



INVESTMENT COMPETITION CURRICULUM

Teacher Guide



WHARTON
GLOBAL HIGH SCHOOL
INVESTMENT COMPETITION



Wharton
UNIVERSITY of PENNSYLVANIA

GLOBAL YOUTH PROGRAM

globalyouth.wharton.upenn.edu/investment-competition

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Wharton Global High School Investment Competition

[The Wharton Global High School Investment Competition](#) is a free, experiential investment challenge for high school students (9th to 12th grade) and teachers. Students work in teams of four to seven, guided by a teacher as their advisor, and have access to an online stock market simulator. Together, they learn about strategy-building, teamwork, communication, risk, diversification, company and industry analysis, and many other aspects of investing.

Who We Are

[The Wharton Global Youth Program](#) mobilizes the extensive opportunities of the Wharton academic community to educate, inform and inspire pre-college students to explore business practices, analyze the world's complex challenges, and take the needed steps to become leaders who will transform the global economy.

Teacher Guide to Using This Curriculum

This curriculum is designed for teachers and advisors who are guiding student teams participating in the Wharton Global High School Investment Competition. It starts with a competition overview, then introduces students to basic concepts in investing with a specific focus on stocks and exchange traded funds (ETFs), and ends with basic research and analysis strategies to help competitors make informed investment decisions. This curriculum is designed to equip students with enough knowledge and skills to stay engaged with the investment competition and learn from the experience.

Note to teachers: Teachers and advisors are not required to use any part of this curriculum while competing. The Wharton Global High School Investment Competition is a free opportunity for students around the world to learn about investing and actually experience the stock market through a simulation. The competition engages all different levels of learners, from students who are totally new to these concepts, to others who have more advanced knowledge. You should consider using this curriculum in a way that best fits your students' needs. Possibly, you will instead select a sampling of lessons that support your classroom resources or introduce new concepts at an appropriate level for your students. Or, you may choose to follow the entire curriculum sequentially, from beginning to end. The choice is yours.

Learning Objectives

After finishing this curriculum, students will be able to:

- Understand the rules and underlying concepts inherent in the Wharton Global High School Investment Competition
- Define investment and differentiate various asset classes
- Explain the relationship between risk and diversity
- Apply analytical frameworks (SWOT and Porter's Five Forces)
- Read the three main financial statements and use them to articulate the health of a company
- Build a portfolio and understand how to prepare a team-based investment strategy tailored to the competition client
- Craft an elevator pitch tailored to their investment strategy
- Analyze Environmental, Social, and Governance (ESG) factors in decision-making

Format

The curriculum includes 20 Lesson plans. Teachers are recommended to pick and choose the activities that suit their classroom best, resulting in just over 3 weeks of daily instruction (this is only suggested timing; teachers should adjust according to their own pace). Each lesson has the following four parts of content:

1. Lesson Summary

The first two pages of each lesson plan provide a high-level summary of the lesson plan. The Lesson Summary typically has 9 key sections.

It starts with the lesson topic (1).

Each lesson is categorized into one of the three lesson levels (2):

- Introductory: for students with minimal-to-no prior knowledge of investing-related concepts.
- Intermediate: for students with some basic knowledge who will benefit from further explanation and practice
- Advanced: for students who are able to define basic business terms (stocks, assets, risk), but need further context within the scope of the competition, as well as practice and exploration.

The lesson overview (3) provides a summary of the lesson's content and sequence. Teachers should read this part to have a general idea of how to teach the lesson.

Background knowledge for teachers (4) paints the big picture of the lesson topic and provides context. If there is any new knowledge for teachers, they should probably conduct more research before teaching the lesson.

Learning objectives (5) list things students will be able to do after learning the materials. This list is also a good guide for teachers to create additional assessment.

Glossary terms (6) list vocabulary used in the lesson, many of which are linked to a short video featuring a Wharton faculty defining the term. However, not all terms have a Wharton faculty-featured video. Additional glossary terms are listed and defined. Teachers can either assign this list as pre-class work or display the list as a warm-up before class.

