

# **Invest Ed® STARS**

**Students Tracking and Researching the Stock Market**

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**Northeast Region**

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I've had a lot of different interests in my life, but money has never been one of them. Since living in Oklahoma as an international exchange student from Poland, I have learned a lot of new things impacting my views and interests. I decided to dedicate my life to filmmaking - my biggest passion, and I recently got accepted to a very good but expensive film college. It was the first factor that encouraged me to start thinking about my money management and my future investments. I'm very glad that exactly in this moment of my life I started my Personal Finance (PF) classes. As I mentioned, I have had many interests in my life, and I think it's partly because I am an open-minded person who gets interested in everything being introduced to me. After the first few classes, I noticed how big an impact money has on our lives and how important it is to know how to manage it. I can't say that I have no experience with money at all because for two years, I lived in my own apartment deciding how and when to spend my money. However, in my PF classes, I began to understand how many mistakes I made back then. Because of my upcoming expenses for college tuition and living in the U.S., I felt the need for the knowledge about finances, and these classes allowed me to get this knowledge. I was a bit surprised when I heard that our first topic would be investing because it seemed to be a very advanced way of managing money. Our assignment was to choose companies and invest in them using artificial money on Morningstar.com.

I began my research process by listing 20 companies which I like and use very often. I chose the ones whose products and services I find very good and solid. I used Finviz.com to make my list more diverse and prevent the selection of two competing companies. I think that stock screeners are very helpful during the beginning of your research because just on the one interactive map, you can see all of the 500 biggest companies along with their current changes in value categorized into sectors and industries.

My next step was to do a more specific research on every company from my list. I used Yahoo Finance to check their stock summary, focusing mostly on price/earnings (P/E) ratio. In some cases, I simply used my common sense to speculate how big chances for success in the future the company has. I also checked recent news associated with these companies, trying to investigate reasons behind their stock falls. If the cause of the fall was an accident, which could have a negative impact on the company's reputation, I preferred to reject that company. After the research, I decided which companies from my list have to be removed, and which companies I should put in their place. This way, I created a strong list of twenty best (in my opinion) companies. After creating a portfolio on Morningstar.com, I "bought" shares of 15 of the best companies from my list for a total value of \$500,000.

One of the stocks I purchased is the Square inc. The company was founded in February 2009, in San Francisco, California. Square inc. is a financial service and mobile payment company, which produces a small, square magstripe reader that can be plugged into a 3.5mm audio jack on any mobile device. Along with the reader, it uses a software provided by the company which makes your phone or tablet able to accept credit card payments. The solution is very useful in small businesses and makes the payment process much easier and faster.

I discovered this company on one of the websites about investing. I searched for "best stocks to invest in 2018" and noticed that this relatively small company found itself among giants like Netflix or Facebook. I really liked their idea as the company seemed very forward-looking and promising. Doing more research, I found many opinions of specialists saying that Square inc. is a good choice for long-term investors because its stock will be slowly going up. Their 45% year-over-year growth, along with fast product expansion and partnering with new companies, makes the Square inc. a great choice. About two days after discovering this company, I went to a

small cafe, where I noticed that instead of a cash register, they were using tablets with small Square magstripe readers plugged into them. This finally convinced me to buy their shares.

Before investing, I took a risk-tolerance test on Calcxml.com, which revealed that I am a risk taker. The result didn't surprise me, because since I remember, I have always taken risk; not only with finances, but also in other areas. As a filmmaker and photographer, sometimes I need to take risks in order to get better shots. I never put myself in danger without reason, but I am ready to do it for a greater purpose. I think that my list of 20 companies is a good reflection of my character because I invested in some small technology companies, which may, or may not succeed in the future. However, I also invested in more stable companies from Dow 30 because I think that even if you are an extreme risk taker, you still have to invest wisely and take into account a possible failure.

Taking too much risk is unfortunately one of the smallest dangers while investing. In our class we learned a lot about different types of fraud, like the Ponzi Scheme (an investment fraud that pays existing investors with funds collected from new investors), or Pyramid Scheme (when participants attempt to make money only by recruiting new participants). Through the "Anatomy of Fraud" video about Bill Hickman, I understood how con artists work and how easy it is to get yourself caught in their nets. The Ponzi scheme is a very simple, but effective, type of fraud based on trust and lack of customers' knowledge. Con artists are like chameleons, they adjust to your community and become part of it, only to pick appropriate customers, gain their trust, and under the cover of promised profits, they rob unsuspecting people. These videos taught me that I should never invest in anything I don't understand and always have my eyes open for any signs of possible fraud. Anything that may look suspicious can be reported to the Oklahoma Security Commission which makes sure that our investment will be safe.

My project investment goal was basically to learn how to invest. Many times I heard about people investing in the stock market, and I always wondered how to do it; how hard is it; or how to do it in a wise, controlled way, in order to gain profit. I wanted to get enough knowledge to be able to invest my own money in the future and make it grow. The idea of investing is very interesting for me because basically, investing allows you to multiply your savings, just by putting money in the right place. After doing the research and choosing the right company to invest in, you just watch your money grow. Obviously, your investment is not always successful. Although my investment decreased significantly and I lost a lot of money, I think that I achieved my goal, because I learned how investing really works. The loss makes me wonder: what did I do wrong, how much of my failure depended on my actions, and how much depended on fate. Now, I want to learn more and more to make my next investment more successful. I'm sure that in the future, I will make another attempt to invest money.

