



FOUNDATION

Press Release

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11-Year-Old Financial Expert Gives Winning Portfolio Advice to Nonprofit, Sweeps SIFMA Foundation's InvestWrite® Essay Competition

Alex Kardan's winning essay aims to help a leading nonprofit fulfill its mission through sound financial management, placing him first in Washington D.C. for elementary school students

New York, New York, March 13, 2018 – Many youngsters enjoy raising funds for nonprofit organizations, but 11-year old Alex Kardan wants to manage those funds! This exceptional fifth grader from John Eaton Elementary School in Washington D.C., channeled his inner financial advisor to create an investment plan for the Home and School Association (HSA) and become the Washington D.C. first-place winner of SIFMA Foundation's Fall 2017 InvestWrite® competition. Kardan's remarkable essay on how to help a nonprofit organization manage its assets for maximum short- and long-term sustainability has positioned him at the top of thousands of students competing nationwide. Should he ever wish to manage his own nonprofit organization, Kardan has the financials figured out!

InvestWrite is a national essay competition that serves as a culminating activity for students taking part in the SIFMA Foundation's Stock Market Game™. Now in its 15th year, InvestWrite is generously underwritten by Wells Fargo for the SIFMA Foundation. "Wells Fargo's commitment to the SIFMA Foundation's InvestWrite program seeks to build a pipeline for financial capability that starts in elementary school, continues through middle and high school and prepares our next generation for college and careers relying on critical financial decisions," said Jon Weiss, Head of Wells Fargo Wealth and Investment Management. "We believe Wells Fargo can achieve this goal by partnering with the nation's leader in youth investor education, the SIFMA Foundation, given its reach of 17 million students to date."

According to Vanessa Cooksey, Senior Vice President and Head of Community Affairs for Wells Fargo Advisors, the grant from Wells Fargo promises to enhance students' academic ability across important academic and life skills. "The National Assessment of Educational Progress reports that millions of adolescents are struggling with low literacy skills and less than half of eighth grade students are performing proficiently in reading, math and personal finance is a call to action for our country," Cooksey stated. "By combining The Stock Market Game's impacts on student math and personal financial achievement with InvestWrite's impact on essential reading and writing skills, Wells Fargo's commitment addresses the *three Rs of education* – reading, writing, arithmetic – and financial capability."

Now celebrating its 40th anniversary, the SIFMA Foundation's acclaimed national financial capability programs engage 600,000 students and 15,000 educators annually with proven impacts in raising students' math, economics and personal finance test scores and, through InvestWrite, their language arts and writing skills. The 4th-12th graders nationwide who compete each year are reinforcing what

they have learned in The Stock Market Game™ an online simulation of the global capital markets that reinforces STEM learning, 21st Century skills, economics, investing and personal finance. Through InvestWrite, students are, in fact, building on what they have learned through their participation in The Stock Market Game, which has reached more than 17 million students since its inception in 1977.

InvestWrite enables students to develop the personal financial savvy needed to make practical financial decisions with confidence and gain a deeper understanding of economic opportunities, consequences, and benefits. Students consider real-world events and news, conduct research online, and develop investment recommendations. They work in groups during The Stock Market Game program and then write their InvestWrite essays individually to reflect their critical thinking, analysis and creative talents.

"SIFMA Foundation's Stock Market Game and InvestWrite are transformative programs that prepare students for college, career and life while teaching them about the capital markets and investing," said Melanie Mortimer, President of the SIFMA Foundation. "Our students do measurably better on math, economics and personal finance tests. They also learn to work in teams, manage change, understand the impact of global economic activity, and become smart consumers ready for financial independence."

Since InvestWrite was introduced in 2004, more than 215,000 students have submitted essays. Alex Kardan is among the 20,000 participants each year in InvestWrite, which bridges classroom learning in mathematics, social studies, and language arts with the practical research and knowledge required for long-term personal financial planning.

