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**Pencil activity demonstrating mutual funds and diversification**

A tip to remember when investing your money. Don’t put all of your eggs in one basket.

For illustration:

This pencil represents your investment in XYZ stock. XYZ business goes out of business. (break the pencil) What happened to your investment? It is gone.

This bundle of pencils represents diversification—your money is invested in stock for multiple companies and bonds, mutual funds, and other types of investment products. Look what happens when we try to break the pencils. It can be done, but it is much harder to do than the individual pencil. Just like your investments are protected when you diversify.