

Making Sense of Mutual Funds

SUBMITTED BY: Brian Page

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ NBEA STANDARD(S):

- Personal Finance, IV. Saving and Investing

≡ RELATED ARTICLES:

- “Why Investors Diversify: Spreading Your Wealth Across Assets, Industries and Countries”
- “What Are Your Investment Choices? From Condos to Gold to Plain Cash”
- “Student Essay: Saving for Retirement: ‘Time Is on Our Side’”
- “10 Terms New Investors Should Know”

JUMP\$TART NATIONAL STANDARD: Investing, Standard 1

CEE NATIONAL STANDARD: Investing, Standard 1

COMMON CORE STATE STANDARD: CCSS.ELA-LITERACY.RL.7.12.

CONTENT STATEMENT: Identify and demonstrate diversification strategies

ESTIMATED TIME: 50 minutes

MATERIALS NEEDED: Projector, [Making Sense of Mutual Funds Powerpoint](#) (Included), Internet, Computers for students, Paper and pencil or pen

KEY VOCABULARY/TERMS: Diversification, stock, bond, mutual fund, dividend (yield), aggressive mutual funds, blended mutual funds, conservative mutual funds

WHY THIS MATTERS TO YOU NOW: The financial health and financial freedom of your future self depends on the financial decisions of your current self.

Project the Making Sense of Mutual Fund Activity PowerPoint to guide students through the activity.

1. Students will consider their favorite product or service, and select the company stock that provides the product or service.
2. The teacher will review what a stock is, and how investors can profit from stock ownership.
3. The teacher will review what a bond is, and have students select a bond.
4. The teacher will review what a mutual fund is.
5. Students will get up and moving. Students hold up their paper exhibiting one of their selected investments. The teacher will separate students into three groups based on their selected investments. The teacher will group students as followed:
 1. Conservative mutual fund group: Students who selected conservative bonds.
 2. Blended (or balanced) mutual fund group: A blend of students who selected conservative bonds, aggressive bonds, and stocks.
 3. Aggressive mutual fund group: A blend of students who selected aggressive bonds and stocks.
6. Teachers will facilitate a classroom discussion:
 1. Prompt students to recognize the type of mutual fund their group represents.
 2. Discuss what happens to the mutual fund if a company goes bankrupt or a bond defaults.
7. Students will now pretend they are each mutual fund managers. They work together to form their own mutual funds using the same bond / stock paper.
 1. Step 1: Students group themselves into teams of four or five to form aggressive growth mutual funds.
 2. Step 2: Students group themselves into teams of four or five to form conservative mutual funds.
 3. Step 3: Students group themselves into teams of four or five to form balanced mutual funds.
 1. The teacher assesses whether students are able to divide themselves into the appropriate groups.

Formative assessment: Use the free online assessment program Quizizz and assess students individually, or have them compete in teams. [Click here](#) to administer the eight-question quiz: Making Sense of Mutual Funds.

Homework / Further Exploration: Read “[What Are the Different Investment Choices? From Condos to Gold to Just Plain Cash](#)” and as a class, discuss the advantages and disadvantages of different investment choices.

Optional: Use the [Making Sense of Mutual Funds Vocab](#) to review key vocabulary terms with students.

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