Winning InvestWrite essays are chosen through rigorous judging by thousands of teachers and industry professionals who evaluate students' understanding of long-term investing, diversification, the global capital markets, and factors that drive investments as well as their expression of investment ideas in essay form. Winners receive exciting awards and prizes including laptops, classroom pizza parties, trophies, plaques and banners, and certificates. The first-place national winners in middle school and high school are awarded a three-day all-expense paid trip to New York City, the financial capital of the world, with their teacher and a parent.

The Fall 2017 InvestWrite competition required students to select a nonprofit organization they support and outline a financial plan to sustain the financial future of the organization. Eleven-year-old Kardan said about his choice of a nonprofit, "HSA's purpose is to provide enrichment programs and other educational activities to complement the school's curriculum. The HSA provides us with instruments, scissors, paper, and glue. The HSA pays the salaries of the art teacher, two resource teachers, who plan our field trips, and visiting speakers to our school. The more money they can raise and grow, the more educational support students like me will be receiving at school." Regarding an investment strategy, Kardan wrote, "My first recommendation would be to invest in different company sizes. The research suggests that small (like Noodles & Co) and mid-cap companies (like Chipotle) have more growth prospects, but that comes with high risks while large-cap companies (like McDonald's) have lower risk and they are more likely to pay dividends. For my Stock Market Game's portfolio that generated positive gains, we invested in companies of various sizes to have a balanced risk return portfolio."

An independent, double-blind, nationally randomized evaluation conducted by Learning Point Associates (now AIR) found that The Stock Market Game improves students' academic achievement and personal financial behavior. Students who participated in the SIFMA Foundation's Stock Market Game scored significantly higher on mathematics and financial literacy tests than their peers who did not participate. They also found that teachers who taught The Stock Market Game reported that the program motivated them to better plan for their own financial futures. The Stock Market Game has been named the only program that successfully increased scores on the Jumpstart Coalition's test of high school students' financial literacy.

Alex Kardan and his teacher, Susan Eastman will be honored Tuesday, March 13, 2018 at John Eaton Elementary School, 3301 Lowell Street NW in Washington D.C. Representatives of the SIFMA Foundation will be in attendance.

Winning Essay by Alex Kardan:

Investing for Many Parents and School

Is it magic or pure luck that makes investments grow? Experience and learning as I was doing helped me to develop a successful investment style. I am excited to apply everything that I learned from my Stock Market club, Everfi course, and summer investment camps to manage The Home and School Association's (HSA) money. I am volunteering for the HSA to ensure that they reach their financial goal of three percent return in the next six months.

HSA's purpose is to provide enrichment programs and other educational activities to complement the school's curriculum. The HSA provides us with instruments, scissors, paper, and glue. The HSA pays the salaries of the art teacher, two resource teachers, who plan our field trips, and visiting speakers to our school. The more money they can raise and grow, the more educational support students like me will be receiving at school. As I embark on this journey to grow HSA's \$100,000, I will remember the risk return trade off and abstain from high risk transactions since I know from my own experience as a student how hard it is to raise each dollar for HSA. So, let's look at how diversifying by company size and sector can grow HSA's money with minimized risk. The HSA's money is raised by my school's parents. I do not want to lose this money because it would be unfair to my friends and their parents.

My first recommendation would be to invest in different company sizes. The research suggests that small (like Noodles & Co) and mid-cap companies (like Chipotle) have more growth prospects, but that comes with high risks while large-cap companies (like McDonald's) have lower risk and they are more likely to pay dividends. For my Stock Market Game's portfolio that generated positive gains, we invested in companies of various sizes to have a balanced risk return portfolio.

Therefore, I would invest in large-cap company for HSA's portfolio since it has the lowest risk. Even though large-cap companies are more expensive, I like to invest in them since I want to have a dividend-paying stock in the portfolio. I would also buy a mid-cap company that has a growth potential, but the one that is trading at a cheap price just like in Chipotle. I would not buy small cap company since it has high risk.

