

InvestWrite Essay

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Essay Background

Think of something you would like to save the money to pay for when you graduate from high school. (For example: a car, a senior trip, a contribution to a cause you care about, a first apartment, college). Suppose you earn some money now by doing things like baby-sitting, mowing lawns or shoveling sidewalks when it snows.

Essay Topic

Talk about what you have chosen to save for and why (It does not have to be one of the above). How would you grow your savings? Would your investments include stocks, bonds, mutual funds or some combination of these three? Talk about the company or companies, the funds or types of bonds you would choose and why. Also talk about what you learned in The Stock Market Game that helped you make those choices.

How do I Save?

Most people choose to save for something after they finish school. I have chosen to save for college because I want to continue my education. College is usually extremely costly, but I can save for this in many ways. So say I have a babysitting job and I save some of this money for college. If I grow these savings by investing them, I might be able to afford it.

Investing can be risky, though. This has to do with risk and return. All investments have some risk, which is the likelihood of losing money. Return is the money you earned by investing. Say I invested 50 dollars in a company. If my investments grew by 10 dollars and I had 60 dollars, my savings would have grown by 20 percent, which means I would have a 20 percent return. This is good, but what about the risk? If the risk is too great, I might not want to invest in this company. So I need to pick what I invest in carefully.

There are many kinds of things I could invest in: stocks, bonds, and mutual funds. I would pick stocks and mutual funds out of these 3 options. Stocks are good to invest in because if I pick the right stock it would be safe. Also, there are many stocks and I would be able to choose carefully. Mutual funds give me a variety of services and industries I would be investing in. But I still need to find good companies and funds to invest in!

Everyone needs an investing strategy before they choose to invest in anything. My investing strategy would be to pick stocks from companies in different industries or that provide different services, so that I would have something to fall back on. I would also buy

stock from a company that everyone uses a lot, such as Google. It would also be a good idea to buy when a company reaches a low point and sell when they reach a high point.

The companies I would choose to invest in would be Google, Target Corp., and Cummins Inc. These companies are in different industries and are all at a pretty good level. Cummins and Google are both reaching a low spot and look like they might go up soon and Target is just reaching a high spot, so I have a good mix of stocks. They are all at a similar but different level on a 2 year chart and you could easily fall back on any one of them if one failed, and they would make up for each other's losses. On a one week chart Google just reached a high spot and Target and Cummins just reach a low spot, so again I have a good mix. So these would be good stocks to invest in, but what about the mutual funds?

Mutual funds are usually a very difficult concept to grasp at first. Mutual funds are an investment company that pools investor's money in a variety of stocks or bonds, and savers can trade shares. Investors trade with the *mutual fund* and *not* with the other investors. The fund sells new shares when investors want to buy and buy shares back when the investors want to sell. But which funds are good to pick?

The fund I would invest in would be Columbia International Stock Z. They reached their high spot in October 2009, and are at a bit of a drop right now but look like they will jump up sometime in the next few months. Right now would be just about a perfect time to invest in them. Compared to Fidelity Select Leisure, who is bound to reach a low spot in the next few months, they are doing great.

So in conclusion, I might be able to save up enough money for college by investing in stocks and funds. The stocks I would invest in would be Target, Google, and Cummins Inc. The fund I would invest would be Columbia International Stock Z. I can't wait to start saving!