Invest Ed®
Students Tracking and Researching the Stock Market

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Spring 2019
“How much for the one in the corner?” I asked Mr. Gleason, “I’ll make you a deal and sell her to you at market price,” he replied. “I’ll take her,” I said anxiously. I had just purchased my very first Hereford heifer. My family runs a show calf operation, where we raise calves to sell to 4-H and FFA members, so they can compete at stock shows around the world. At Chaplin Cattle we have a reputation for raising high quality show stock. For years I have watched my dad sell show winners, while I was part of the operation, I wanted my name on some cows. Herefords have always been my favorite breed of cattle, so I had a pretty good idea of where I was going to start. My dad took me down the road to Thomas, Oklahoma to Herold Gleason’s house where he manages a herd of registered Hereford heifers. As I sorted through over 100 head of heifers, I worked to narrow my favorites down to three. Once I had selected the three heifers that I thought would be the best foundation for my herd, it came down to the price. With my checkbook in my left hand, I had Mr. Gleason price all three heifers to me. My dad assured me that market price for the heifer in the corner was as good as it could get. I agreed to the price without hesitation, however when it was time to sign my name at the bottom of the check I was rather nervous. It’s one thing to spend your parents money, but when it’s your own that’s a different story. Watching that money slip out of my savings account after the transaction was finalized made me realize just how important it is to have money stored away for a rainy day.

The first day back to school, after Christmas break was the first day for me to attend Mr. Bailey’s Personal Financial Literacy class, better known as PFL. I have always had an interest in the stock market, but I wanted to really understand it. I instantly loved this class! For the first time I felt like what I was learning would benefit my life after school. Coach Bailey explained that over the course of the semester we would research various companies and eventually
purchase stocks in 15-18 of the companies we chose. However, before I was turned loose there were things I needed to learn. I was educated on the importance of a high dividend yield, a small beta and my ability to trust the company of my choosing. I started researching companies that made products that I carry in my purse. Items such as, chapstick, gum, pain reliever and even the wallet that matched my purse! During my research my criteria for a company stock, included a low beta (low volatility), a dividend yield ranging from two percent to three percent and a satisfactory earnings per share ratio. I also consulted with my parents, in search of additional companies, on various products we use within our farming and beef cattle operations. I found this very beneficial and came back to school the next day with a long list of companies. Resources such as The Motley Fool, Finviz and even Yahoo Finance were helpful to me throughout my research processes. I focused the majority of my time on Fool.com, reading articles over large energy corporations, and reality groups to help keep my portfolio diversified. After roughly three weeks I took my list of thirty-five companies and reduced it down to fifteen, by analyzing the capital gain rate of each one. Then, I began to purchase stocks. I did so by selecting companies that had a high rate of return, but I also looked at the age of the company and the dependability their products had. I felt most comfortable with companies I knew of and with which I had a personal experience.

Running a cattle operation can be trying at times. Calves get sick, weather its foot rot, an ear infection, bloat, or an accidental injury, my family and I have to be prepared for anything. Throughout my conversations with my dad I found that one company created pharmaceutical drugs that we use within our day to day operations, that is Pfizer. Pfizer produces everything from Draxxin, which treats foot rot in beef cattle, to Therobalt, that helps cure bloat in beef
cattle. I consulted with my family's veterinarian to get his take on Pfizer's pharmaceutical drugs. Dr. Jason Thorne said, "my favorite product is Exede, it requires fewer administrations, and I last the longest making it easier for myself and the owner." The next day I went back to school and typed "Pfizer" into the search bar of Yahoo Finance. I noticed the company soon met all my criteria, with a Beta of .52, a PE ratio of 22.5, and a comfortably high dividend yield. As I learned more about the company, I felt confident it would be profitable. I came across an article on Fool.com that explained why Pfizer is currently receiving a set back. In the final months of 2018, Pfizer lost their patent on the newly produced drug, Lyrica, created for epilepsy. Users of Lyrica found that the drug was not only useful for epilepsy, but also for necrotic pain as well. Therefore, a second patent was installed, but the Supreme Court ruled it invalid. Keith Speights, Author of "Pfizer's next 3 Years: What Investors Can Expect" states, "Pfizer appears to have a pretty good strategy to move past its current challenges." Anyone with patience should be rewarded, because the companies current challenge will soon be a future medical triumph. However, my interest for the medical field and ground breaking solutions is not the reason I wanted to research Pfizer. My whole life has revolved around my family's beef production program. Any time there has been a sick calf, an injured calf, or a Momma Cow that needed some assistance, my dad's response is the same thing everytime, "get a bottle of medicine from the cabinet!" The drugs Pfizer produces for the use of Livestock has changed the way Chaplin Cattle is operated!