The "Inside the Competition" (7) call-out box highlights how teachers can use this lesson plan for the competition, and the relevance of the material for competitors.

The "Materials" (8) call-out box lists items that are needed for the lesson. Provided items are mainly materials such as student worksheets, and pdf versions of in-class readings, which are provided along with each lesson. Teachers are responsible for getting items that are not provided.

Perspective/Student Voices (9) call-out box can be assigned as a pre-class assignment or an additional exercise. As a way to provide relevance for students, it features student perspectives and personal essays on the Wharton investment competition and topics related to the accompanying lesson plans.

1 Understanding Exchange-Traded Funds (ETFs)

2 ▲ LEVEL: INTRODUCTORY | GRADES: 9-12 | ⌚ LENGTH: 60 MINUTES

3 Lesson Overview

In this lesson, students will learn about the evolving world of Exchange-Traded Funds (ETFs) and what they offer to the investors. The students will get familiar with the different types of ETFs and their features. The students will also understand the creation and redemption process of ETFs.

4 Background Knowledge for Teachers

Exchange-Traded Funds or ETFs (first introduced into the Wharton Global High School Investment Competition in 2023) are a type of investment fund that you can buy and sell on stock exchanges, just like you would buy or sell stocks. An ETF is designed to track the performance of a specific group of assets, like the tech industry, gold, or a stock index (the Dow Jones Industrial Average). When you buy shares of an ETF, you are buying a piece of the entire collection of assets that the ETF holds. ETFs provide an accessible and flexible way for investors to invest in a diversified portfolio of assets without needing a large amount of money or extensive knowledge about individual investments.

7 INSIDE THE COMPETITION

As of the introduction of ETFs to the competition in 2023, student teams in the Wharton Global High School Investment Competition must invest in at least one ETF to diversify their portfolio.

8 MATERIALS

Projector, video, crossword puzzle, internet access, printed or digital copies of the article

9 SOCIAL PERSPECTIVE

Invite your students to do some extra credit by listening to [How Sustainable ETFs Let Small Investors Make a Difference](#), a podcast and transcript from the Wharton School's online business journal, Knowledge@Wharton. A 30-minute listen!

5 Learning Objectives

At the end of this lesson, students will be able to:

- Understand the creation and redemption process of ETFs.
- Recognize different types of ETFs.
- Weigh the advantages and disadvantages of different ETFs.

- Identify suitable ETFs to invest in.

6 Glossary Terms

Watch how Wharton faculty define and use the glossary terms presented in this lesson (make sure students listen to these definitions!):

- [Mutual Fund](#)
- [Bond](#)
- [Commodity](#)
- [Investment Portfolio](#)
- [Public Company](#)
- [Stock](#)
- [Stock Market](#)

Additional Glossary Terms Defined in the Lesson Plan

- **Exchange-Traded Fund (ETF):** A type of investment fund that you can buy and sell on stock exchanges, just like you would buy or sell stocks.
- **Index:** In the stock market, index is a method to track a group of stocks selected by certain standards.
- **Index Investing:** Investors don't try to guess the future moves in the individual stocks or in the market as a whole, but instead buy an index and hold it. The two most famous indexes are the Dow Jones and S&P 500. For this lesson, the Dow Jones Industrial Average or DJIA is the revered veteran of financial reports. It is a stock index of some 30 publicly traded companies that are thought to be leaders in their industries. It is a favorite index among stock market watchers and investors because it is meant to measure the strength and weakness of the stock market.
- **Active Investment Style:** Active investing might bring higher returns if the investor is skilled in stock selection and timing the market with buying and selling. What if the investor has little or no skill? The risk becomes really high.
- **Passive Investment Style:** A passive style generates fewer transaction expenses in general as it involves less trading – it is more passive or hands-off.

Lesson Plan



Engage | 5 min

Start the lesson with the following questions:

Ask students: “What do you think of when you hear the term “mutual”? Answers: sharing, common, two or more people, etc...

