

## **Maryland Elementary School State Winner Spring 2022**

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### *The Wonders of the Financial World: The Stock Market*

The stock market is a global system of exchanges where you can buy and sell stocks, bonds, mutual funds, and ETFs. (Exchange Traded Funds). Stocks are shares of a company in which a company wishes to get funds for their company. An investor who purchases shares will either earn or lose money due to the company's performance. Stocks of companies that investors believe will be profitable go up, and stocks of companies that investors think will lose profitability go down. Stocks can also be affected by events occurring in the world, like war. Investors selling or buying a stock also can affect a stock price. Investors selling stocks makes the stock go down, and vice versa for buying stocks. Bonds are loans that companies issue which pay you interest periodically and return you all your money at the end of the bond period. Mutual funds are a set of a portion of stocks, which can help diversify your investment so you have more of a chance to earn money. Exchange Traded Funds also have portions of stocks, and while ETFs are similar to mutual funds in many ways, mutual funds have active management and while ETFs could have active management, most rely on the performance of an index.

I didn't know that there were stock splits before I joined The Stock Market Game (SMG). SMG gave me trading skills that I would likely utilize in the future to help grow my portfolio when I trade stocks in the future. Stock splits are helpful because individuals who could not afford the stock before the split can now afford it. Also, current shareholders are not affected by the stock splitting, because if you previously owned \$20 (2 shares of a \$10 stock) and the stock split, you would still have \$20, just 4 shares of \$5 stock.

Mutual funds are useful to me and others because you can split your money across different sectors, therefore reducing your risk of losing too much money. I also learned that keeping up with the news is useful, because you can keep up with events that are occurring within the economy, which could affect the stocks that you have invested in.

If I were to invest \$100,000 in stocks, bonds, and mutual funds, I would invest in Tesla, Google, Walmart, Vanguard Total Stock Market Index Fund Admiral Shares, iShares iBoxx Investment Grade Corporate Bond, and SPDR Portfolio Short Term. I would invest in Tesla because Tesla is a very popular electric car brand, and since the world is adapting to electric cars, Tesla is the leading producer for electric cars, making Tesla a good stock to invest in. Google is also a popular choice because most of its profits come from search, allowing it to take larger risks than other companies. Walmart has been at the top of the Fortune 500 for a long time now. It also provides essential necessities with low price products. Vanguard Total Stock Market Index Fund Admiral Shares (VTSAX) is a mutual fund consisting of many top companies like Apple,

Microsoft, and Amazon. iShares iBoxx Investment Grade Corporate Bond also contains a lot of leading companies, like the Goldman Sachs group and CVS. SPDR Portfolio Short Term is also a good bond because with the conflict in Ukraine, interest rates are unpredictable. Investors may be more concerned about their money than profits, and SPDR contains large companies such as Boeing and HSBC.

In conclusion, the skills I learned recently will help me in the future when I invest in stocks. With the skills I learned, I can help educate other people about the stock market to make the world a better place.