Secondly, just as living organisms have a life cycles, the market is not an exception and a bullish one can become bearish and vice versa. Some sectors do better one year, but not so good in the following. During my Fall 2017 Stock Market Game portfolio, for example, we determined that technology sector will benefit the most, so we mainly invested in technology stocks. Everything was fine until this sector started to go down in the end of November 2017 and retail and banking started to climb. Luckily, we also invested in retail, lodging and consumer goods which offset the drop-in technology and we are still gaining, as a result.

Based on this experience, I would buy companies from various industries when managing HSA's portfolio since nobody can predict with hundred percent accuracy what industries will be the winners or losers. However, I would increase my number of shares for the industry that I think will do best. I would invest in Amazon since I think they still have more room for growth and they are in many businesses. Since I do not have an expertise in financials, I would buy an ETF while I research a good stock. ETF will give me an access to that sector with slightly less risk than a stock. I would not add any bonds to this portfolio because the returns may be too low, and it is not a good fit for my six-month time horizon. Earning my Everfi Certificate in money management adds to my experience. I learned the difference between a salary and a wage. A wage is hourly money, but a salary is money you get for a year. I learned about needs and wants. A need is what you actually need in life, such a computer or phone. A want is what you wish you had, such as a television, a fancy house, or a board game. I also learned about a budget, which is saving money and using it wisely. I also read about long-term and short-term goals. A long term is something you wait for with patience. Short term requires no waiting.

Finally, I strongly believe that sticking to these simple rules of diversifying by company size and sector can help me generate steady returns with little risk when managing HSA's portfolio. I bet these two rules, plus my certification, will do magic for any portfolio.

About Wells Fargo Wells Fargo & Company (NYSE: WFC) is a diversified, community-based financial services company with \$1.9 trillion in assets. Founded in 1852 and headquartered in San Francisco, Wells Fargo provides banking, insurance, investments, mortgage, and consumer and commercial finance through more than 8,600 locations, 13,000 ATMs, the internet (wellsfargo.com/Homeownership) and mobile banking, and has offices in 42 countries and territories to support customers who conduct business in the global economy. With approximately 269,000 team members, Wells Fargo serves one in three households in the United States. Wells Fargo & Company was ranked No. 27 on Fortune's 2016 rankings of America's largest corporations. Wells Fargo's vision is to satisfy our customers' financial needs and help them succeed financially. News, insights and perspectives from Wells Fargo are also available at Wells Fargo Stories. Visit <https://stories.wf.com/> **Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a separate registered broker dealer and non bank affiliate of Wells Fargo & Company. Wells Fargo Wealth and Investment Management (WIM) is a division within Wells Fargo & Company. WIM provides financial products and services through various bank and brokerage affiliates of Wells Fargo & Company.**

About the SIFMA Foundation for Investor Education

The SIFMA Foundation is dedicated to fostering knowledge and understanding of the financial markets for individuals of all backgrounds, with a focus on youth. Drawing on the support and expertise of the financial industry, the SIFMA Foundation provides financial education programs and tools that strengthen economic opportunities across communities and increase individuals' access to the benefits of the global marketplace. Notable Foundation programs include The Stock Market Game™, which has served 17 million students since it began in 1977, the InvestWrite® national essay competition, www.investwrite.org, the Capitol Hill Challenge™, and Invest It Forward™. For more information on the work of the SIFMA Foundation, visit www.sifma.org/about/sifma-foundation.

About SIFMA

SIFMA is the voice of the U.S. securities industry. We represent the broker-dealers, banks and asset managers whose nearly 1 million employees provide access to the capital markets, raising over \$2.5 trillion for businesses and municipalities in the U.S., serving clients with over \$18.5 trillion in assets and managing more than \$67 trillion in assets for individual and institutional clients including mutual funds and retirement plans. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit www.sifma.org.

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