Slides 02.16: Diversification

Lesson 2.16, one day. Slides 1 to 11. Do not mention tomorrow's crisis anywhere.

Slide 1: Do now

- 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? Notes: 3 minutes. Answers: 12,500 and 22,500. Then the eggs.

Slide 2: Same eggs, different morning

- Twelve eggs in one basket. Drop it.
- Twelve eggs in three baskets. Drop one.
- Which merchant eats breakfast? Image: two drawings: one basket on its side with cracked eggs everywhere; three baskets, one tipped, eight eggs still safe. Notes: Do it with the real (plastic) eggs first. Then the slide.

Slide 3: Diversification

- Money spread across ventures with different risk levels.
- So they do not all fall on the same news.
- A storm hits the farms; the mines do not care. A shaft floods; the Crown's notes do not care.
- The Honeypot never cares. Image: the seven venture icons in a circle, with a storm cloud over only one. Notes: Students copy the definition to the journal notes box.

Slide 4: Two pies

- Pie 1: one slice of 90 percent, six slivers.
- Pie 2: six slices, none bigger than a quarter.
- Pie 1 wins the leaderboard on a great week and sits at the bottom on a terrible one.
- Pie 2 never wins big and never loses big. Image: two pie charts side by side, labeled with tickers.

Slide 5: Rebalancing

- Your pie changes shape on its own when prices move.
- Rebalancing: sell a little of what grew, buy a little of what fell, so the pie looks the way you chose.
- It is not panic and it is not chasing. It is housekeeping. Image: a pie with one slice grown too big, an arrow, and the same pie trimmed back to even.

Slide 6: Three Portfolios and a Shock

- Portfolio A: all high risk (Sparkstone and Cloudberry).
- Portfolio B: all safe (the Honeypot and Crown Seal Notes).
- Portfolio C: mixed across six ventures.

- Shock 1: a crash. Shock 2: a boom. Compute all three, both times. Rank them twice.
- Pairs, calculators. 12 minutes. Notes: *[Sal: if the live Command Bridge shows holdings by venture across a period, put the class's own pie here first.]*

Slide 7: Debrief: the crash

- A: 15,000. Lost 10,000.
- B: 25,000. Lost nothing.
- C: 20,000. Lost 5,000.
- Which one would you want on a bad week? Image: three bars, 15,000, 25,000, 20,000, with a storm cloud above.

Slide 8: Debrief: the boom

- A: 37,500. Gained 12,500.
- B: 25,000. Gained nothing.
- C: 31,000. Gained 6,000.
- Which one would you want on a good week?
- You do not know which week is coming. That is the real situation. Image: the same three bars with a sun above.

Slide 9: My own pie

- Sketch your pie from your holdings screen on Entry 5. Label the slices.
- If one slice is bigger than half: rebalance, or hold and say why.
- Windows 19 to 24 open now. Notes: 10 minutes. One click every 90 seconds. Ask at the desk: what is your biggest slice? Say nothing about tomorrow.

Slide 10: Entry 5

- What I did (use the word rebalance or hold). Why. What happened.
- My biggest slice is ___ percent, and I am comfortable / not comfortable with that because ___.
- My total fortune at the bell. Notes: 4 minutes.

Slide 11: Closure

- Exit card: diversification in one sentence, in your own words. Then: my biggest slice is ___ percent.
- Three merchants read the sentence.
- Tomorrow: another trading day. Notes: 4 minutes. A sentence that only says "buy more stuff" is "needs more." Keep a straight face about tomorrow.