MEDIA RELEASE

15 November 2006

School students outperform the market benchmark

The student winners of the two ASX Schools Sharemarket Games for 2006 overcame periods of high market volatility, a commodities boom-then-correction, and the frenzy of merger activity in order to outperform the market's leading benchmark index.

Winner of Game One, 'The End' syndicate from St Stanislaus College in Bathurst, NSW, turned its notional $50,000 stake into $71,287 by employing a strategy that maximised the duration of its investments while still displaying nimble sector and share selection. This was a gain of 42.6% in 10-weeks on the value of their portfolio for the two Year 10 students, Alex Morgan and John Reedy, and a sizeable improvement on the S&P/ASX200 index which rose during the period by 7.18%.

It was a similar story for Game Two winner Ben White, a Year 10 business student from Bundaberg Christian College in Bundaberg, QLD, who increased his portfolio from $50,000 to $63,669, a gain of 27.3% - and better than the 8.09% rise in the S&P/ASX200. Even though Ben joined the Game a week late, his active trading strategy put him in good stead. He bought shares that seemed "cheap" and then sold when he thought they'd peaked, demonstrating that he was prepared to sell and realise a profit rather than hang on for too long.

The ASX Schools Sharemarket Game is designed to provide school students with first-hand experience in understanding how the sharemarket works. It gives players a hypothetical $50,000 and imposes a range of restrictions and conditions designed to simulate the real market as closely as possible. This includes brokerage costs and competition from other students over a 10-week period.

The two annual Games, sponsored by Citigroup and Bond University, were played from March to May and from August to October this year. The total prize pool is valued at over $25,000 with prizes for both the individual/syndicate and their school.

In 2006, an overall total of 81,276 students from secondary schools nationally participated. The winners included a team from Jabiru in Kakadu National Park, an all-girl team of Year 7 students from Victoria, and a Year 10 boy from a small rural community school in Ouse, Tasmania. More than 600,000 students have played the Schools Sharemarket Game since its debut in electronic format in 1998, many as part of their school's mathematics or business studies curriculum.

The winners will receive their prizes at a special awards ceremony at the Australian Stock Exchange in Sydney. Media are invited to attend the awards presentation.

Date: **Tuesday, 28 November 2006**
Time: **11:30am**
Venue: **ASX Auditorium, 20 Bridge Street, Sydney**
RSVP: **matthew.gibbs@asx.com.au**

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Final results – National level

Game 1 (March – May 2006)				
Syndicate name	**School**	**Student names**	**Portfolio value**	**Ranking**
The End	St Stanislaus College, NSW	Alex Morgan & John Reedy	$71,287	1st Nationally, Ist NSW
The Economists	Duval High School, NSW	Daniel Creagan & James Hunter	$70,821	2nd Nationally, 2nd NSW
YAHS 8	Yanco Agricultural High School, NSW	George Young	$70,134	3rd Nationally, 3rd NSW

Game 2 (August – October 2006)				
Syndicate name	**School**	**Student names**	**Portfolio value**	**Ranking**
ACE	Bundaberg Christian College, QLD	Ben White	$63,669	1st Nationally, 1st QLD
The Stags	Oxley High School, NSW	Joshua Perizzolo, Ryan Falkenmire & Thomas Ness	$63,615	2nd Nationally, 1st NSW
Pistachio	Peter Lalor Secondary College, VIC	Muna Omar, My-Ha Huynh & Myha Lu	$63,407	3rd Nationally, 1st VIC

Game One – Comments from the players

'**The End' syndicate from St Stanislaus College** said: "We first invested in stocks like Fairfax and CSR, but after researching the market and working out which indices performed the best, we made it our main strategy to buy into resource stocks. Our aim was to hold these stocks for as long as possible in order to try and keep brokerage costs as low as we could. The resource stocks we invested in were Oxiana, Lihir Gold, Oil Search and BHP. These covered the majority of the resource sector, in particular oil and gold."

How did they survive? "Near the end of the game we saw that the market was starting to lose its steam as many of our stocks were beginning to trend sideways. When this occurred we decided to realise our profits and exit the market a few days before the game ended. Luckily, our decision to sell all our resource stocks paid off and the market dropped in the next few days."

In second place, '**The Economists' from Duval High School** followed the mining boom, but with a value-investing approach. "We particularly took into account that we were in a resources boom largely due to demand for commodities from China. We also noted that the price of gold had been rapidly increasing. We therefore selected firms from the resources sector; especially those that we felt were undervalued at the start of the game. One of the firms we selected was expanding and we took special note of this. Furthermore, if a stock was not performing, as the game is over a fairly short period of time, you need to sell that stock and invest in more profitable areas."

Also following commodities sectors, but with a risk-weighted approach, was **George Young from Yanco Agricultural High School**. "Like the racetrack, you never know who is going to speed up or fall behind. The strategy I used, along with most of our class, was to try to consider some of the aspects that would increase our chances of making a considerable profit, such as larger companies with a lower risk of bankruptcy and companies that have a dominant use of natural resources."

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Game Two – Comments from the players

Ben White from Bundaberg Christian College, who placed first nationally in Game Two, explained his trading strategy: "When I first started trading, the plan was to buy very cheap shares of around $2 to $3 in small companies and sell them at their peak. I became more competitive when I made a hefty profit on one of my companies, Mayne Pharmaceuticals. Not having access to a computer over the September holidays made me anxious, yet I returned to school to discover that I was ranked number three nationally. During the last week of the game, I decided to sell some shares over the weekend which I felt had peaked and on the Monday, I bought into new companies hoping to increase my lead. This turned out to be a risky move as I started to lose some money. Luckily, we all suffered a loss at this time so I managed to retain my number one position."

In second place, '**The Stags' from Oxley High School**, fit into the 'buy and hold' category. "Our strategy was simple. We decided to make as few trades as possible, without compromising our position, to save on brokerage fees. Even during the last days of trading, when we were leading by a healthy margin, selling was resisted knowing that the brokerage costs on the trades could mean the difference between first and second place. The second strategy was diversification. Realising that it was possible to leap ahead by investing in a certain index, the risk was too great. Hence, we ensured that no more than two of the companies we held would be concentrated in the same index. The third strategy involved stock selection. Charts were examined, and then further research was undertaken. We then analysed the company's position in the sector. If these aspects showed positive signs, then we compared this information to recent performance of the sector, from both a technical and fundamental point of view. If the sector was not adversely affected by any local factors, such as rising fuel prices or the prolonged drought, and it was also experiencing a bullish trend, then the company was short-listed to invest in."

Third place winners, the '**Pistachio' syndicate, comprised three Years 7 and 8 financial literacy students from Peter Lalor Secondary College**. They focused on companies they knew. "In our Financial Literacy class, we learnt about types of investments such as shares. We looked at the value of shares in some major companies and their performance over the last five years – including the highs and lows of the top 150 companies. During the Game, we chose companies that we knew something about such as Qantas, Flight Centre, Rio Tinto, Channel Ten, Billabong and Telstra. We sold Telstra because we heard on the news that the share price was decreasing. The Qantas share price increased as oil prices declined. Channel Ten's share price improved as media prices all rose and on the last day Flight Centre increased."

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