

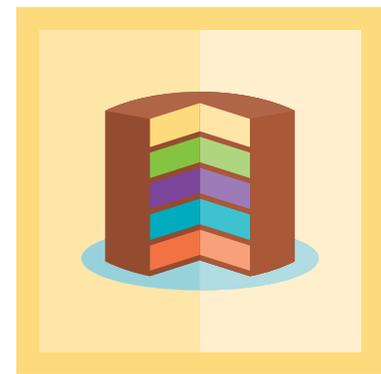
Building **Wealth**

In the Classroom

Interactive Lessons

Lesson 7

Save and Invest—Diversification



Instructional Objectives

Students will:

- Describe the benefits of diversification.
- Examine the role of mutual funds in personal investing.
- Compare index mutual funds and managed mutual funds.
- Identify key information about mutual funds from a fund fact sheet.

Financial Assets

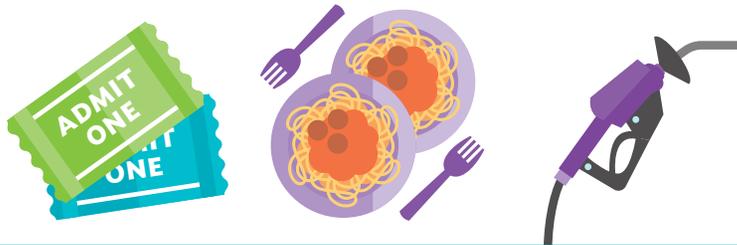


Categorizing Stocks



Indexes

An index is a ratio that illustrates the change in some value over time.



Year	Two Movie Tickets	Dinner for Two	Two Gallons of Gas	Total Cost of Date	(Index) 1995=100
1990	\$8.44	\$18.93	\$2.38	\$29.75	$(29.75/32.20)*100=92$
1995	\$8.70	\$21.12	\$2.39	\$32.20	$(32.20/32.20)*100=100$
2000	\$10.78	\$23.93	\$3.07	\$37.78	$(37.78/32.20)*100=117$
2005	\$12.82	\$27.42	\$4.16	\$44.39	$(44.39/32.20)*100=138$
2010	\$15.78	\$32.04	\$5.35	\$53.17	$(53.17/32.20)*100=165$

Indexes



Diversification



Why Diversify?

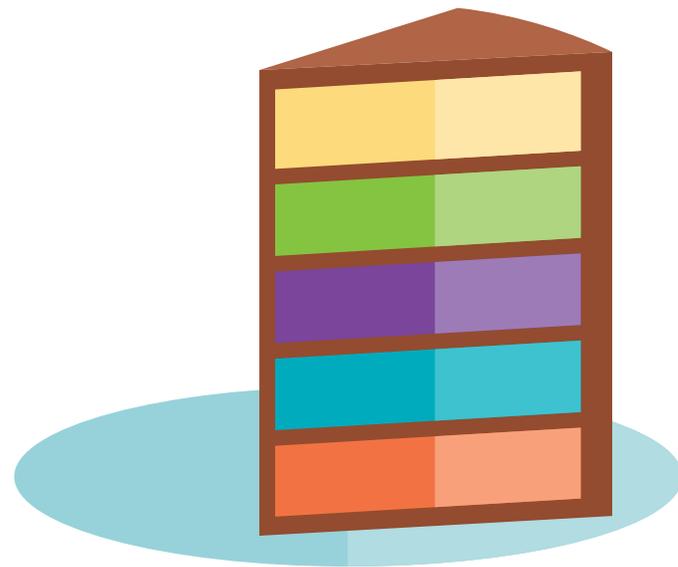
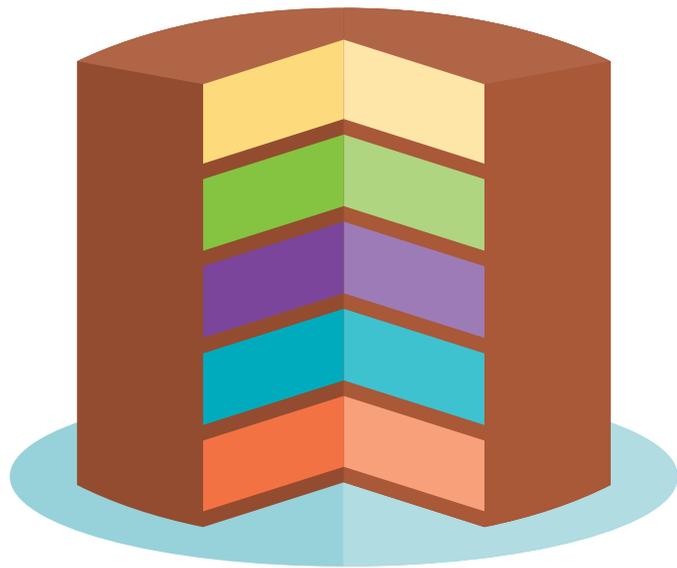




