

HOW TO PLAY STOCKS & BONDS®

the Game of Investments

STOCKS & BONDS will transport you to Wall Street as you attempt to gain wealth and affluence by skillfully buying and selling securities. The game is for 2 to 8 players — appeals to both juniors and adults.

The main object of STOCKS & BONDS is to shrewdly invest \$5,000 in the game's 10 securities, buying and selling for 10 years (rounds) in an attempt to become the wealthiest player.

Copyright ©1972 by 3M Company, St. Paul, MN 55101

YEAR	1	2	3	4	5
C CITY BONDS	PAR	PAR	PAR	PAR	PAR
GROWTH CORP	119	132	124		
METRO PROP	124	157 7/16	66		
PIONEER MUTL	117	115	105		
SHADY BROOKS	114	125	110		
STRYKER DRIL	95	157 7/16	56		
TRI CITY TRAN	126	145	125		
UNITED AUTO	113	143	115		
URANIUM ENT	93	122	97		
VALLEY POWER	115	129	122		

SAMPLE STOCK BOARD

YEAR	MARKET	DICE NO.	CARD READS
1	Bull	8	Shady Brooks +5
2	Bull	5	Growth Corp -10
3	Bear	12	United Auto -5

Notice that Metro Properties and Stryker Drilling split 2-for-1 in Year 2. Each player owning shares of these stocks at the beginning of Year 2 receives free an equal amount of shares in that stock. Price for both stocks if traded in Year 2 is \$76 per share.

RECORD OF TRANSACTIONS									
NAME OF INVESTOR									
YEAR	NAME OF SECURITY (BOUGHT OR SOLD)	NO OF SHARES	PRICE PER SHARE	AMOUNT PAID (1) OR RECEIVED (2)	DIV. A. NET (INCD)	MARGIN CHARGES (EXP)	CASH BALANCE	MARGIN TOTAL	
							5,000		
1	Stryker	20	95	-1900			3,100		
	Uranium	10	93	-930			2,170		
	Valley Power	10	115	-1,150			1,020		

SAMPLE RECORD SHEET
NO. 1

Year 1 Investments — Player bought:

20 shares Stryker Drilling @ \$95 per share \$1900 leaving balance of \$3100
 10 shares Uran. Ent. @ \$93 per share \$ 930 leaving balance of \$2170
 10 shares Valley Power @ \$115 per share \$1150 leaving balance of \$1020

RECORD OF TRANSACTIONS									
NAME OF INVESTOR									
YEAR	NAME OF SECURITY (BOUGHT OR SOLD)	NO OF SHARES	PRICE PER SHARE	AMOUNT PAID (1) OR RECEIVED (2)	DIV. A. NET (INCD)	MARGIN CHARGES (EXP)	CASH BALANCE	MARGIN TOTAL	
							5,000		
1	Stryker	20	95	-1900			3,100		
	Uranium	10	93	-930			2,170		
	Valley Power	10	115	-1,150			1,020		
2	Stryker	40	76	+3040	+90		4,110		
	Metro Prop	30	76	-2280			4,150		
							1,870		

SAMPLE RECORD SHEET
NO. 2

Year 2 — Player figured out his dividends by checking his stock certificates. He put this figure in the appropriate column and added it to his balance giving him a new balance of \$1110. Dice were rolled and the new prices were posted. Stryker Drilling went up 56 points per share and split. Player decided to sell for profit (sale price now \$76 per share). After placing the price received in the proper column, he added it to his balance to get a new balance of \$4150. He noticed that Metro Properties also split and decided to take advantage of the new low price by buying 30 shares @ \$76 each. The amount he paid for these 30 shares was subtracted from his balance.

donated 2001 by Anne William

TERMS

SECURITY—A stock or bond.

BOND—An interest-bearing certificate issued by a private or municipal corporation, usually for the purpose of borrowing money. In the game bonds are issued in \$1,000, \$5,000 and \$10,000 denominations.

INTEREST—Set percentage of bond's value paid to the investor. In the game annual interest (in dollars) is shown on each certificate.

STOCK—Shares or holdings in a corporate business enterprise attested by certificates of ownership. In the game stock certificates are issued in denominations of 10, 50 and 100 shares.

DIVIDEND—Portion of a company's profit distributed to the stockholders. In the game annual dividend (in dollars) is shown on each certificate.

SPLIT (or Stock Split)—The division of shares into a larger number. For example, if a company declares a 2-for-1 split, each shareholder receives free one additional share for each one he already owns; the price per share is halved. Usually this is done to make the stock easier to sell.

TRANSACTION—Purchase or sale of securities.

MARGIN PURCHASE—Buying securities on credit. (See Buying on Margin.)

ROUND LOT—A unit of trading. In the game only round lots of 10 shares or multiples thereof may be purchased or sold.

BEAR MARKET—A declining market. The Situation Card for the current year indicates when the Bear Market side of the Calculator is to be used.

