

Name _____

Unlocking the Magic of Stock Portfolios: The Power of Diversification

Open-Ended Response Questions

1. Imagine you have a portfolio consisting of only technology stocks. Discuss the potential risks and benefits of this portfolio. How might diversification improve it?
2. Share an example of how a diversified portfolio can provide stability during economic downturns. Explain the role of different industries in this scenario.
3. Reflect on the importance of balance in a diversified portfolio. Why should investors avoid overinvesting in a single sector or industry?
4. Consider the challenges of maintaining a diverse portfolio in a constantly changing market. How can investors adapt to economic shifts and industry trends to ensure the continued success of their investments?

