



National 9th Place Finalist – Elementary Division Maryland State InvestWrite Winner - Elementary School

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The intriguing news from the weekly Morning Brew helped build our investment knowledge. Our advisor would guide us on the exciting stories and discussions of why things happened so we could better foresee what will happen to the stocks, bonds, and mutual funds in the future. We were excited at every opportunity to learn and practice our skills in investing in stocks.

Our Stock Market Game portfolio includes many different companies including Apple, Amazon, American Express, Comcast Corp, Federal Maritime Commission, Acushnet Holdings Corp, Google, IonQ, Lululemon, Meta Platforms, Sherwin Williams, AT&T, Ubiquity, Humana, and Universal Studios. We chose these stocks mostly based on the captivating news from the Morning Brew and the companies we liked. When the Morning Brew reported on the devastating effect of Hurricane Helene, we thought that many people needed to have insurance, especially medical ones. So, we invested in Humana and American Express as well as Federal Maritime Commission which is paid by the government. Figuring it will have a low Beta and a steady source of income that we could rely on.

Our portfolio did well initially, we placed most of the time around 120 out of 243 teams. However, we were too conservative in the beginning. Many of our stock percentages grew, like IONQ increased by almost 10%, but we only bought 10 shares of it. It was not enough to make a significant impact. Humana was always rising at an average of about 3%, until the unexpected murder of the CEO of UnitedHealth Care. This led to almost all the stocks in the medical field

crumbling. That is why diversification is important because if we had put all our money into the medical/insurance stocks, our portfolio would be devastated by the unpredictable event.

Diversification is balancing risk and reward by spreading out investments across variety of different assets or not putting all the eggs in one basket. There are many ways to diversify investments including balancing mutual funds, bonds, and stocks. The ratio that I learned tailored perfectly for me because for my age, it is supposed to be 80% in stocks for growth potential, 10% for bonds for stability and income, and 10% for mutual funds or other investments. Another way to diversify is to invest across different industries, sectors, or companies of different sizes to guard against the probability of experiencing severe declines in our portfolio because it limits volatility. A way that scientists have proven this is by Modern Portfolio Theory, which explains that investors can lower risk by using diversification.

Our group tried to be diversified on our stock selection. We invested in many sectors to include technology, healthcare, industrials, consumer staples, utilities, and media. We invested only one to three stocks in each sector, because we just wanted to try the different sectors. But we were not diversified enough and should invest more in bonds and mutual funds. When we learned about this, we had already committed most of our money to stocks.

If we could do it all over again, I would suggest a ratio of 80% stocks, 10% bonds, and 10% mutual funds. This would have made our portfolio more successful, being diversified with a balance that could sustain us for the long run. Where diversification will contribute to long-term financial success because it reduces the stock volatility risk. This is because investing is like gambling, rolling the dice of probability. But we can increase the probability of winning the game by diversifying. For example, if we invest in a banking sector, when the interest rates go up, savings accounts will go up, but real estate stocks will go down. But when the interest rates go down, savings accounts go down and real estate stocks will go up. So, the owner of the stocks will have to balance how much they invest in each sector so they can come out ahead.

This semester, we have learned so much from the Stock Market Game and from our teacher. We started picking stocks of different brands and products that we love and getting tips from the newspaper of Morning Brew. Our portfolio did well for a while until recent events crashed some of our stocks. This was an important lesson for us on the importance of diversification. If we had a chance to redo, we would diversify more in our investment strategy and further into mutual funds and bonds for long-term success. Learning about the stock market has been eye-opening, even though the stress of the up and down stock roller coaster ride could be nauseating, I cannot wait to learn more about the world of investments.