



“Stock Market Pie” by J.M. Seymour

Don't miss the author's information on page 48 of this guide!

Emily receives a gift of stock from her grandmother. Emily learns to appreciate the value of the gift as she discusses saving and investing with her grandmother while they make pies. Emily develops a pie-making metaphor to illustrate investment concepts. This exercise provides the opportunity to:

1. Introduce the basic investment concepts of: who is an investor, what is a stock, how are stocks traded, what is a stock market, and investment risk;
2. Communicate a positive message to students that they can manage their money-even when it comes to more complicated financial tools like stocks; and
3. Participate in a stock trading game that shows the benefits and risk of investing in stocks.

Time Limit: 40 minutes

Supplies Needed:

- *Stock Market Pie* by J.M. Seymour
- One paper pie model as illustrated on page 25
- White board and markers to draw a stock trading board
- Play money
- Envelopes



I Can Understand Stocks!

Before you start reading, prepare the paper pie model shown on page 25. Give one pie piece to five different students as they come into the library. Let them know that you will need them to help you “make a pie” later in the story and to be ready to come forward when you call them. Also, prepare a white board with the trading floor chart illustrated on page 26 and five trading envelopes for each of the two stocks.

(1) Let's talk pie! Let's name some different kinds of pie we all enjoy eating. (*Take responses.*) In today's story, we're going to learn about one kind of pie that none of you mentioned--Stock Market Pie! (*Show book cover.*) Managing our money--how we choose to spend or save it--may sometimes seem to you like something only adults can understand. But in our story today, Emily learns from her Grandmother about the stock market and how people can buy and sell stocks to make money.

As we read, we're going to build a pie that will help us keep track of the parts of our “stock market pie.” Let's start with our first piece of the pie. Who has the slice of pie with the word **Investment** on it?

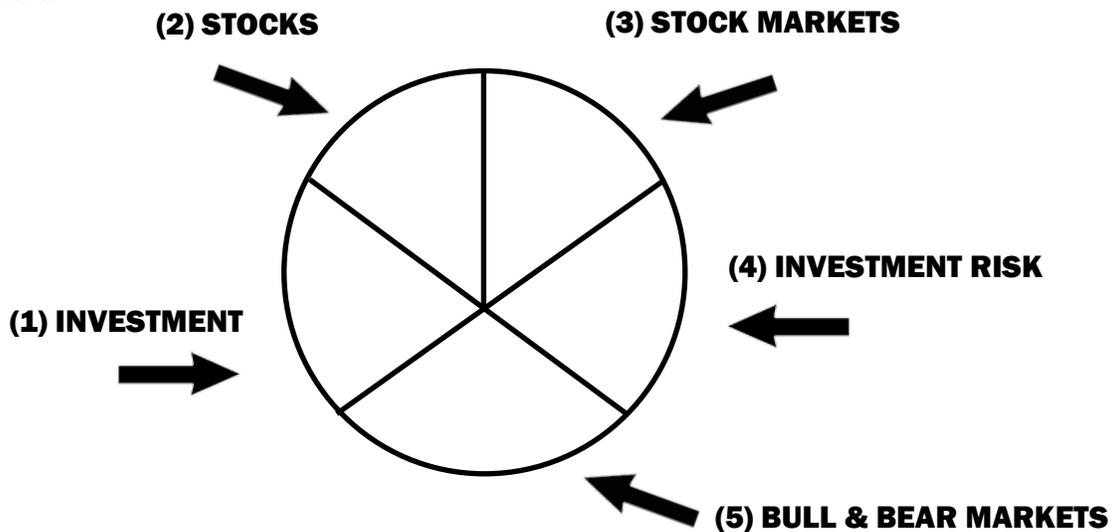
Have student bring that slice forward. Stick it onto the white board or flat service in front of the class. Explain to the students that: Making an investment is spending money with the goal of making a profit--receiving more money back than what you originally spent.

