

Invest Ed® STARS

Students Tracking and Researching the Stock Market

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As a child I lived close by my grandmother. She retired at a very early age, but she had no plans on how to manage her money successfully. She always worried about how to pay her bills for the previous month or even the upcoming month and how to buy groceries when they needed some. She wasn't prepared financially. I loved spending time with my grandmother, but I did not want to grow up to be in her predicaments. I am currently taking economics and am doing the Invest Ed[®] STARS report. I am still learning how to manage my money and how to handle my stocks well so I can be prepared for my future decisions. Right now I am being managed by my guardians, and pretty soon I will have to learn to manage my own money and financial activities. I will have to make my own decision towards how I will spend and save my money. I have to learn how to protect myself against fraud and other predicaments that are most likely to hurt me financially. My studies in economics class will help me in the future.

The criteria I used to select stocks were at random from my own home. I then went to Yahoo[®] Finance and researched the stocks. I researched their profiles, financial ratios, history, competitors, and the five-year trend. I invested in the stock when I decided if it was worthy enough for my purchasing. After I started thinking of off-the-wall things like the more popular clothing stores such as Buckle, American Eagle Outfitters, Abercrombie and Fitch, etc., I then decided to invest in foods and beverages like Tyson, The Coca-Cola Company, Yum! Brands Inc., and the Dr. Pepper and Snapple Group, Inc. Bullish stocks are more like energy and pharmaceutical investments. Most of the successful stocks are now down because of the recession. Our economy is in a recession due to high unemployment rates, bank failures, home

foreclosures and lack of confidence in our economy. We are currently in the bear market. The stock screener I used was Yahoo® Finance. I didn't realize how important it was to know the current information. I researched the direct competitor comparisons for Yum!. Yum! is ranked second with a P/E ratio of 17.68 and a market cap of 18.40 billion. Their biggest competitor is McDonald's. McDonald's has a P/E ratio of 16.44 and a market cap of 72.71 billion. Yahoo® Finance allowed me to compare competitors, profiles, rank companies by sales and view five-year trends. I learned who they were competing against, who was higher and if they were consistent.

One of the stocks I've chosen is Yum! Brands. They consist of many restaurant companies like KFC, Pizza Hut, Long John Silver's, and Taco Bell. Yum! is global and is currently building its market in China. Yum! is predicting growth in the slum areas of China. The competitors are fast food places like McDonald's and Arby's. The five-year trend presents that Yum! profits were up and have been up since May of 2009. Yum! is a consistent stock. They have ups and downs as any other company. The stock is S&P 500, defensive and projects growth in China markets. This company is the largest quick-service restaurant concern in the world and has approximately 33,000 locations in over 100 countries across the globe. Pizza Hut was incorporated in 1958 by brothers Dan and Frank Carney, and by 1971 Pizza Hut became the world's largest pizza restaurant. In 1977 Pizza Hut connected with PepsiCo. In 1962 Taco Bell was launched by Glen Bell, and by 1970 Taco Bell became a \$6 million company. In 1983 Taco Bell became an \$84 million company. In 1952 Harland Sanders founded Kentucky Fried Chicken.

I sold one stock during the project. The stock was BARE Minerals. Due to the stock loss, I wasn't happy with the results. I didn't purchase any more stocks after I sold BARE because I chose to stay with the stocks I have. They are very consistent, and my results are up. My stocks have been doing well for a few weeks now.

I scored a 31 on my risk assessment test which is above-average tolerance for risk. I went to <http://www.rce.rutgers.edu/money/riskquiz/>. The quiz is for people of all ages, so go online to find out how risky you are. Risk, as everyone knows, is when one takes a chance on something she isn't very sure on, going out on a limb.

After viewing my portfolio, I realized I did not select high-risk stocks. Most of my stocks were listed on the S&P 500 or Dow. However, it did not affect me if I had a loss for the day. My portfolio gained \$43,268, a gain of 10.27%. I'm starting at an early age to learn how investments work and how to be prepared for my future decisions.

I used a compound savings calculator to compare investing my money in a savings account vs. the stock market. The \$500,000 with an annual percentage rate 3.0% for one year compounded daily earned \$15,226 in a savings account. Even though there is risk in the stock market, I have learned to manage my investments and monies since I've been in economics class. I will use my experience in the future. I've learned to protect myself from fraud as well and plan to invest my money wisely and diversify.

