

NAME: _____

DATE: _____

ACTIVITY

Diversification Deep Dive

What + Why: Test how different ways of investing affect your results when the market changes.

Investors don't always know what's going to happen in the market. Prices can change quickly, and different types of investments react in different ways. In this activity, you'll test how spreading your money across different investments can influence your outcomes when the market rises or falls.

Instructions:

1. Complete three rounds of investing using \$1,000.
2. After each round, a market event will occur.
3. Calculate what your investment is worth after each round.
4. Be ready to explain what changed and why.

Round 1

The stock market is commonly divided into **sectors**: categories of companies that are in the same kind of business.

The one sector our group chooses for the \$1,000 Investment:

- ☐ Tech
- ☐ Health care
- ☐ Energy

Our Team's Roll: _____

Impact from Market Event: _____

Your Ending Value: \$ _____

Round 2

An **asset class** is a broad category of investments that behaves differently than other categories.

- **Stocks:** Represent public ownership in companies. Prices can grow a lot or drop a lot.
- **Bonds:** Loans you make to governments or companies. Bonds are often more stable than stocks and may sometimes hold steadier value during stock market declines.
- **International:** Stocks or bonds from companies and governments outside the U.S. The stocks and bonds are affected by different economies and events rather than U.S. markets, so the stocks and bonds will grow or drop differently.

Our team split the \$1,000 investment across the asset classes this way:

Stocks: \$ _____

Bonds: \$ _____

International: \$ _____

Our Team's Roll: _____

Impact from Market Event: _____

Your Ending Value: \$ _____

Round 3

Our team split the \$1,000 investment across the three sectors this way:

Tech: \$ _____

Health care: \$ _____

Energy: \$ _____

Our Team's Roll: _____

Impact from Market Event: _____

Your Ending Value: \$ _____