I feel like this project brought my attention toward finances in general. I started thinking about how I manage my own money and how I would invest my own, real money. Would I take as much risk? How much money would I be willing to invest? How can I save money for investing? Finally, I faced my own bad financial habits of which I wasn't even conscious. Thanks to my Personal Finance classes, I realized how much money I lose by buying items in which value decreases immediately after the purchase. Now, instead of thinking about earning money to spend it, I think about earning money to multiply it. Why should I eat the fruit if I can take the seeds out and grow a tree full of those fruits?

Obviously, it's impossible to live without spending money at all, that's why I decided to divide my expenses into three categories: Necessary expenses like food, clothes or transportation; unnecessary expenses like a new phone, expensive watch or cinema tickets; and finally, "investments in my future". I feel like many people forget to distinguish the last

category, but in my opinion, this is the easiest and most obvious way of investing money for a young person. Investment in my future is very expensive and can significantly impact my education, give me more experience, and change the path I will undertake in my future. For example, I would like to study filmmaking in the future, so for me, buying a new, more professional camera will be an investment, because with the better camera, I can make more professional videos, create a better portfolio which will help me get into a better college, and finally get a better job with a higher salary. I hope that restriction of my unnecessary expenses and staying focused on investing in my future will positively impact my financial situation later in my life.

This project also significantly changed my perception of investing. I now understand that investing is not just a blind lottery... actually... it is a blind lottery, but only for people who don't know how it works and those who invest without any plan or research. For others, investing becomes a powerful tool for increasing their capital, but like with every tool, everything depends on how well you can use it. My classmates and I had a great opportunity to observe how turbulent and unpredictable the stock market is. Just after the launch of our portfolios, the stock market price fell down significantly, and then started jumping up and down for another half a month. The competition in the class for whoever will earn more money has turned into a competition for whoever will lose less money. There were moments when our whole class was looking in disbelief on the Finviz map completely covered with red, wondering what is happening and what is the reason of this fall. I felt like the stock market was a place where you can easily lose all of your money, not even knowing why. Intrigued by this sudden fall, I started my research to find the explanation. It turned out that the fall was just a correction of earlier, too exuberant increases. From what I understand, it means that the prices have been increasing significantly over the last months and they finally had to fall down, what is called "the regression

to the average". As you can see, in the stock market, everything can be explained and sometimes predicted, which makes me much more comfortable with putting my money there. This is just another example which assured me that despite its variable nature, the stock market can be a friendly place to invest your money as long as you have enough knowledge and experience.

I'm very glad that Invest Ed gave me the opportunity to learn about investing. I believe that this experience significantly changed my attitude about money and will influence my future choices. I learned how to avoid frauds and make wise decisions about my money. Being able to actually invest money in the stock market instead of just learning the theory gave me the opportunity to learn from my own mistakes and feel what real investors feel. Finally, this experience gave me the will to learn more in the future and become a better and more successful investor.

## Works Cited

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## Morningstar.com Snapshot View Print Report

Portfolio Name  
Piotr NiemczewskiDate  
03-09-18 at 10:47 AMCurrent Value  
498,824.39

| Name                        | \$ Current Price | \$ Change       | % Change    | Shares Held | \$ Market Value   | % Weight      | Analysis Report               | Morningstar Rating For Funds | Morningstar Rating For Stocks |
|-----------------------------|------------------|-----------------|-------------|-------------|-------------------|---------------|-------------------------------|------------------------------|-------------------------------|
| Alphabet Inc A              | 1,147.95         | 18.32           | 1.62        | 10.00       | 11,479.50         | 2.30          | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| Amgen Inc                   | 187.80           | 0.61            | 0.33        | 200.00      | 37,560.00         | 7.52          | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| Bank of America Corporat... | 32.62            | 0.42            | 1.30        | 500.00      | 16,307.50         | 3.27          | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| Bristol Myers Squibb Co...  | 67.15            | 0.40            | 0.60        | 200.00      | 13,430.00         | 2.69          | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| Debit Cash                  | 1.00             | 0.00            | 0.00        | 10.17       | 10.17             | 0.00          | ---                           |                              |                               |
| Facebook Inc A              | 184.78           | 2.49            | 1.37        | 270.00      | 49,890.60         | 10.00         | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| Johnson & Johnson           | 132.75           | 0.59            | 0.45        | 400.00      | 53,100.00         | 10.63         | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| LG Display Co Ltd ADR       | 13.13            | 0.16            | 1.19        | 874.00      | 11,475.62         | 2.30          | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| Nvidia Inc                  | 326.11           | 9.13            | 2.88        | 400.00      | 130,444.00        | 26.16         | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| Nike Inc B                  | 65.98            | 0.87            | 1.34        | 300.00      | 19,794.00         | 3.97          | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| Ryanair Holdings Plc ADR    | 123.29           | 0.05            | 0.04        | 200.00      | 24,658.00         | 4.94          | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| Square Inc A                | 52.38            | 0.15            | 0.29        | 200.00      | 10,476.00         | 2.10          | New                           |                              | <input type="radio"/> Premium |
| Visa Inc Class A            | 123.80           | 1.54            | 1.26        | 100.00      | 12,380.00         | 2.48          | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| Walmart Inc                 | 87.88            | -0.01           | -0.01       | 400.00      | 35,152.00         | 7.04          | New                           |                              | <input type="radio"/> Premium |
| Walt Disney Co              | 103.81           | -0.24           | -0.23       | 700.00      | 72,667.00         | 14.60         | <input type="radio"/> Premium |                              | <input type="radio"/> Premium |
| <b>Piotr Niemczewski</b>    |                  | <b>5,573.97</b> | <b>1.17</b> |             | <b>498,824.39</b> | <b>100.00</b> |                               | <b>0.00</b>                  | <input type="radio"/> Premium |