Lesson 2.16: Diversification

Unit: Unit 2, Me, My Goals, My Money (Individual Growth and Life Readiness) **Topic:** 2.4 ClassroomStreet Investor Challenge **Grade:** 6 to 8 (written at grade 7; see Differentiation for the grade 6 support and grade 8 stretch) **Days:** 1 class period of 40 minutes **Room:** classroom with devices (paper ledger version in Project 02)

Standards

- NYS module line: NYS IGLR 4. Financial Readiness e) Determine ways for saving money
- CTE theme line: CTE FCL 2. Saving, Investing, and Sharing c) Explore different savings and investment tools and methods
- NYS FACS Learning Standard 3 (Intermediate), Key Idea: Students will understand and be able to manage personal resources of talent, time, energy, and money and make effective decisions in order to balance their obligations to work, family, and self.; Performance Indicator: Students understand the resources available to them, make informed decisions about the use of those resources, and know some ways to expand resources.
- CDOS Standard 3a Universal Foundation Skills: Thinking Skills
- National FCS 3.0: 3.3.4 Compare different ways to save and invest.

Enduring understanding and essential question

Big idea: Spreading money across different kinds of ventures means no single bad day can take it all. You give up some of the best case to protect yourself from the worst case. **Essential question:** Would you rather have a chance at the most money or a promise of not losing most of it?

Objectives

By the end of this lesson, students will be able to:

1. (Low) Given the phrase “do not put all your eggs in one basket,” explain what diversification means for a portfolio in one sentence.
2. (Mid) Given three paper portfolios and a market shock, compute each portfolio’s value after the shock and rank them by loss.
3. (High) Given their own portfolio pie, decide whether to rebalance, make the trades or the hold, and justify the decision in the journal using the paper exercise as evidence.

Vocabulary

Tier 2 (general academic): spread, shock, balance, protect Tier 3 (FACS): diversification, allocation, portfolio pie, rebalance, risk level. See the unit vocabulary list for Turkish, Portuguese, and Spanish.

Materials and setup

- Devices and login cards
- Handout 02.16 - Three Portfolios and a Shock.md, one per student
- Calculators, one per pair
- Twelve eggs (plastic) and three small baskets, or three paper cups and twelve paper eggs, for the hook
- Investor Journal in the folder
- Slides: Slides 02.16 - Diversification
- Exit cards
- Setup notes: set the market to window 19 before class. This is the last calm day before the crisis; the prices in windows 19 to 24 get jumpy on purpose. Do not mention tomorrow. Print the class portfolio count from the Command Bridge Rankings tab if the site shows holdings by venture; if not, use the hand count from Lesson 2.14 Day 2. *[Sal: confirm which class-level views the live Command Bridge shows.]*

Pre-assessment

The hand count from Lesson 2.14 Day 2 ("more than half in one venture") tells you how many portfolios are one big slice. The do now today is the numbers version of the same question; most students will get the arithmetic right and still not change anything, which is why the paper exercise comes before the trading window.

Do now and hook (Time: 3 min)

On the board: "All AQ25,000 in one venture. It drops 50 percent. What is your fortune now? Now: 25,000 split evenly across five ventures, and only one of them drops 50 percent. What is your fortune?"

Debrief: 12,500 versus 22,500. Then the hook: hold up the basket with all twelve eggs and drop it (or tip it) onto the desk. Then the three baskets with four each and drop one. "Same eggs. Different morning."

Procedure

Step	Teacher will	Students will	Time
1. Direct instruction: eggs, baskets, and the pie	Slides 3 to 5. Define diversification: money spread across ventures with different risk levels, so they do not all fall on the same news. Show two pies: one slice of 90 percent, and six slices. Then the	Copy the definition and sketch the two pies in the journal notes box.	7 min

	trade-off, said plainly: the six-slice pie will never win the leaderboard on a great week, and it will never be at the bottom on a terrible one. The word for changing the slices back toward your plan is rebalancing: sell a little of what grew, buy a little of what fell, so the pie looks the way you want it.		
2. Learning activity: Three Portfolios and a Shock	Hand out the handout. Three portfolios, AQ25,000 each: A is all high risk (SPRK and CLDB), B is all safe (HNYP and SEAL), C is mixed across six ventures. Shock 1: high risk ventures fall 40 percent, medium ventures fall 10 percent, safe ventures hold. Students compute each portfolio's value and loss. Then Shock 2, a boom: high risk ventures rise 50 percent, medium 10 percent, safe hold. Compute again. Debrief with the two rankings on the board: A wins the boom and loses the crash; B never moves; C is in the	Work in pairs with a calculator. Fill the two tables. Rank the portfolios twice. Answer the two questions at the bottom: which portfolio would you want on a bad week, and which on a good week.	12 min

	middle both times. Ask the essential question.		
3. Trading window: my own pie	Say: “Sketch your pie from your holdings screen. If one slice is bigger than half, decide: rebalance, or hold and say why.” Advance windows 19 to 24, one click about every 90 seconds. Circulate; ask at the desk what the biggest slice is. Do not warn about tomorrow.	Sketch the pie on Entry 5. Rebalance or hold. Note any trades.	10 min
4. Investor Journal, Entry 5	Prompt: what I did, why (use the word rebalance or hold), what happened, plus: my biggest slice is ___ percent and I am comfortable or not comfortable with that because ___.	Write Entry 5 with total fortune.	4 min
Closure	See Closure.	4 min	

Totals 40 minutes: 3 + 7 + 12 + 10 + 4 + 4.

