



## In-House Stock Portfolio Game

An investment ShareClub is about selecting some securities. So why not make part of that learning into a game?

While security selection is the learning part, the camaraderie that it generates is the fun part.

The Game entails members to individually select a small (4 or 5) security portfolio and at a defined date. The start date is your choice as is the duration of the game to declare a winner. One or two members are the statisticians who receive the entries. At a defined date of each month the portfolio values and rankings are prepared. The records are maintained on a software like Globe Investor Gold, and the resulting monthly standings are forwarded to the participants.

While high interest in the Game aspect is generated, there are several spin-off effects. The selection of securities requires doing prior research by each individual, thereby providing a level of training. Once the game data is out, the selections of other securities creates a second level of interest. If the game permits portfolio rebalancing, there is a group monitoring process in noting the sell-buys made. But it is the byplay between members over their standings that promotes this unique level of camaraderie that has a positive bonding impact on the Club.

When a winner is declared, he/she is feted in a way that the Club may choose. A trophy makes a strong statement, e.g. You're our Top Stock Picker.

It need not be as elaborate as the one shown; it is the statement that it conveys to the peers that is important. Over time members will use this game as their indicator of who among them is a skilled investor. That may not be an accurate indicator, but a game scenario will provide others to inquire, e.g. How do you select your stocks? Seldom will there be repeat wins.

The following game has been used successfully.

### In-House Stock Game Rules - Example Only

An entry portfolio shall hold only 5 securities listed on the TSX exchange to form a simulated portfolio with a hypothetical \$100,000 value. Each security shall be more than 5% but less than 30% of the total (1). It must be received no later than January 24 and valuation shall be as of January 31.

Subsequent reporting will show book value and market

Name	Symbol	Jan. 31 Shares	Holdings Price	Jun 30 (Book)	Price	(2) (Market)
Alcan Corp	AL	353.2	56.78	20,000	86.90	30,693
Bank of NS	BNS	576.9	52.00	30,000	49.60	28,615
Clarke Inc	CKI	1908.4	13.10	25,000	10.89	20,782
Enbridge	ENB	375.0	40.00	15,000	35.90	13,463
Gold iShares	XGD	123.5	81.00	10,000	66.55	8,215
Cash				00		00
Totals				100,000		101,768

value as per example:

A winner will be declared on December 31 for the portfolio having the highest value from holdings, cash, and capital gains only (3). Portfolio adjustments due to mergers, sales, acquisitions etc shall be made by the statistician and are deemed final.

Portfolio rebalancing may take the form of :

- Not more than three transactions ( a sell-buy is one), and
- Up to two simultaneous sell-buys or two sells.

Proceeds from a sell are placed in cash and are not reinvestable, but are additive to portfolio value. The transactions may be conducted only after March 31 but before November 30 with none during the black-out period (4). All such transactions are final.

Transactions shall be forwarded to the statistician with explicit instructions and will be processed on the basis of share price values as of the close of markets on the Friday following the week the instructions are received. The rebalanced portfolio will be reported only on the next normal reporting date. Game standings and portfolio value reportings shall be made on the weekend prior to the monthly meeting date (5).

Benchmarking will be based on the TSX Composite Index starting at January 31.

### Notes

1. Any reasonable amounts inserted as entry elective.
2. Date of valuation important to indicate.
3. Income may also be additive to total value but it will necessitate more work for the statisticians and likely require use of a proprietary software.
4. The blackout period is intended to avoid the possibility of playing games within the game.
5. This is optional and at the discretion of the Club members.