. These videos will help you understand the key takeaways from each unit and lesson and prepare you to guide the students in learning those concepts.

ADDITIONAL RESOURCES

- YIS Website www.younginvestorssociety.org – curriculum, videos and lesson plans
- YIS Glossary of Terms (full database at younginvestorssociety.org/resources)
- Zacks.com – for company research including ratios and screens
- Morningstar.com – for company research including ratios and screens
- Gurufocus.com – for company analysis
- Y-Charts – for company analysis and stock graphs.
- Wallstreetsurvivor.com – for basic stock concepts
- Yahoo Finance and Yahoo Finance App – for stock charts and basic company information
- Greenblatt, Joel. *The Little Book That Beat the Market*.
- Guest Speakers – email Contact@younginvestorssociety.org for help arranging a financial professional to come to your class
- Seeking Alpha – online portal of stock research reports (www.seekingalpha.com)
- Motley Fool – great daily content and stock picks (www.motleyfool.com)
- Investopedia.com – the “Wikipedia” of Investing, great online glossary of terms
- Stockcharts.com – for tracking stock market performance and comparison between stocks.

FREQUENTLY ASKED QUESTIONS

We are relying on you to help us know what additional resources you need to help YIS and your students succeed! Please email us any questions and feedback at contact@younginvestorssociety.org so we can improve YIS.

As we receive questions, we will be adding to our FAQs, which we will share with you.

YIS Website and Teacher Dashboard

The YIS website is designed to be the primary source of information regarding YIS for teachers. We've tried to make it a simple tool that is rich in helpful content that makes your job as club advisor easier. With your teacher log-in, you'll get access to the teacher dashboard, teacher support page, and the lesson units. If you can think of a better way to serve you, please let us know.

TEACHER DASHBOARD

The teacher dashboard is designed to help you keep track of how engaged the club members are and how well they understand the material. The dashboard will show you who has gone through the online content associated with the lesson plans (likely a video) and the grades for the end of lesson quizzes. We hope this will give you insight into areas that the students are struggling with and how to tailor the club meetings.

TEACHER SUPPORT PAGE

The teacher support page is split up into two different sections: a forum and a training page. The forum is designed to be discussion board for the YIS teachers to discuss different topics and ask questions. This is a page that the YIS organization will monitor and provide feedback but we encourage collaboration between teachers using this tool. The training page will contain videos and other training materials that show you how our different programs work. We will also provide a monthly training video that is specific to the lesson unit to give you that inside edge that you can use while teaching the students.

COURSES

The courses page is as simple as it sounds. It's where you can go to get the lesson plans, Prezi presentations, and videos to be used to teach the students in the club.

Have a great year! Thanks for being part of YIS!