2. Lesson Plan

Each lesson plan will contain some or all of the following teaching activities along with a suggested timeframe. Each activity is represented by a distinct icon to signify what type of teaching activity it is. See descriptions below:



Engage

This section either provides some question prompts to start the class and conversation, or to review some key concepts covered in previous lessons.



Definition

This section explains related concepts in detail and provides examples. It often includes questions for students to connect concepts with their life experiences.



Discussion

This section usually provides guiding questions for teachers to encourage students to think more deeply about topics. It could be a small-group discussion or whole-class discussion. Discussion also may appear together with other items, such as activity, guided watching, etc., so students will have timely reflection.



Activity/Practice

This section provides opportunities for students to either make calculations based on a new formula or apply an analytical framework through real-life scenarios. Most of the activities are competition-team or small-group based. Student worksheets are provided, and answer keys for teachers are often available in a separate file.



Guided Watching

This section features short video clips from Wharton faculty teaching different aspects of investing. These video clips are adapted from a full online course Understanding Your Money, which will be available through the Wharton Global Youth Program beginning in fall.



Guided Reading

This section uses an article from Wharton Global Youth, the only global online business journal for high school students. These articles are written with high school students in mind, providing topic analysis and often peer perspective.



Assess

Some of the lessons will link to a Kahoot game for teachers to assess their students' knowledge in a fun way.



Takeaways

This section usually provides a quick reflection at the end of the lesson. If teachers don't have time to discuss this section in class, it still offers students a good summary of what they have just learned.

3. Extend

This part is outside the regular lesson plan, and provides additional resources related to that topic. Teachers should encourage interested students to explore beyond the classroom.

4. Materials

This section includes provided materials, such as student worksheets and pdf versions of Wharton Global Youth articles.

Feedback for Competing Students

The reality of the Wharton Global High School Investment Competition is that a limited number of teams will advance to the Semifinals and Global Finale. The Wharton Global Youth Program appreciates all the hard work that teams put into the competition, and we hope that teachers will help us by finding ways to recognize their students' accomplishments and efforts at the classroom or club level. You might:

- Choose top teams and hold your own classroom final – or give every team in the class a chance to present their strategy and experience with slides, and then choose winners and award prizes—Remember, teams are trying to convince their client that they should be his or her asset manager; they should be *pitching*, not just showing!
- Assemble a panel of judges to evaluate presentations, including finance experts from the community; invite other students and educators from your school to attend
- Award Superlatives to different teams, including everything from “best strategy” and “most creative approach” to “team that learned the most”
- Consistently share photos of your teams working on their strategies and learning with the Wharton Global High School Investment Competition team that we can then post on our social media channels. You can email any team photos you would like to see highlighted to whartonhs-social@wharton.upenn.edu

Due to the large number of final-report submissions every year, the competition does not provide feedback for individual teams once they have submitted their reports. Teachers should consider providing specific feedback to students in the following areas:

Investment Strategy

- Do students' final reports articulate a clear and creative investment strategy thesis that for the most part makes sense for their client?
- Does the strategy demonstrate some short-term and primarily long-term investment thinking?
- Is the portfolio diversified in different sectors?

1. Client Knowledge and Objectives

- Do students follow the case study and overall follow client expectations and goals?
- Do students research the client deeply and beyond the case study?
- Do they tailor their strategy uniquely to the client's short-term and long-term goals?

2. Portfolio Analysis

- Do students demonstrate a clear understanding of new concepts and investment tools to evaluate stocks?
- Do they use both quantitative and qualitative analysis?

3. Articulation of Competition Experience

- In their final reports, do students address teamwork, communication, the learning process and key takeaways?
- Do they reflect on challenges and articulate what they learned and how they prevailed?

