

## DIVERSIFICATION TEST

Take a blank paper and various color markers. Create four columns, one labeled “investment”, the second “investment class”, the third “dollar value”, and the fourth “percentage”. Draw a large circle on the page.

1. In column one, write a list of all of your investments, including retirement plans and any other investments such as your savings accounts.
  2. In column two list the type of investment class. The list of asset classes can be found in your 401(k) plan booklet. Here is a column one list:
    - Cash, savings accounts and money market
    - Government bonds
    - Fixed account
    - Large cap
    - Mid cap
    - Small cap
    - Growth
    - Value
  3. Assign each asset class a different color. Growth is *green*, cash is *blue*, and bonds are *yellow*, etc.
  4. Add your total investments in column three.
  5. Calculate what percentage each investment is of your total investments
  6. Take your markers and fill in the appropriate colors in your investment circle.
  7. A diversified portfolio will have three to five different colors in your investment circle.
- If your circle is one or two colors, then your portfolio is probably in need of rebalancing.

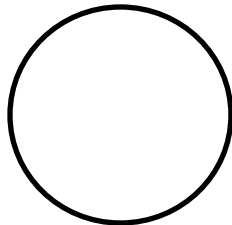
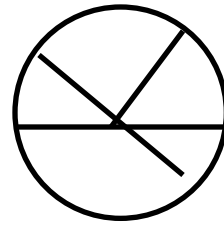


TABLE C



**THE DIVERSIFICATION TEST: HOW MANY ASSET CLASSES ARE IN YOUR PORTFOLIO?**