I spend a lot of time with my dad, whether it's feeding cows or selling insurance one can usually find me by his side. So naturally, whenever his phone rang I would answer. There was one time I picked it up and all I heard was, "You have won a free cruise to the Caribbean, sunny
and 75 for eight whole days.” Excitement flooded my seven year old body! I held the phone away from my face and started running toward my dad telling him what the man said. He calmly explained to me that the trip was not real and those people just wanted my money. I sat back down and disappointment replaced my excitement. When I started InvestEd® I felt like I had general knowledge of financial fraud. I soon found out there was a lot I didn’t know. My class watched three different videos over financial fraud provided to us by the Oklahoma Securities Commission. Fraud can happen in many different forms, not just through telemarketers. One video we watched was called, “The Casanova Con” produced by InvestEd®, based on the scammer Matthew McClintock. He would find single women who has access to large sums of money and offer his companionship to them. Once they were somewhat comfortable with him he would suggest they let him invest their money into various markets. There were a few ladies who were uneasy about his intentions and eventually researched his character, and unfortunately they learned the truth after their money was taken. Following the McClintock case, we watched a video over Bill Hickman’s Ponzi Scheme. I found this story to be the most disturbing because, the people Hickman chose to victimise were his closest friends and neighbors. Specifically, there was a young lady whom the Hickman Family used to babysit, Bill took advantage of her parents by taking her college fund out from underneath them. It is so frightening to me that someone who he looked after for so long was simply seen as an opportunity. It’s because of the education I received from the Oklahoma Securities Commission that I now know how to protect myself and my family from financial fraud.

Don’t get me wrong, being a teenager definitely has its perks. However, teenagers have a reputation for living life on the edge, so at the beginning of every choice they have to evaluate
the risk. Actually, I'd be lying if I said they all assess the risk factor, but for the purpose of this paragraph they do! Risk is defined as a situation involving danger, and it is valued differently among people. For example, men are more inclined to take risk than women, because they are overconfident in their own ability! When I InvestEd® my virtual money into the companies I selected, I took a risk. I chose the companies based on certain criteria, but I also had to have faith in myself and in the company of my choosing. I did a little research on "risk." To be more specific, I wanted to know if my risk would pay off, before I put any of my eggs in the basket. By using horizontal diversification and buying stocks in several different sectors, this helped manage my risk. I became more confident in the diversification within my portfolio and I felt I could have a better chance of success. As a member of Generation X, I am prone to risk. However, the common mistake my generation is making when investing their money is simply going in blind. Rebecca Lake, author of, "Why Gen-X Investors Shouldn't Go it Alone" says, Gen X doesn't see the need to consult a financial advisor before placing their money in the stock market." Risk can be rewarding if handled in the appropriate fashion. I highly encourage anyone to seek financial council before investing their money, because once it's final there is no going back!

In conclusion, Personal Financial Literacy has taught me how to productively save money, so that it can flourish to its full potential. I will be able to enjoy my retirement someday, because I was taught the value of saving money at a young age. Thanks to the educational videos provided by the Oklahoma Securities Commission, I am aware of the many types of fraudulent schemes and how to avoid them. I am very grateful for the lessons InvestEd®, Mr. Bailey, and my parents, have instilled in me. Not only has this class taught me how to protect myself from
schemes, get the most out of my money, and create investments along the way, but most importantly this class has taught me how to financially operate my cow herd. Now that I know how to manage my money, I can get back to doing what I love the most, expanding my herd of registered Herefords, and hopefully raise a few champions along the way!
Works Cited

Thorne, Jason, personal communication, 7 April, 2019.