BULL MARKET—An advancing market. The Situation Card for the current year indicates when the Bull Market side of the Calculator is to be used.

MARKET PRICE—The last reported price at which a stock or bond sold.

SETUP

Choose one player as Board Man and another as Broker. The Board Man receives the *marker* and *Stock Board* on which he posts the current market prices. The Broker receives the *Calculator*, which determines the current market prices, and is also responsible for issuing the stock certificates and bonds throughout the game. Each player receives a *Record Sheet* which indicates that he has \$5,000 to invest as he chooses. The *Situation Cards* are shuffled and stacked face down on the table.

PLAY

During each of the ten years of play, each player invests in securities of his choice, buying and selling at the current market price for the year. As a guide in selecting investments, players should consult the Securities Review (printed in box lid and on back page of this folder). All stock is sold only in blocks of ten shares.

YEAR 1 consists of the following, in order:

1. **ESTABLISHING BULL OR BEAR MARKET.** Broker draws a Situation Card and announces whether the market indicated for the year is *Bull* or *Bear*. He then locates the correct side (Bull or Bear) of the Calculator.

2. **DETERMINING CURRENT MARKET PRICE OF STOCKS.** Board Man rolls dice and Broker, following instructions on Calculator, sets it for number rolled. After reading aloud the bulletin on the Situation Card, Broker refers to Calculator and, taking into account what the Situation Card said, announces how many points each stock rose or fell. Board Man marks the new prices for the year on the Stock Board. The

pre-game price of all stocks is \$100 per share; bonds are sold at par value — \$1,000, \$5,000 or \$10,000 — and their price does not fluctuate during the game. When the price of a stock reaches \$150 or more, the stock splits 2-for-1 (see *Stock Splits*).

Example: If in Year 1 Stryker Drilling declines 20 points, the price posted for that stock would be \$80 (pre-game price of \$100 minus the 20 points the stock dropped). However, if the Situation Card drawn for the year indicated that Stryker rose 17 points, the posted price for Year 1 would be \$97 (down 20 points and up 17 from the pre-game price of \$100).

3. **BUYING SECURITIES.** After the current market prices have been posted, Broker announces the floor is *open for buying*. Each player may buy stocks at the price posted on the Board and bonds at their par value (see *Sample Record Sheet #1*). As soon as the player has recorded his purchases on his Record Sheet, he reports them to the Broker and receives the certificates for the shares purchased.

YEARS 2–10 consist of the following, in order:

1. **POSTING DIVIDENDS AND INTEREST.** At the beginning of each year, each player checks his certificates to see how much he has gained in dividends and/or interest and records the total amount in the Dividends and Interest column on his Record Sheet (see *Sample Record Sheet #2*).

NO DIVIDENDS. If the price of a stock drops below \$50, players holding that stock receive no dividends. When the price again reaches \$50, the payment of dividends is resumed.

2. **ESTABLISHING BULL OR BEAR MARKET.** Broker establishes market each year as for Year 1.

3. **DETERMINING CURRENT MARKET PRICE OF STOCK.** Each year, prices are determined as for Year 1 except that points are added to or subtracted from previous year's price.

Example: If in Year 2 Stryker Drilling rose 45 points and the price for Year 1 had been \$80, the price posted would be \$125 (\$80 plus 45 points).

STOCK SPLITS. When the price of a stock reaches \$150 or more, the stock splits 2-for-1. The price of the stock is halved and the split is recorded on the Board (see *Sample Stock Board*). If the price will not divide into even dollar amounts, it is raised to the next higher dollar. The number of shares in that stock held by a player is doubled and he receives the proper amount of stock certificates.

WORTHLESS STOCK. When the price of a stock drops to \$0 or below, the corporation is declared bankrupt. Players owning this stock must surrender their certificates, receiving nothing for them. The price of the stock is re-established the following year in the same manner as for Year 1.

4. **SELLING SECURITIES.** After the current market price of each stock has been posted, the Broker announces that the floor is now *open for selling*. Players then record any sales they wish to make at these prices and the Broker collects the certificates for any stocks which have been sold (see *Sample Record Sheet #2*).

5. **BUYING SECURITIES.** When all selling transactions have been completed, the floor is declared *open for buying*. After checking his Cash Balance, each player may buy stocks at posted prices and bonds at par value. After recording their transactions, players report them to the Broker and receive their certificates.

CLOSINGS

At the end of the 10 years, closing prices are posted (determine as for any other year). Each player figures how much the securities he holds are worth and adds this figure to his Cash Balance. (Remember, each player started with \$5,000.) **WEALTHIEST PLAYER WINS THE GAME.**

OPTIONAL

The players may decide before the game to roll the dice for each security to determine the first year price per share. Each year following the dice will be rolled once to determine the price per share for all securities, OR:

The players may decide before the game to roll the dice for each security throughout the game. (The market — bull or bear — remains the same throughout the year.) However, if this variation is used, should a 2 or a 12 be rolled, all prices posted for that year are affected (erased), and the points (numbers) on the Calculator for that number (2 or 12) are used to determine that year's prices.