4. Creativity and Presentation

- Do their reports include compelling narratives and images/graphs to help break up the text?
- Do teams present their strategies, analyses, and competition journey with an authentic team voice? In other words, they don't try to "sound" smart, but convey a certain ease and comfort level with the material they've learned.
- If you do hold a local final for student teams to showcase their work, how prepared, organized and persuasive are they as a team?

Curriculum Map

UNIT	LESSONS
Unit 1 Competition Basics 1 lesson	1.1 – Competition Basics Level: Introductory This lesson provides a step-by-step guide for teachers to use the Wharton Global High School Investment Competition in the classroom. It introduces students to the competition background, general rules, and ethical standards
	1.2 – Client Case Study Level: Introductory This lesson plan provides a guide for educators to introduce the Wharton Global High School Investment Competition case study, which each year features a different client for whom students must build their investment strategies.
	1.3 – Developing a Strategy Level: Introductory This lesson explains the purpose of an investment strategy and how to clearly and creatively build one for the Wharton Global High School Investment Competition. Teachers and students will get a better idea of the competition focus, and students will develop strategic-thinking skills with strategy practice using a previous competition client.
	1.4 – Finding Your Creative Voice Level: Introductory In this lesson, students consider what makes an investment strategy 'creative', how they can brainstorm ideas for creativity to match their potential client's needs, and how this is all translated into a unique voice in written communication.
	1.5 – The Investing Elevator Pitch Level: Introductory Elevator pitches are crucial in many areas of business. In this plan, students will learn how to develop and communicate a basic elevator pitch for their competition team's investment thesis or strategy.

Unit 2
Introduction to Investing
5 lessons**2.1 - What Is an Investment?**

Level: Introductory

In this lesson, teachers introduce students to the concept of investing and explore why people invest. Students rely on personal experience to create a list of potential “investments.” Based on this list, teachers lead a short discussion on different investment instruments. Both teachers and students provide personal definitions of investing and their argument for why people invest. It concludes with comparing different types of investments by introducing students to the concept of risk, return and liquidity.

2.2 - Stocks

Level: Introductory

In this lesson, students explore the concept of stock ownership. They begin to understand the dividend rights of stockholders and also have a basic understanding of stock-related concepts, including Initial Public Offering (IPO) and Blue Chip Stock. Students discuss meanings of key terms and review what they have learned about simple and compound interest rates. In small groups, students compute different yield savings accounts using simple and compounded interest and compare that to expected yields from owning stocks that pay dividends. Students then calculate the return on investments. Students will learn how to buy stocks through practice placing a trade in Stock Trak (for competition participants). This simulation will help them understand the process of buying stocks from a brokerage account.

2.3 - Understanding ETFs

Level: Introductory

In this lesson, students will learn about the evolving world of Exchange-Traded Funds (ETFs) and what they offer to the investors. The students will get familiar with the different types of ETFs and their features. The students will also understand the creation and redemption process of ETFs.

2.4 - Risk and Diversity

Level: Intermediate

In this lesson, students will continue the conversation about risk and return. In particular, students will discuss why investors diversify, illustrated by playing a token game.

2.5 - Building an Investment Portfolio

Level: Introductory

In this lesson, students will learn about the different investment choices available and how people make investment decisions. They will gain insight into the importance of an investor’s risk appetite and the time horizon of the investment in selecting an investment portfolio. The lesson will prepare them for a more in-depth study of investment.

2.6 - Portfolio Management

Level: Introductory

This lesson continues the discussion on the relationship between risk and diversification in terms of portfolio management. Students explore a new concept of the investment lifecycle. Then, the lesson introduces five popular portfolio styles. Students can think about how different people might be more or less attracted to different investment portfolio styles.

2.7 - Socially Responsible Investing

Level: Intermediate

This lesson introduces students to the idea of business ethics and social responsibility, then delves into how these two ideas play out in the investing world through discussions on ESG (Environmental, Social and Governance) investing and impact investing. Students learn how to use positive and negative screens to select stocks based on ethical standards.

