

# Diversified Investing

## A DIGITAL DISCOVERY LESSON

Smart Investing & Financial Planning

Editable  
Critical Thinking

A Google Slides file  
that easily converts  
to PowerPoint



**NO PREP!**  
**SAVES YOU TIME!**

BUSINESS EDUCATION WITH *Denise Leigh*

# NO PREP Intro Digital Activity

## What's included?

- ✓ **9-slides** (editable) Google Slides lesson
- ✓ Teacher's Key
- ✓ 2-minute Video Narration **(requires YouTube Access)**
- ✓ Critical Thinking Activity

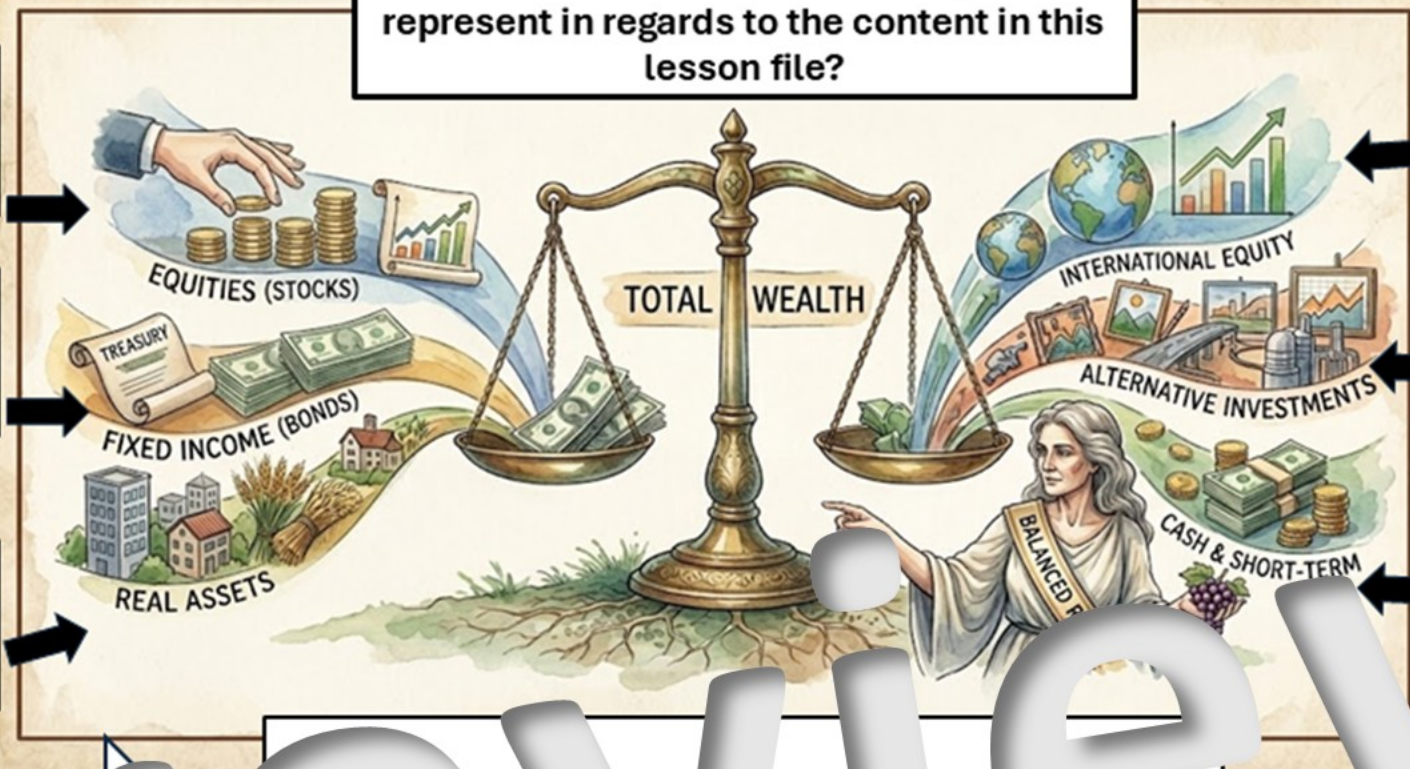


**Minimizing Investment Risk**

# The Diversified Investor's Path

A Picture is Worth a Thousand Words!

What does each section of this picture represent in regards to the content in this lesson file?



Preview

What is it ALL about?

Interactive, Critical Thinking Slide

# 9 Slides included



**Diversification** (or to diversify) means spreading your money across many different types of investments to reduce risk. Instead of putting all your cash into a single stock or company, you allocate it among a variety of assets: such as different stocks, bonds, and industries. This way, if one investment performs poorly or fails, your other investments can help protect you from losing everything.

### Goal-Based Asset Allocation

Building a financial plan starts with identifying long-term goals (like postsecondary education, housing, or retirement). Investors must decide how to distribute their funds across different financial assets based on specific considerations:

- How much funding the goal requires.
- How much they can realistically save each pay period.
- The timeline (horizon), risk comfort level, and expected returns of those

### Time Horizon and Market Recovery

The direct relationship between an investor's timeline and their capacity to withstand market risk:

- **Long Time Horizon:** Investors can afford to hold riskier assets with higher expected returns because they have the time to wait out market downturns and let assets regain value.
- **Short Time Horizon:** Investors should favor safer assets. Forcing a

### Risk Tolerance vs. Return Assumptions

Personal risk tolerance dictates the types of financial vehicles they should choose:

- **Low Risk Tolerance:** Matches with safer assets like U.S. and foreign government securities, which have lower volatility for moderate returns.
- **High Risk Tolerance:** Matches with assets like stocks and mutual funds, which take on higher volatility in pursuit of higher growth potential.

### Selecting Qualified Financial Professionals

It is important to seek professional help to evaluate savings and investment options, but one must vet advisors carefully.

When selecting a financial professional, one should evaluate:

- Licensing and professional certifications.
- Formal education and industry experience.
- The underlying cost structure of their advice.

### Diversification Strategy

Diversification is a primary defense mechanism used by financial advisors. Allocating funds across a wide variety of financial assets, each carrying different risk levels and expected returns, allows investors to pursue higher long-term growth without taking on unnecessary or excessive risk.

### Measuring Success via Benchmarks

Nominal returns do not tell the whole story. To track if a portfolio is actually performing well, investors must do two things:

- Compare their asset performance against a standard market benchmark, such as a stock or bond index.
- Account for the "hidden leaks" that erode profits over time, specifically fees, taxes, inflation, and poor behavioral decisions, to determine their true, real return.

### A Picture is Worth a Thousand Words!

What does each section of this picture represent in regards to the content in this lesson file?

What does it ALL mean?

**Hi! My name is Denise Leigh. I have been teaching Business Education for over 25 years! I love collaborating with business educators all over the world. I am a 2022 Pennsylvania Teacher of the Year Finalist and relentless lifetime learner and lover of everything education. Engaging students and connecting them to their world is my jam! Thank you for exploring my resources and sharing my passion for BUSINESS EDUCATION!**

Denise Leigh is an expert on student-led instruction. She was featured on CBS Pittsburgh for her City Collaborative™ Project-Based Business Education (PBL) Classroom.

