



The Class Mutual Fund

Activity by

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Concepts

Risk
Investing
Stock
Mutual fund
Diversification

Objectives

Students will be able to:

1. Research, track, and graph a stock over a period of time.
2. Evaluate the performance of a stock and a class mutual fund over a specified time period.
3. Analyze the benefit of diversification in an investment strategy.
4. Explain the difference between a stock and mutual fund.

Materials

Infographic: "[Why should you save and invest?](#)"

Handout 1: "Tracking and Graphing Your Stock"

Handout 2: "Reflecting on Your Stock and the Class Mutual Fund Performance"

Visual 1: "Class Mutual Fund Tracker"

Preparation: Optional for teachers who flip their classrooms

In advance of teaching this activity, assign your students to watch these two videos to introduce them to the basics of stocks and mutual funds: [No-Frills Money Skills: Episode 3, Get into Stocks](#) and [No-Frills Money Skills: Episode 5, Mutual Benefit](#).

Or, if you wish to help your students master the basics of stocks and mutual funds and collect quiz data in the process, register as an instructor in the [Econ Lowdown instructor management panel](#). Enroll your students in the **Video Q&A, No-Frills Money Skills: Episode 3, Get into Stocks and Episode 5, Mutual Benefit**. After viewing these videos, students will test their knowledge by taking the short multiple choice quizzes. Students can watch the videos and retake the quizzes until they have achieved mastery of the concepts. Their scores are entered in your individual gradebook included in the instructor management panel.

Procedure

1. Ask students, “How many of you have taken a risk?” Once students have responded, ask, “What kind of risks have you taken?” Tell students that a **risk** is a situation in which you may be exposed to danger, harm, or loss. Ask students, “Why would you do the things you mentioned if you are exposed to danger, harm, or loss?” Explain that the reason why people take risks is because they are often associated with rewards; risk extends to finances as well. A type of financial risk is investing, which is making a long-term commitment of money to realize a financial gain. Refer to the “What is the difference?” section of the infographic, specifically, the section on Investing. **Investing** involves taking a risk with money, such as by buying stocks or bonds, in the hopes of realizing higher long-term returns. Investing may yield a higher return with higher risk.
2. Refer to the “Common investment tools” section of the infographic. Tell students that there are many different forms of investing, but that for now the focus will be on stocks. Explain that a **stock** is a share of ownership of a company that may grow in value or earn dividends.
3. Tell students that they will each select a different stock to track over the four weeks and that their goal is to have the best performing stock. Give each student a copy of Handout 1: “Tracking and Graphing Your Stock.”
4. Have students look around the room and each identify the company name of five to 10 items. Common items may include Nike shoes, Apple iPhone, Under Armour backpack, and so forth. Students may want to use these items to start their exploration of stocks.
5. Provide time for students to conduct research about a stock. Students can use a variety of sites to obtain the information such as [Yahoo! Finance](#), [CNN Money](#), [Google Finance](#), [MSN Money](#), [Investopedia](#), and [Kiplinger](#). You may want to select a single financial site for all students to use and provide them with an overview of key features so they can be successful in their research. Also, you may want to have students report to you after they identify their stocks so that you can ensure that each stock is selected only once.
6. Once all stocks have been selected and the research completed, have each student share with the class which stock was selected and why it was selected.
7. Tell students that all the stocks selected by the class now represent a mutual fund. A **mutual fund** is a diversified portfolio that may earn dividends. Refer to the “Common investment tools,” specifically, mutual fund, and the “Diversification” sections of the infographic. Explain that



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diversification reduces risk by allocating funds among a wide variety of investments and savings tools. In the case of the class, the mutual fund is focused just on stocks, so there may be a little more risk than in some other mutual funds.

8. Ask students, “Why would you not want to put all of your money into a single stock?” Refer to the “Diversification” section of the infographic, specifically, “In other words: Don’t put all of your eggs in one basket.” Tell students that by investing money (eggs) in various stocks and other investment tools (baskets), they are able to diversify and balance the risk.
9. On a shared learning space (Google Drive, Edmodo, Blackboard, or another space) or on a computer that all students can access, upload Visual 1: “Class Mutual Fund Tracker,” [which is an Excel document](#) in which students can track the performance of their stocks. The graph at the bottom of Visual 1 will automatically adjust as updates are made to the chart.
10. Each day, have students record and graph the closing value for their stocks for the previous day on Handout 1. The closing value is used to have a consistent, verifiable value since the value of stocks will vary throughout the day based on market conditions. After students complete Handout 1, have them add their stock information to Visual 1 to update the class mutual fund.
11. Throughout the four-week period, discuss the performance of the class mutual fund and individual stocks. Reinforce the concept of diversification.
12. At the end of the four weeks, distribute Handout 2: “Reflecting on Your Stock and the Class Mutual Fund Performance.” After students complete their reflections, debrief with the class and have them share their insights.



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Handout 1: Tracking and Graphing Your Stock

Use a finance site (such as [Yahoo! Finance](#), [CNN Money](#), [Google Finance](#), [MSN Money](#), [Investopedia](#), or [Kiplinger](#)) to conduct research about various stocks and to track the value of your stock. Record the daily stock value on the graph on the next page.

Stock _____ Symbol _____

52-Week (1-Year) Range Low: _____ High: _____

Reasons for Selection of the Stock:

- 1)
- 2)
- 3)

Tracking Your Stock

Stock	Date	Value at Close (Obtain Value on the Next Day)	Amount Up/Down from Previous Day	Percentage Up/Down from Previous Day
Week 1				
Monday			--	--
Tuesday				
Wednesday				
Thursday				
Friday				
Week 2				
Monday				
Tuesday				
Wednesday				
Thursday				
Friday				
Week 3				
Monday				
Tuesday				
Wednesday				
Thursday				
Friday				
Week 4				
Monday				
Tuesday				
Wednesday				
Thursday				
Friday				



Handout 2: Reflecting on Your Stock and the Class Mutual Fund Performance

Respond to the following questions based on what you have observed and learned about the performance your stock and the class mutual fund.

Based on the performance of your stock, would you still select the same stock? Why or why not?

Evaluate the performance of the class mutual fund.

How did the performance of your stock influence the class mutual fund? Was there a stock that was part of the class mutual fund that performed differently (gain/loss) than your stock? If so, how did it influence the performance of the class mutual fund?

What might have been the impact if the entire class mutual fund would have been invested in that stock?

Why should investing be a long-term financial strategy?