

## Maryland Fall 2022 Official Essays

### Maryland – 4-5, State and National 10th Place

Student: Tanisha Singhal

Teacher: Amy Cargiulo

School: Waverly Elementary School

#### *The Stock Market: An Investor's Playground*

The stock market is a network where you can buy and sell stocks of publicly traded companies. For example, you can buy or sell Tesla (TSLA) or Apple (APPL) shares. For anyone who wishes to be a part owner of Apple, just buy a share of Apple! It's that simple! Or is it?

Investing in the stock market takes a lot of market research. Is it good for short term or long-term gains? Which sector is it? What is its ESG? If you do enough research, the stock market can be a great investment to make a profit and secure your future.

For long term investments, there are several things to consider. Overall performance and confidence in the company should be one of the considerations. If the company you believe in is not currently doing well, but you truly believe that the company will improve based on the services or goods they provide, then it may be a good option for you to invest in.

There are also many more tools you can use to help make the decision. Looking at the 52-week range will give you an idea of how they're doing in the past year. If the company is going down, it might not be a good choice.

Another thing to consider is the environmental, social, and government risk rating (ESG). What's that, you ask? Well, let's break it down by letter.

E, environmental. Is the company making the switch to renewable energy? Is it concerned about greenhouse gases, or deforestation?

S, social. Does the company care about human rights and animal welfare? What about health and safety?

G, government. How is the company being governed? Are people happy working at the company? Is there diversity in the company?

All these things contribute to the overall ESG risk rating. The lower the risk rating, the better the company will most likely do.

Observing quarterly earnings is another way to find a good stock. Every three months, or four times a year, every public company will report their performance for that time period. This includes net income, net sales, and more. People use this report to see if a company is profitable.

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When you are looking to buy stock from a company, keep up to date with recent news surrounding it. Here is a scenario: let's say PepsiCo has launched a new style of Doritos, and the US president tells everyone he loves it. You'll find that Yahoo! Finance writes an article about it. Because of this, you decide that you will buy stock in PepsiCo. The next day, you find that the stocks skyrocketed! You are set for life.

I think the most valuable tools are company news and ESG. I think company news is important because they say if a new product is launched - people are attracted to new products from big companies. If you had a choice between a new iPhone 13 or an old iPod, most people would choose the iPhone. Company news also tells if a company is getting sued or if a product is a failure.

I think ESG is also important because it shows if a company thinks not only about money, but also about the environment and community.

One company that I choose for my portfolio is Mastercard. The ESG risk rating is seventeen. That is pretty low. The controversy level (meaning: "when a company's activity has unintended and/or undesired negative environmental and/or social effects on stakeholders, with corresponding reputational risk") is high, but every company can't be perfect. Another company is PepsiCo. It has an ESG risk rating of sixteen. PepsiCo is also releasing a brand of dips! It's called, "Big Dip Energy". They also have Keke Palmer (actress, singer, and TV personality) in their ads to tell her fans about how she uses this dip. The stocks are the highest they've been! The next company is Apple. Their ESG is seventeen, and over the next year, they are making .... (Drumroll please!) an electric Apple car! The auto market is bigger than the smartphone, computer, tablet, and smartwatch markets put together. This will make a significant difference in the worth of a stock. Therefore, those are my stocks for my portfolio.

As you can see, choosing a stock is very nerve racking and exciting, but if you do it correctly, the stock market can help you achieve your financial goals. Have fun building your financial dreams!