

Name \_\_\_\_\_



**DIVERSIFICATION  
ACTIVITY SHEET 2**

# Can This Portfolio Be Saved?

## Diversified Portfolio

As an investor, you want to make sure that your stock **portfolio** is adequately diversified.



The stock portion of three different portfolios is presented on the right.

The stocks in the companies they own are not spread out among different industries and don't have a good mix of domestic and international companies, or a mix of small, medium-sized, and large companies.



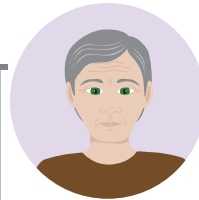
**Directions:** Review the portfolios and consider how they can be more diversified among different industries. Now go to the next page and find a list of recommended stocks to pick from.

(Continues on next page)



**Ms. Mehta**

Company	Industry	Size	Domestic or International
LMN Pharmaceutical	Health Care	Small	Domestic
NVM Bank	Financials	Large	International
JL Therapeutics	Health Care	Small	Domestic
Magnum Bank	Financials	Large	Domestic
GR Biomedical	Health Care	Medium	Domestic



**Mr. O'Connell**

Company	Industry	Size	Domestic or International
Magnum Bank	Financials	Large	Domestic
Gilmore Systems	Technology	Large	Domestic
Ledman Applications	Technology	Large	Domestic
TLT Dynamics	Technology	Large	Domestic
GR Biomedical	Health Care	Medium	Domestic



**Ms. Jackson**

Company	Industry	Size	Domestic or International
LLL Electric and Gas	Utilities	Medium	Domestic
TLT Dynamics	Technology	Large	Domestic
Giant Manufacturing	Manufacturing	Large	International
YY Products	Consumer Goods	Small	International
Northwest Gas	Utilities	Large	Domestic

Name \_\_\_\_\_



**DIVERSIFICATION  
ACTIVITY SHEET 2**

# Can This Portfolio Be Saved?

## Diversified Portfolio

(Continued)

**Directions:** Use the Recommended Stock List to help diversify the portfolios on the previous page. Consider substituting up to three stocks in each portfolio to make sure that their investments contain stocks in different industries.



Remember, having a mix of stocks helps minimize the risk of losing money because your investments are spread over several industries.

(Continues on next page)

### RECOMMENDED STOCK LIST

Company	Industry	Size	Domestic or International
<b>NVM Bank</b>	Financials	Large	International
<b>Overlord Exploration</b>	Energy	Small	Domestic
<b>LLL Electric and Gas</b>	Utilities	Medium	Domestic
<b>Samson Development</b>	Real Estate	Small	Domestic
<b>Giant Manufacturing</b>	Manufacturing	Large	International
<b>Peter Networks</b>	Telecommunications	Medium	Domestic
<b>GR Biomedical</b>	Health Care	Medium	Domestic
<b>Crown Mining</b>	Materials	Large	Domestic
<b>TLT Dynamics</b>	Technology	Large	Domestic
<b>YY Products</b>	Consumer Goods	Small	International



These are the changes I would make to each person's portfolio. (Explain your thinking.):



**Ms. Mehta**

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Name \_\_\_\_\_



### DIVERSIFICATION ACTIVITY SHEET 2



# Can This Portfolio Be Saved?

## Diversified Portfolio

(Continued)

**Directions:** See instructions on page 45 to make changes to the portfolios shown here.

(Continues on next page)

These are the changes I would make to each person's portfolio. (Explain your thinking.):



**Mr. O'Connell**

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**Ms. Jackson**

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Answer Key: Ms. Mehta's financial assets are too heavily concentrated in the health care and financial industries. Consider subtracting JLT Therapeutics, LMN Networks, Crown Mining, and YY Products.  
Mr. O'Connell's financial assets are too heavily concentrated in large, domestic companies in the information technology industry. Consider subtracting Magnum Bank, Ledman Applications, and Gilmore Systems and adding three stocks from the following: Overlord Exploration, LLL Electric and Gas, Samson Development, Giant Manufacturing, GR Biomedical, and YY Products.  
Ms. Jackson has a fairly diversified portfolio already, but her assets are too heavily concentrated in utilities. Consider subtracting Northwest Gas and adding one of the domestic companies.