2.8 - Investing and ESG

Level: Introductory

In this lesson, students will learn about ESG investing as more investors and issuers use the lens of Environmental, Social and Governance factors to support their investment decisions. They will understand why investing in companies that rate high on environmental and societal scales makes not only ethical sense, but can also make economic sense. It will make them more mindful of their own investment decisions, tied into Gen Z’s passion for sustainability.

Unit 3
Research and Analysis
7 lessons**3.1 – Research Strategies for New Investors**

Level: Introductory

This lesson introduces some basic research strategies to help students select stocks. Students will break into small groups and practice three strategies and tools to come up with a preliminary stock watch list for later selection.

3.2 – SWOT Analysis

Level: Introductory

Starting from this lesson, students dive into tools and frameworks to conduct fundamental analysis. This lesson helps students look at specific investing choices. Why might we invest in one company and not another? Throughout the lesson, students learn how to evaluate companies, industries and products using a SWOT (strengths, weaknesses, opportunities and threats) analysis.

3.3 – Introduction to Industry Analysis

Level: Introductory

Here, students learn the Porter's Five Forces framework and use it to analyze industry structure as they begin to think critically about investment choices. The lesson not only introduces the five forces, but also the factors that influence them. Students practice analyzing the PPE (Personal Protective Equipment) industry using a student worksheet.

3.4 – Balance Sheet

Level: Introductory

This lesson begins with an introduction to financial statements and why they are important for investors. Students then learn the definition of a balance sheet and its component parts. After that, students decode an actual balance sheet from Apple. Finally, they use balance sheets to evaluate the well-being of individual companies.

3.5 – Income Statement

Level: Introductory

This lesson presents the income statement. Students learn the definition of an income statement and its component parts. After that, they decode an actual income statement from Apple. Finally, students use the income statement to evaluate the well-being of individual companies.

3.6 – Statement of Cash Flows

Level: Introductory

This lesson focuses on reading and interpreting the statement of cash flows. Students learn the definition of a statement of cash flows (and its component parts). They also learn to read and decode an actual statement of cash flows from a Securities & Exchange Commission (SEC) 10-K filing. Finally, students use the statement of cash flows to evaluate the well-being of individual companies.

3.7 – Ratios

Level: Advanced

This lesson continues to look at more financial ratios, using information from the three main financial statements. Students learn how to calculate different financial ratios in order to better understand a firm's operating efficiency and risk.

Additional Resources

Teachers can use these additional Wharton Global Youth Program resources to improve students' teamwork and communication skills, which are fundamental to successfully participating in the Wharton Global High School Investment Competition.

Communication and Leadership

Suggested Wharton Global Youth Articles

- [Future Leaders Learn to Communicate for the Long-term](#)
- [Collaborating and Thriving in the Workplace of the Future](#)
- [Wharton School Dean Erika James Prepares You for Crisis Leadership](#)
- [FBW Podcast: A Competitive Debater Finds Her Place in PR](#)
- [Top Qualities: Everyone Has the Capacity to Be a Leader](#)
- [Great Leaders Recognize and Value the Power of Emotions](#)
- [Mountain Guides Teach Us About Leadership](#)
- [Leadership Lessons from the Thailand Cave Rescue](#)
- [What It Takes to Become a CEO](#)
- [Storytelling Infuses Your Message with Meaning and Emotion](#)

Teamwork

Suggested Wharton Global Youth Articles

- [Aspiring Data Scientists Research the Rise in Gasoline Prices](#)
- [Wharton's Christian Terwiesch on How ChatGPT Can Stimulate Your Thinking](#)
- [10 Ways You Can Become a Better Negotiator](#)
- [FBW Podcast: Launching a Healthy Sports Drink By Gen Z for Gen Z](#)
- [Teamwork with a Marshmallow on Top](#)
- [Serial Tech Entrepreneur Sachin Rekhi: Relationships Build Careers](#)
- [Embracing Differences: Companies Tap the Richness of Diversity](#)
- [Career Insight: The First Woman to Coach in the NFL on Teamwork and the Power of Relationships](#)

Investing

Suggested Wharton Global Youth Articles

- [Investor in Action: 5 Questions for Andrew Dudum of Hims and Hers](#)
- [FBW Podcast: The Minvest Mission to Empower Gen Z Investors](#)
- [Venture Capital Investing: What It Is and Where It's Headed](#)

Disclaimer

Wharton Global Youth Program does not work with or endorse resources mentioned in this curriculum that are developed by organizations outside the Wharton community. They are used in this curriculum for teaching and learning purposes only.

