

COMPUTER EXERCISE:

Diversification

LESSON 15

Goal: Your goal is to increase investment returns by investing in international stock funds, but without taking on too much risk.

Situation: You have \$2000 to invest. You really want a good return on your money but don't want outrageous risk.

Good News: You don't need to worry about food or paying rent and electric bills.

- 1) Review the **Research Funds, Buy Shares, and Investment Statements** sections of the tutorial.
- 2) Open the **Diversification** lesson.
- 3) Click **Actions->Investing->Research Funds** and select Intl Stocks. Choose the Unity fund. Click **Buy Shares** and invest \$1000 from your checking account. Click **OK**. Click **OK** again to close the View Portfolio screen.
- 4) Select the Vanyard Intl Stock Fund. Click **Buy Shares** and invest \$1000 from your checking account. Close out of the investment screens.
- 5) Run the sim for 6 months to July 1, 2010.
- 6) Click **Reports->Investment Statements**. Use the month ending values of each account to fill in **Worksheet 1**.
- 7) Compute the % change for each month by taking the ending value and dividing it by the ending value for the previous month. Subtract 1 and multiply by 100 to get your percentage return. Fill in the column called Total for each month by adding up the values of the two funds. Calculate the % change for the total for each month.

← **NOTE:** The simulation is set to run at "turbo speed" for this exercise. Your person may appear to jump around but will be doing all they need to do.

WORKSHEET 1

	Unity International Stock Fund		Vanyard International Stock Fund		TOTAL	
	Value	% Change	Value	% Change	Value	% Change
Statement 1						
Statement 2						
Statement 3						
Statement 4						
Statement 5						
Statement 6						

← **IMPORTANT:** Use \$1000 as beginning value when computing percent change for this first row.

QUESTION 1: What was the worst return month for each of the individual investments? What was the worst return month in the Total column?

QUESTION 2: Was the whole portfolio more or less risky than the pieces?

QUESTION 3: Do you think percentage gains would get more varied or less varied if you added additional funds to your portfolio?