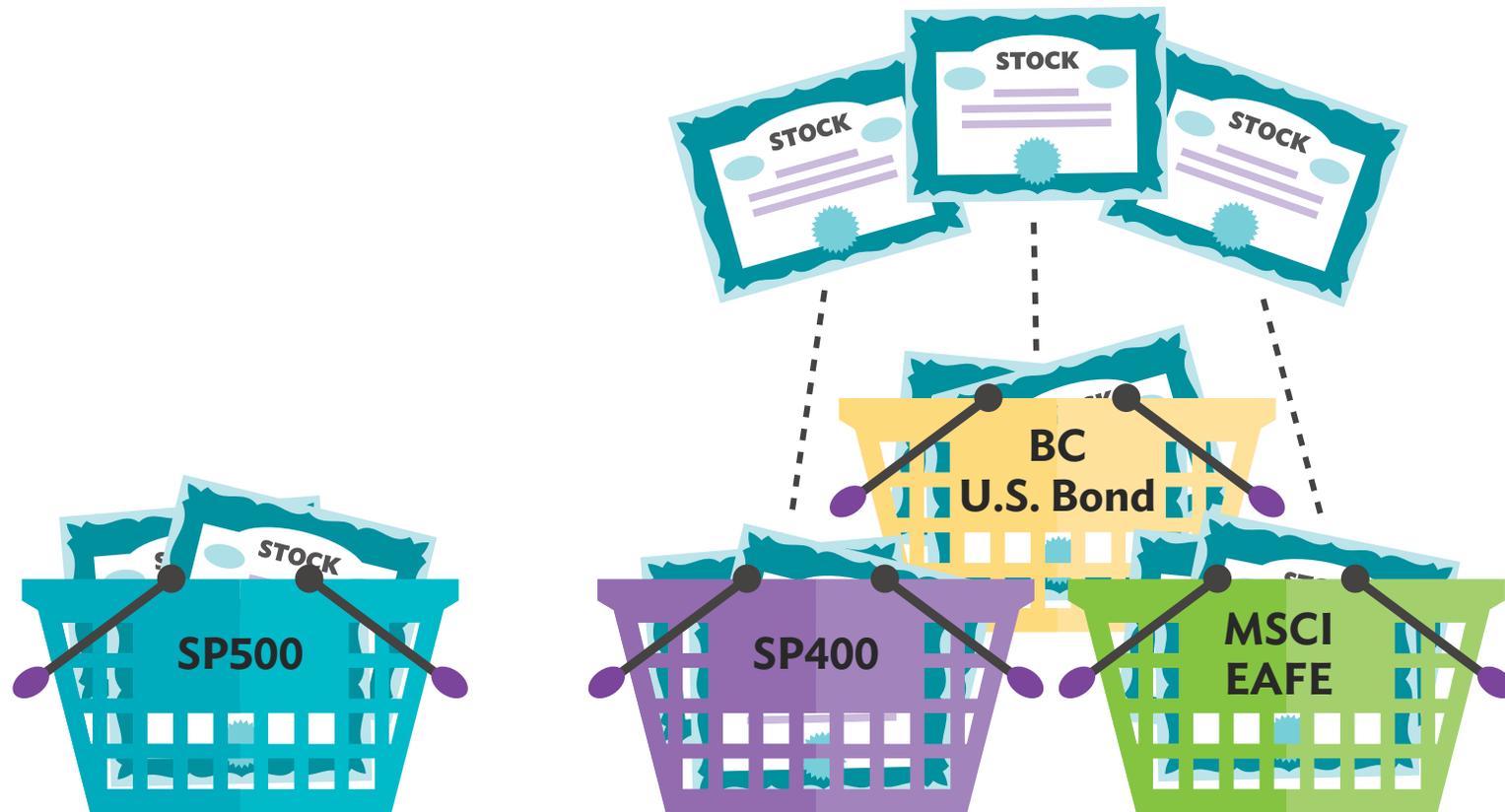
Ways to Diversify



Mutual Funds



Index and Managed Mutual Funds



Constructing a Portfolio



The Building Wealth Mutual Funds



Assessment