Teacher Guide Glossary Term List

Glossary Videos

Watch how Wharton faculty define and use the glossary terms presented in this lesson:

- [Accounts Receivable](#)
- [Annual Financial Statements](#)
- [Assets](#)
- [Asset Allocation](#)
- [Asset Management](#)
- [Blue Chip Stock](#)
- [Bond](#)
- [Brand](#)
- [Business Ethics](#)
- [Commercial Real Estate](#)
- [Commodity](#)
- [Company](#)
- [Competition](#)
- [Competitive Strategy](#)
- [Compound Interest](#)
- [Corporate Board of Directors](#)
- [Corporate Governance](#)
- [Corporation](#)
- [Creditors](#)
- [Debt](#)
- [Depreciation](#)
- [Dividend](#)
- [Downside Risk](#)
- [Elevator Pitch](#)
- [Equity Ownership](#)
- [Financial Services](#)
- [Fiscal Policy](#)
- [Gross Domestic Product GDP](#)
- [Headline Inflation](#)
- [Hedge Fund](#)
- [Income Statement](#)
- [Industry](#)
- [Inflation](#)
- [Initial Public Offering \(IPO\)](#)
- [Interest Rate](#)
- [Inventory](#)
- [Investment Portfolio](#)
- [Investor](#)
- [Liability](#)
- [Liquidity](#)
- [Macroeconomics](#)
- [Margin](#)
- [Mission Statement](#)
- [Mutual Fund](#)
- [New York Stock Exchange](#)
- [Operating Expenses](#)
- [Performance](#)
- [Public Company](#)
- [R&D](#)
- [REIT](#)
- [Residential Real Estate](#)
- [Return on Investment \(ROI\)](#)
- [Revenues](#)
- [Risk Management](#)
- [Securities](#)
- [Shareholder](#)
- [Social Enterprise](#)
- [Social Impact](#)
- [Socially Responsible Investing](#)
- [Securities and Exchange Commission](#)
- [Speculation](#)
- [Stock](#)
- [Stock Market](#)
- [Stockholders Equity](#)
- [Strategy](#)
- [Sustainable Business](#)
- [Sunk Cost](#)
- [Supplier](#)
- [Triple Bottom Line](#)
- [Valuation](#)
- [Venture Capital](#)
- [Wealth Management](#)

Additional glossary terms defined in the lesson plans:

10-K (Annual Report)	An annual filing that provides a comprehensive summary of a company's annual performance.
10-Q (Quarterly Report)	A quarterly filing that provides a summary of a company's quarterly performance.
8-K (Current report)	A report of unscheduled material events or corporate changes at a company that could be of importance to the company's investors.
Accounting	Accounting is the language of business. It identifies, measures, records, and communicates economic events in monetary terms. It provides information for decision-making purposes.
Accrual-basis Accounting	Transactions are recorded when the economic substance of transaction occurs, not when cash changes hands.
Active Investment Style	Active investing might bring higher returns if the investor is skilled in stock selection and timing the market with buying and selling. What if the investor has little or no skill? The risk becomes really high.
Asset Classes	Types of instruments where you can put your money.
Balance Sheet	A financial statement that reports a company's assets, liabilities and shareholders' equity at a specific point in time.
Cash Flow from Operations (CFO)	It shows cash flows for activities that are related to the production and sale of goods and services that enter into the determination of the firm's income.
Cash Flow Statement	A financial statement that shows sources and uses of cash over a period of time.
Cash Inflow	The money going into a business, for example, cash collected from customers.
Cash Outflow	The money leaving a business, for example, cash paid out to suppliers.
Common Stock	Owners of common stocks have voting rights at shareholders' meetings.
Consumer Discretionary	Non-essential goods and services. Generally, things people desire if they have sufficient income to purchase them. For example, luxury vacation, high-end clothes.
Consumer Staples	Essential goods such as foods and beverage.
Cost of Goods Sold (COGS)	The direct costs of producing the goods sold by a company.
Current Assets	Assets that will likely be used or turned into cash relatively within one-year.
Current Liabilities	Liabilities that will be paid within the year.
Earnings per share (EPS)	A measure of total profit divided by total number of shares held. In other words, how much of the total profit is associated with each share of stock.

