

Lesson 4 - 6

The following exercise must be completed and submitted to your instructor for grading. [Click here](#) for directions on how to submit your assignment.

Introduction

Suppose you received \$10,000 to invest in theme parks by buying stocks from the New York Stock Exchange (NYSE) or Mutual Funds. You will select three theme parks. You are also required to keep the stocks for a while and then sell them. You will find out if you made a profit or lost money.

I hope that you use this information to further your knowledge of investment matters and continue your interests in making the right decision to ensure your financial future when the occasion arises.

The Task

Research three different theme parks and select the theme park you believe will make you the most profit. After you decide on a theme park, buy \$10,000 worth of its stock from NYSE or Mutual Funds, and then sell after four weeks. Record your data and generate graphs to illustrate your research. Calculate the profit made or lost from the stock. Compare this to investing the same amount of money in a savings account.

The Process

The following steps will help you complete your project.

1. Choose three theme parks that have stocks on the NYSE or Mutual Funds. Go to <http://finance.yahoo.com/education/stocks> and click on “How the Stock Market Works” to learn about stocks. To find a public traded theme park stock, search on google (<http://google.com>) with these words "**publicly traded theme park stock**". It should produce at least two theme parks that are traded on the stock market. You may have to find out if the company is traded on the stock market by looking up the parent company that owns the theme park.
2. Check the financial history of the theme parks you selected for the past five years at <http://finance.yahoo.com/>. Use the resources to help you find the following information:
 - a. Determine which theme park was most profitable over the last year. Determine which theme park was most profitable over the past five years. Record your findings.
 - b. Which theme park will provide you with the most profit or the least amount of loss? Select a theme park you feel will be most profitable and discuss why.
 - c. Buy \$10,000 worth of the theme park shares in stocks or mutual funds.
 - d. Use the following formula to calculate the number of shares, including a 2% broker's fee:

$$\# \text{ of shares} = 10000 / (1.02 \cdot \text{initial price per share})$$

3. Record the stock's price over a period of four weeks. Use the OPEN price for each day using <http://finance.yahoo.com/>. Generate a line graph. Cut and paste a line graph from yahoo finance OR make one of your own.
4. Calculate the net profit or net loss for each stock, including a 2% broker's fee. Use this formula:

$$\text{Selling cost} = \text{Price per share} \cdot \# \text{ of shares} \cdot 2\%$$

$$\text{Net Sales} = (\text{price /share}) \cdot (\# \text{ of shares}) - \text{selling cost}$$

$$\text{Profit /Loss} = \text{Net Sales} - \$10,000$$

To make a graph: In Excel, you will have to have a column for x which will be the dates of the stock prices and the y column is the stock's price. Highlight the two columns (x being on the left column and y being on the right of x. Go to Insert and then chart in the menu. You can use line or xy (scatter) to graph this information. Click okay and you have a graph in Excel.

Resources

The following are possible resources you can use to help in your web quest.

<http://finance.yahoo.com/>

<http://nyse.com>

<http://morningstar.com>

<http://google.com>

Conclusion

Write up your findings in a document that contains answers to all of the information asked in **The Process** section. Additionally, be sure to answer the questions below.

- What do you think your stock will be worth in five years?
- Compare your results to investing \$10,000 in a savings account that has an interest rate of 3.5% compounded annually for five years.
- If you kept your stocks for five years, which investment would provide you with the most profit: your theme park or the savings account?