

## **Amy Outhier, Custer County, NW Region, FALL 2007 Winner**

Economics and the stock market were a foreign concept when I entered economics class this fall. As a fourth grader, my classmates and I learned about stocks and read about them in the newspaper but nothing to the extent of this project. In elementary school the concept of a stock representing a share of ownership in a company, as well as other financial terms, was beyond our ability to comprehend. The opportunity to learn about the stock market and learn different ways to invest money long-term is a key factor in life about which everyone should be educated. Invest Ed™ is a great program that is teaching and exposing me to learn how to form a portfolio and invest my money wisely.

Researching companies and using Yahoo Finance are keys to choosing the right stocks. To ensure my doubtful mind on which stocks to buy, I searched for the best ones. *Jubaks's Journal* gave its 50 best stocks in the world. This site explained how it felt certain companies were going to outperform the market, and it denoted the best ones to buy. After finding these stocks on *Jubak*, I then researched them on *Yahoo Finance* for reassurance and to get a second opinion. At *Yahoo Finance*, I looked for the year's range, price-earnings ratio, analyst opinions, and whether or not it was a strong buy, strong sell, or in between. Analyst opinions range from "hold," "buy," "sell," "market perform," "outperform," and "overweight." *Motley Fool* was also a big help in finding stocks and finding second opinions to reassure my decisions.

The first stock I purchased was Google. Our instructor introduced us to this stock and advised us to research it further. Google has been my highest earner and made me nearly all of my profit. I purchased my first bit of Google on August 28, 2007. I bought 100 shares at \$510.64 a piece, and the yearly target was \$604.66. Research firms mostly suggested buying Google, giving it a 1.8, which is close to a strong buy. Five of the nine top-ranked analysts gave it five stars, and four gave it four stars. I continued to purchase Google after seeing it make me a significant amount of money. My second purchase of Google was September 11, 2007. I bought 200 shares at \$520.05 a share, giving me 300 shares total. The next day, I again purchased another 200 shares at \$523.30 a share, wishing I would have bought more the previous day. The analyst gave the same predictions for Google at these dates as they did in August. With my last purchase, I had a total of 500 shares of Google.

During my experience with the stock market, I did not sell any stocks. Canon was one of the riskier stocks I bought without getting any second opinions. The only place I got advice from was *Jubak*. At the beginning, Canon was losing a significant amount of money for me, considering the ratio of profit I had at the time. It was at that time I was really considering selling my shares of Canon, but with the advice of my teacher, I kept my stocks. I also didn't want to lose the money Canon had lost me at the time and decided to give it time to get rolling. This decision turned out to be wise. Canon began to do better but still is in the red. The lesson I learned from my Canon stocks is to make sure you research your companies thoroughly.

Risk is usually not in my vocabulary. However, when it comes to money, I believe a person should do what it takes to make the best decisions with her money and to trust her intuition without being too ignorant of the possible outcome. The assessment tool that judged our behavior on risk did surprise me a little. I felt I'm not as risky as the assessment said. However, I am not far behind. In my portfolio, there were a couple of stocks I didn't research very well, and the outcome showed. I feel that if a detailed research is made, then the risk will be a limited factor.

My goal on this project was to learn how to make existing money grow for many purposes. I researched companies and found ones that are strong, that I felt would grow for a long time. This might mean I'll have one stock for only two years and another for ten. I wanted to spread all my stocks out into different areas of the economy, giving each area a chance and not putting all my eggs in one basket. My project goal was to make an eight to ten percent return on my portfolio. This would be an ideal situation for me. However, this would involve riskier investments; therefore, I would need to have accurate, reliable information and knowledge into my money investments. I would like to put a significant amount of money into secure investments and place additional money into more risky settings. Over this short period of investing, I have averaged 15.7 percent gain. This has exceeded my expectations and brings the reality of the benefits of investing this kind of money into perspective.

Investment fraud is a terrible scheme. My classmates and I watched a very interesting and educational video over the fraud that occurred in

Pottawatomie County in Shawnee. The video made it clear that fraud can happen anywhere and can be done by anyone. A good way to notice fraud is if the offer is too good to be true. If it is too good to be true, then it probably is a hoax. If the deal is credible, then the offer will be there two weeks from now. Also, before investing money, ask difficult and sufficient questions. A credible company can answer these questions while a fraud cannot. And last but not least, don't be in a hurry to invest your money! Time pressure is a tool unethical people use to make people make rash decisions without even thinking it through. Again, a good deal will still be available in two weeks. Another good tool Oklahoma has is the Oklahoma Securities Commission. Anybody is able to use the telephone hotline, and it may keep that person from becoming involved in a situation such as fraud.

I recently visited the Oklahoma Securities Commission's website and played the Fraud Scene Investigator program to further my knowledge on how to prevent fraud. The website provided many great tips and information on how to manage my money wisely. Always avoid companies you've never heard of. Also, stay away from companies that are not regulated by our government. For as much as we know, the company may not even exist if they are not registered with the government. Look for "PK" and "Q" when researching companies. If "PK" shows up, it means that it is a Pink Sheet Stock and that there isn't much information on that stock. If "Q" shows up, then it means the company has filed for bankruptcy protection at some point. Suspicious activity occurs when there is no trading and then suddenly there is a huge buy. First thing to look at when

researching a company is the company's balance sheet. Look how much cash is available and how much is loaned to the company's officers. Then look at the present and past income statements, making sure the company has a profitable history. Also, check and see how much money they have made on their own investments. On this program I learned the "Pump and Dump" term. It may also be known as the "Boiler Room" or the "Penny Stock" fraud. The scam involves somebody buying cheap stock with low trading volume. A broker then starts pitching (or pumping) the stock. People then start buying it and price goes up. When it gets high enough, the broker sells out, leaving investors with huge losses.

I also looked into the Senior Investor Resource Center. This link gave great information and simple but exact tips to keep from being susceptible to fraud. These tips are not only good for seniors but also for investors of every age.

I have learned many good things through this educational process. This experience has taught me the value of investing money and the benefits it can supply. The knowledge I have gained from the Invest Ed™ program has allowed me to discuss with my family the importance of investing for the future. I have a great respect for the market and the knowledge involved in running it. I have realized that I need to start investing my money as soon as possible to have the amount of money I wish to have for retirement. The earlier I start, the riskier I can be. If an unexpected loss occurs, then I would have time to recoup the loss. If I waited until my forties to invest, I would have to be conservative in my

investing. Risk would have to be limited because I wouldn't have enough time to recover from a loss. A plan for retirement will be necessary and very nice to have in the future. My long-term investment goal is to average eight to ten percent. With a tool we have in class, I figured that investing \$250 a month from ages twenty-five to sixty-five at nine percent interest, would earn me \$1,179,108. This figure would be enough for my retirement, meeting my goals and reasons for investing in the first place. I would also like to put my money in different areas such as savings accounts, bonds, and stocks in order to diversify my investments. I now plan to take ten percent of any money I win while rodeoing and invest it for future use. The fact that I averaged 15.7 percent on my portfolio created a confidence to invest in the stock market. This experience also gave me great skills and knowledge to be successful in dealing with money wisely. Being able to manage my own money will be a great asset, since no one will safeguard my investments better than me. Now with my expanded comprehension of the stock market and investments, I will have the opportunity to provide a better financial future. I am really excited to be able to put my new skills to use!