ESG	ESG stands for Environmental, Social and Governance and refers to a system for how to measure the sustainability of a company. It is an evaluation of a firm's beliefs and attitudes about social and environmental factors. Companies, and their corporate boards of directors, are thinking hard about how to incorporate ESG factors into their business strategies to appeal to investors, customers and other stakeholders. And investors are turning to ESG rating firms and others to screen their investments on these factors.
Exchange-Traded Fund (ETF)	A type of investment fund that you can buy and sell on stock exchanges, just like you would buy or sell stocks.
Expense	The cost of operations that a company incurs to generate revenue.
Financial Ratios	Ratios of two different metrics that can be combined into one metric to give you a sense of how a company is faring, or how a company compares in terms of valuation [an estimate of what a company is worth] to another company.
Gold	A precious metal that is also a popular alternative investment to more common asset classes like stocks and bonds.
Gross Margin	A company's net sales revenue minus its cost of goods sold (COGS).
Gross Profit	The profit a company makes after deducting the costs associated with making and selling its products, or the costs associated with providing its services.
Index	In the stock market, index is a method to track a group of stocks selected by certain standards.
Index Investing	Investors don't try to guess the future moves in the individual stocks or in the market as a whole but buys an index and holds it. The most two famous indexes are the Dow Jones and S&P 500.
Interest Expense	The amount of interest owed for the money you borrowed from someone.
Investment	Giving up something in the present in order to gain something more in the future.
Market Timing	Moving in and out of a financial market or switching between asset classes based on investor predictions.
Net Income	The amount of revenue left after subtracting all expenses, taxes and costs.
Net Profit Margin	It is calculated by dividing net income by net sales.
Operating Efficiency	The way in which managers use the company's assets and capital to create profits. An efficient company makes larger profits with fewer resources.
Passive Investment Style	A passive style generates fewer transaction expenses in general as it involves less trading – it is more passive or hands-off.
Portfolio	A group of one's selection of investment assets, e.g., stocks, bonds, real estate, etc.
Preferred Stock	Owners of preferred stocks receive dividends before owners of common stocks, but do not have voting rights.

Price-to-earnings (P/E) Ratio	It tells investors how EPS relates to the price of a company's stock. A P/E ratio tells us how much we are paying for \$1 of a company's profit.
Producer	A person, company, or country that makes, grows, or supplies goods or commodities for sale.
Producer Durables	Products that do not wear out quickly for producers, examples are machinery and equipment.
Retained Earnings	The accumulated earnings that have not been distributed to stockholders.
Return	A measure of the gain or loss generated from an investment. It is the difference between the money that you pay to buy a security and the money that you receive when selling it.
Return on Equity	A measure of net income divided by total equity.
Risk	The chance you might lose something of value, in this case money that you are investing.
Selling, General & Administrative (SG&A) Costs	Operating costs that are not directly associated with the production.
Shareholder Value	When people who own equity in a company (ie: stockholders) get value from the activities of the management, such as when they increase sales and earnings.
Stakeholder	A person with an interest or concern in a business, including owners, managers, board members, employees and investors.
Stock Exchange	A secondary market where investors buy and sell stocks.