

Financial Securities Portfolio Competition 2012

Competition Rules

Who is your client?

Students can use one of the four client profiles attached OR interview a friend or family member. If you choose to interview a friend/family member for this project, do not use their real name, use a fictitious name for the report.

(For reference only: Investment planning worksheet

<http://www.getsmarteraboutmoney.ca/tools-and-calculators/worksheets/InvestmentPlanningWorksheet.pdf>)

What can you buy/sell?

- Equities traded on the TSX
- Mutual funds sold in Canada
- Canadian bonds and GICs

Note: Buying on margin, short sales and options contracts are NOT to be included in your portfolio.

What are the trading rules?

- You may purchase any combination of investment products as you deem necessary for your client's portfolio.
- You may buy/sell as many times as you wish.

How much commission do you pay?

Stocks less than \$1 per share: \$20 + \$.005 per share

Stocks equal to or more than \$1, less than or equal to \$3: \$20 + \$.01 per share

Stocks more than \$3, less than or equal to \$10: \$20 + \$.02 per share

Stocks more than \$10: \$20 plus \$.03 per share

Mutual funds: \$20 processing charge to **buy** the mutual fund; no fee is charged to sell the mutual funds

Bonds: \$20 to buy or sell a bond

Submissions must include:

1. A completed and signed Student Entry Form and Consent and Release form.
2. A summary of your client profile including short, medium and long term goals and risk/reward tolerance and your investment strategy. Remember, use a fictitious name if your client is a friend or family member.
3. A summary of each holding in the portfolio and how it fits with your investment strategy.
4. A detailed analysis of one holding (max. 4 pages)
5. Profit/loss Summary Chart and analysis
6. Conclusion - what you learned from this project
7. Appendices - Price charts, source documents for bonds purchased, articles pertaining to the companies you invested in etc.

Format

- All work must be double-spaced, one sided, 12 point font size, with maximum left side margin of 1.5" with a right, top and bottom margin of 1".
- All sources must be quoted using the preferred style by your teacher/school.

The participants must not have attempted to violate the spirit of the Competition.

It is important to remember that having the highest portfolio value does not necessarily mean winning an award.

Contest deadline

Your submission must be received no later than June 1, 2012.

Financial Securities Portfolio Competition

Client profiles

Client: **Jim Brown**

Age: 55

Status: Widower

Occupation: Software developer

Jim lives with his four children in rural Ontario. His twin sons, Jason and Alexander have recently completed their post-secondary education and are working full time. Their priority is to pay off their student loans of \$5,000 and \$7,000 respectively. His two other children, Kimberly and Patrick are still in high school and plan to study journalism and veterinary medicine in one and two years respectively. The family has several pets: 2 dogs and a bird.

The family has monthly living expenses of \$2,500 including insurance and gas for two vehicles, a new SUV and eight year-old Honda. Jim's after tax salary is \$55,000. Jim and his family enjoy outdoor activities. Vacations are usually camping in national parks or snowboarding or skiing.

Jim participates in his company's stock option program and owns shares worth \$35,000. He has savings of \$39,000 in cash, GICs and CSBs. Jim and his colleagues won the lottery. His portion of the winnings came to \$22,000. What should he do?

Client: **Meryl Black**

Ages: 32

Status: Engaged

Occupation: Caterer

Meryl and Ricardo will wed in two weeks and are expecting their first child in 6 months. They enjoy extreme sports, take three or four vacations a year, and entertain frequently.

They live in a small, three-bedroom bungalow. Meryl earns \$33,500 annually and Ricardo earns \$62,000. They also receive \$300/month from Ricardo's cousin who is living with them while he attends the local community college. Meryl estimates that their monthly living expenses are around \$4,500 – she's not sure as they don't really track how much they spend: lease for their two cars \$728; mortgage \$1,500 (variable); food \$6-800. They have a combined savings of \$70,000, \$20,000 of which will be used to pay for the wedding reception. Both Ricardo and Meryl have RRSPs with \$23,000 and \$12,000 respectively. Ricardo also belongs to his company's pension plan.

After their honeymoon, they plan to purchase a bigger home so that Meryl can run a catering business from home. Both Meryl and Ricardo have no interest in managing their finances.

Client: **Wendy Chan**

Age: 28

Status: Single

Occupation: Freelance graphic designer

Wendy lives with her family and works from home. She is a preferred vendor for three organizations and also bids on several projects over a year. This year she will earn \$100K.

She contributes \$400 towards household expenses and spends another \$1,000 each month. Her business expenses are approx. \$10K a year. In her leisure time, Wendy is an avid photographer and traveler. She hopes to visit India for four weeks.

Over the next five years, Wendy would like to lease studio space, hire a designer, and buy a condo. She has savings of \$70K and wants to start an investment portfolio.

Client: **Wayne Nelson**

Age: 23

Status: Single

Occupation: Customer Service Representative

Wayne is a CSR for a telecommunications firm and earns \$32,000 a year after tax. He rents an apartment and has a roommate. His portion of the rent incl. utilities is \$650. Wayne saves \$320 a month and spends the balance on food, transportation, and entertainment.

He has \$12K in his chequing account. Wayne's investment portfolio was started when he was born. It consists of one stock and is now valued at \$72K.

In two year's time Wayne plans to take a year off to English abroad. He has come to you to develop a financial plan.