I didn't invest in my stocks as much as I should have. I'm already learning not to spend my money until I have researched more stocks to make wise choices. I now realize I missed the opportunity to grow my portfolio. In a two month period, my portfolio earned \$43,268 compared to \$15,226 I would have earned in a savings

account for one year. That's a lot of money I missed the opportunity to earn. I learned that stocks are risky but profitable and also that by doing my research, I can limit my risk and earn more money.

My future goal is to have a steady income and to have plenty of money in the bank to support my family and myself. I have learned the purpose of diversification—to check out other stocks and spread my money around so it's not all in one stock. One stock can lead to being broke.

Investment fraud is common today. People around the world and even in your home town can scam millions out of its residents. I went to the Web site investedok.org and watched the Invest Ed[®] “Investor Protection Presentation.” I learned how to protect myself from fraud. I have gotten useful tips from the presentation like “If it's too good to be true, it's most likely fraud.” The Bernie Madoff case was worldwide. Fifty billion dollars was lost because of the Ponzi scheme. In Oklahoma, the Hickman Agency conned friends and neighbors out of their life savings. To help protect yourself from people like them and their alliances, double check yourself and your investments with the Oklahoma Securities Commission to get reassurance. Some of the tips they listed were use common sense, get a professional third party opinion, request written information, get advice, and most of all contact the Oklahoma Securities Commission.

The Oklahoma Securities Commission contains five members appointed by the Governor with the advice and the consent of the Oklahoma Senate. The Commission can answer questions about an investment firm, check to confirm if the investment and the seller are legitimate and make sure they are not illegally operating. Before investing

you should contact the Oklahoma Securities Commission to verify the credentials of the broker and check for fraud.

Diversification is key today. My stocks are diversified in technology, services, consumer goods, and basic materials. I also selected stocks that were defensive, growth and cyclical. I viewed their competitors and their five-year trends and decided Yum! Brands was the one to use. You should view other stock portfolios and don't stay with just one. I have learned the purpose of diversification—check out other stocks and spread money around so it's not all in one. You should diversify because staying with one stock can lead to being broke. I diversified my stocks. I researched several different stocks. I looked at anything that would be of use to me, something that would help me choose if this was the stock that I wanted to invest my money in.

Specifically, I learned to handle my money better and to protect myself from fraud. I've learned to research stocks I'm interested in and to see if they are consistent enough to invest in. I also learned this isn't easy. One can't just throw his/her money around; he/she has to be prepared for anything that's thrown at her. Everyone should take an economics class. They will learn everything they need to know about stocks and Invest Ed[®] programs and frauds and who to look out for and who to trust their money with. I advise people to take the course. This will help them to plan a successful future.

To monitor my finances, I have learned that I can track my stocks through Yahoo![®] Finance and review analysts' reports and upcoming news about the economy. This will better help me in communicating with and understanding my financial planner

as he suggests investments for my portfolio. This investment project has helped me a lot.

My perspective on the market is you have to do your research before you invest. I learned that Yum! has many restaurants, and I did not know the ticker symbol for Pizza Hut, KFC, Taco Bell, and Long John Silver's was YUM. I realize now the market is global, and that these restaurants are not only in America. Therefore, what happens in any country impacts our country and causes our stock market to fluctuate accordingly. One has to have the ability in choosing the right stocks. I have learned a lot in a matter of a short period. I learned stocks are unpredictable, and one will never know if the stock will be good enough. One has to be able to take risks in order to be able to invest. Go with what you think is best. The value this project has taught me is to do the research on the stocks I am interested in. I can't just look at a stock; they are up so I decide they are good enough. I learned to Google the stocks; find out information that's useable. I also learned that it will be easier for me in the future now that I know what I'm doing.

In my future, I want to retire comfortably at the age of sixty-five and be able to send my children to college without having to worry. I have realized how important the present is to prepare for my future. The present is more important to me now than the future because if I don't plan now, I will be in the same predicament as my grandmother. I have to be able to control my investments now and learn how to manage my money for the future.