(2) *Begin reading the story. Stop on the pages indicated and have a student place his/her slice of pie on the board. Share with students the corresponding definition or answer and then continue reading.*



- PAGE 6 A stock is a share or specific portion of a company that is bought and sold. (STOCKS)
- PAGE 17 A stock market or stock exchange is a place where investors can buy or sell shares of a company's stock. (STOCK MARKETS)
- PAGE 23 Investors make money when the company makes a profit. Investors lose money when the company is not doing well and earns less. (INVESTMENT RISK)
- PAGE 29 A bull market means stock prices are going up and investors are making a profit. A bear market means stock prices are dropping and investors are losing the value of their investment. (BULL & BEAR MARKETS)

Pie Illustration



(3) We're now going to play a game. We're going to see whether you as an investor will make money or lose money on the stock you have bought. We are going to pretend that we own stock in two companies: the Walt Disney Company (*write name on first line of stock trading board*) and the Green Mountain Coffee Roasters Company. (*write name on second line of stock trading board*) As we just learned from our story, investors earn money on the stock they own by selling it when the price is higher than when they first bought it. Investors lose money when the price of their stock drops lower than what they bought the stock for.

Place in front of the class five envelopes. Each envelope has the word Walt Disney, written on the front. Inside each envelope is a separate price for one share. Take the prices from the chart on page 26.

In each of these envelopes there is a price for one share of stock in the Walt Disney Company. We're going to take turns picking a card and then write the price inside the envelope on our board. We must decide at each card, whether we want to sell our stock or hang on to it.



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Below is the stock market trading chart that you will draw on your white board. There is no right or wrong order for the price cards to be drawn for each company. As each card is drawn and the amount written on the board ask students, "Should we sell our stock or hold on to it in case the price goes up?" Write in how much

money they have lost or gained on each transaction, as shown in the example below. If the students decide to sell before you go through the five cards, reveal to them the final cards and show them what would have happened had they held on to their investment.

Repeat this process with the Green Mountain Coffee Roasters. Prepare five price cards using the information in the chart below.

The purpose of this exercise is to help students understand the concept of a stock, price, and profit. You also can reinforce the idea of being patient and allowing time for their investments to grow.

I Own One Share of Stock In:	1	2	3	4	5
The Walt Disney Company (DIS)	\$49	\$45	\$52	\$48	\$50
		-\$4	+\$7	-\$4	+\$2
Green Mountain Coffee Roasters (GMCR)	\$21	\$25	\$17	\$28	\$24
		+\$4	-\$8	+\$11	-\$4

Below is information on the actual price history of the Walt Disney Company and Green Mountain Coffee Roasters. Share this information as you feel is appropriate to the age of children you are speaking to and in the time allowed.

The Walt Disney Company, together with its subsidiaries, is a diversified worldwide entertainment company with operations in five business segments: Media Networks, Parks and Resorts, Studio Entertainment, Consumer Products and Interactive Media. The company employed approximately 156,000 people as of October 1, 2011. The 52 week high and low price for a share of stock in the company as of August 17, 2012 ranged from a high of \$50.65 a share to a low of \$28.19 a share.

Green Mountain Coffee Roasters, Inc. is a leader in the specialty coffee and coffee maker businesses. They roast high-quality Arabica bean coffees including single-origin, Fair Trade Certified TM, certified organic, flavored, limited edition and proprietary blends offered in K-Cup® portion packs, whole bean and ground coffee selections, as well as other specialty beverages including tea, hot apple cider and hot cocoa also offered in K-Cup® portion packs. They manufacture and sell the Keurig® single-cup brewing system for use with K-Cup® portion packs and are an emerging leader in sales of coffee makers and single-cup brewing systems. As of the end of the 2011 fiscal year, they had the top four best-selling coffee makers by dollar volume according to the NPD Group for consumer market research data. The 52 week high and low price for a share of stock in the company as of August 17, 2012 ranged from a high of \$115.98 to a low of \$17.11.