BUYING ON MARGIN

As you become more experienced in STOCKS & BONDS, you may wish to vary the game by including *Buying on Margin*. You buy on margin if you wish to have more working capital (gained by only paying part of the purchase price in that year).

MARGIN: The amount paid by the investor when he uses credit to buy a security, the balance being advanced by his broker. Interest is paid on this balance by the investor until the balance is paid. Margin for the game is set at 50%, and players will be charged 5% per year on their unpaid Margin Total.

TO BUY ON MARGIN. A margin purchase may not be made until the year following your first cash purchase. When buying on margin, record the transaction in the usual way with the following exceptions:

1. Record only 50% (½) of the total purchase price in the Amount Paid column. Circle this amount to indicate it is a margin purchase.
2. Add an equal amount (50% of the total purchase price) to the Margin Total column. (This column represents the total owed on Margin.)

Collect the certificates due you. The following year you must pay the Charges due on your Margin Total. Record these Charges after you record any dividends and/or interest due you. The Charges (5% of the Margin Total) are recorded each year in the Margin Charges (Pd.) column. Your Cash Balance at the end of a year must be enough to cover the Charges due in the next year. If your Cash Balance is less than the Charges due, you must sell one or more of your securities to cover the upcoming Charges. If you are unable to raise enough money to meet your obligations, you are declared bankrupt and are out of the game.

If a security held on margin is sold, the balance due on that stock must be paid immediately. All margin balances must be paid *before* the Closing year. No margin purchases may be made in the 10th year.

If the *price of a stock held on margin drops to \$25 or below*, you must immediately pay the margin balance due on this stock. If the *price of a stock drops to \$0 or below*, the certificates are surrendered, and you must immediately pay the balance.

To pay up a margin balance, record the amount owed (50% of total purchase price) in the Amount Paid column. Draw a line through the corresponding circled amount to indicate this margin purchase has been paid. Subtract the amount paid from your Margin Total column. (Remember to re-figure your Charges for the next year.)

To figure Margin Charges (5% of Margin Total column), simply drop last digit and divide by two.

NEED REPLACEMENT PARTS? Transaction Record Sheets available @ \$.60 per pad; Stock Certificates (full set) @ \$1.25; Stock Board @ \$1.75; Situation cards (full set) @ \$.50; Calculator (with Insert A, as in game) @ \$.75. Also Available: Supplementary Inserts B & C (for Calculator, not included in game) @ \$.75 per set (B & C). Send order plus \$.25 for postage and handling to: Stocks & Bonds, 3M Company, Box 33350, St. Paul, MN 55133.

STOCKS & BONDS SECURITIES REVIEW

CENTRAL CITY MUNICIPAL BONDS YIELD 5%
An AAA bond with a good yield. This investment represents extreme security and good income, but, of course, no appreciation.

GROWTH CORPORATION OF AMERICA YIELD 1%
A well established company with a phenomenal growth record. It is an expanding industry, spends a lot of money on research and is expected to continue its growth pattern. The Company's policy of reinvesting earnings causes low yield. The price-to-earnings ratio of this stock is extremely high.

METRO PROPERTIES, INC. NO YIELD
An investment representing good prospects of high appreciation. No dividends are expected in the immediate future. However, the City's proposed Urban Renewal Program could have great effect on earnings.

PIONEER MUTUAL FUND YIELD 4%
A common stock income mutual fund offered by a large mutual fund company. It has a good yield of 4%. Stock in this fund represents a good, steady income, but only a fair appreciation investment.

SHADY BROOKS DEVELOPMENT YIELD 7%
A real estate investment representing extremely high income, but steadily depreciating capital assets.

STRYKER DRILLING COMPANY NO YIELD
A stock representing extremely speculative investment. Profits go toward drilling new oil wells, so no dividends are expected. This stock could be worth rags or riches.

TRI-CITY TRANSPORT COMPANY NO YIELD
A stock representing a high appreciation investment prospect with a good stable outlook depending on the administrative ability and ambition of its respected, ethical and energetic young president. As all profits go back into the Company, dividends are not expected to be declared in the foreseeable future.

UNITED AUTO COMPANY YIELD 2%
A medium large company in the large, oligopolistic automobile industry. United Auto, like others in the industry, is subject to whims of public fancy. Stock in this company represents a somewhat speculative investment with a good growth pattern. Because it is popular with the investing public, it has a fairly high price-to-earnings ratio and low yield.

URANIUM ENTERPRISES, INC. YIELD 6%
A highly speculative, high income stock ideal for the short or medium term investor. Its long term prospects are fair to poor.

VALLEY POWER & LIGHT COMPANY YIELD 3%
A stable, steadily growing public utility company located in a well established, healthy industrial area. Stock in this company represents a safe, medium yield, medium growth investment.