Questions to ask

Monitor understanding:

- What does Portfolio B’s value do in Shock 1? In Shock 2? Why the same answer?
- Portfolio C lost 20 percent in the crash. Is that good or bad? Compared to what?
- What is your biggest slice right now?

Deepen learning:

- If you knew a crash was coming next week, what would you do today? If you knew a boom was coming? What if you do not know, which is the real situation?
- Why do adults saving for retirement usually hold something like Portfolio C and not A?

- Is a person’s whole life diversified? What does it mean to have all your eggs in one basket outside of money?

Check for understanding

Step 2: clipboard yes or no per pair on “Portfolio A after Shock 1 equals 15,000,” “ranks all three both times,” and “answers the bad week question with a portfolio letter and a reason.” A “got it” answer sounds like: “C on a bad week, because it only lost 5,000 and A lost 10,000.”

Closure (Time: 4 min)

Exit card: “Diversification in one sentence, in your own words. Then: my biggest slice is ___ percent.” Three students read the sentence aloud. Sort into “got it” (the sentence names spreading across different risk levels) and “needs more” (the sentence says only “buy more stuff”). The “needs more” pile gets a two-minute desk visit at the start of Lesson 2.17 Day 1, which is going to be a rough morning for one-slice portfolios.

Differentiation and supports

- ELL: the eggs and baskets are the definition, no words needed; the handout tables have the arithmetic set up as "value times 0.60 = ___" so the operation is given; the pie is a drawing; sentence starter for the journal: “My biggest slice is ***. I will rebalance / hold because*** ” in Turkish, Portuguese, and Spanish on the journal template.
- IEP and 504 (general): calculators for all; Portfolio C’s six lines can be split between partners (three each) and added together; a printed pie template with slices to color instead of drawn; extended time by finishing Shock 2 at the start of Lesson 2.17.
- Grade 6 support: the handout uses Portfolios A and B only, then C is done as a class on the board; percent drops are given as “lose 40 out of every 100.”
- Grade 8 stretch: the student writes Portfolio D, a pie of their own design, and computes it through both shocks; then computes the percent loss for each portfolio (a preview of Lesson 2.18).
- UDL checkpoint used: multiple means of representation (physical eggs, drawn pies, a numeric table) and multiple means of engagement (the student’s own live portfolio is the last problem on the sheet).
- No-device alternative: the paper ledger version. The pie is sketched from the ledger sheet, and rebalancing trades are recorded on it at the board prices for Day 5.

Assessment

Objective	Standards met	Learning task	Assessment (formative or summative; tool)
1. Explain diversification	FCL 2. c); National FCS 3.3.4	Do now; exit card	Formative; exit card sorted got it or needs more
2. Compute and	FCL 2. c); CDOS 3a	Handout, Step 2	Formative; handout

rank three portfolios after a shock	Thinking Skills; Std 3 PI B		checked against the teacher key, six values and two rankings
3. Decide to rebalance or hold and justify it	IGLR 4. e); Std 3 PI B	Trading window and Entry 5	Formative now; summative on Rubric 02 criterion 2 (analysis and decision making), where “uses diversification as a reason” is a Meets descriptor

Homework

None. Optional: draw the pie you would want if this were real money you were saving for something ten years away.

Connections

Math: percent of a quantity (grade 6 and 7 ratios and proportions) is the whole handout; the math teacher can use the three portfolios as a warm-up the same week. Social studies: “why do people keep money in more than one place” connects to the Great Depression bank runs when that unit arrives.

Sources

- NYS Middle Level CTE FACS Content Module 01, Individual Growth and Life Readiness, line 4. e).
- NYS Middle Level CTE Theme Module 03, Financial and Consumer Literacy, line 2. c).
- NYS FACS Standard 3, Intermediate; CDOS 3a Thinking Skills; National FCS 3.0 competency 3.3.4, all per 02 Standards/STANDARDS CROSSWALK.md.
- Sal’s own materials: Fortune_Street_Lesson_Plan.docx (Day 4, Portfolio Diversification, and its warm-up question, which is the do now here); Fortune_Street_Student_Guide.docx (the tip “Don’t put all your Florins in one venture”).

Teacher notes

- If the period runs short, skip Shock 2 and do it as the Day 1 do now in Lesson 2.17 before the crisis dispatch goes up. Never cut the trading window; students need to have made the rebalance-or-hold decision before tomorrow, or tomorrow teaches nothing.
- Common mistake: students hear “diversify” and buy one unit of everything, leaving 90 percent in the original venture. Ask at the desk: “What is the biggest slice now?” The pie sketch catches it.

- Tomorrow the crisis hits at window 25. Some students will come in tomorrow with 80 percent in Sparkstone after this lesson. Let them. Their Investor Report is going to be the most honest one in the class.
- *[Sal: your original Day 4 had students analyze the whole class's aggressive vs conservative split. If the live Command Bridge shows holdings by venture across a period, put that pie on slide 6; it is a strong moment.]*