|  |  |
| --- | --- |
|  | NGPF Activity Bank *Investing* |

INTERACTIVE: What’s the S&P 500?

|  |
| --- |
| Interactive: [**FINVIZ S&P 500 Map**](https://www.finviz.com/map.ashx) |

The S&P 500 is a popular stock market index fund and we will be taking a look at what this fund looks like visually across an interactive chart to explore the idea of diversification and the value of investing in index funds. In this activity, you will use the interactive to investigate what stocks and industries make up the S&P 500 and analyze the returns of the S&P index fund.

Analyze [this interactive map from FINVIZ](http://www.finviz.com/map.ashx), which provides a visual representation of a popular stock market index, the S&P 500. Use the interactive to answer the questions below.

|  |
| --- |
| **How to Read the Interactive Map:**   * Each box represents one company in the S&P 500 * The size of the box represents the size of the company (Size is defined by market capitalization) * The letters represent the ticker symbols for the company (e.g., FB=Facebook, AAPL=Apple) * The companies are grouped by industry (e.g., money center banks, beverages - soft drink) * The color and percentages represent the change in the stock price (refer to the color key at the bottom right).   + **Green** indicates that the stocks rose during that time period. The brighter the green, the better the percentage return for that time period.   + **Red** indicates that the stocks declined during that time period. The brighter the red, the worse the percentage return for that time period. |

**Part I: The S&P 500 as a Whole**

1. Open up the [S&P 500 Map](https://www.finviz.com/map.ashx) from Finviz in another tab. Read the blue box above on how to read the map. Then use your mouse to hover over the different boxes across the map. What are the first 3 things that stand out to you?

|  |
| --- |
|  |

1. The companies in the S&P 500 are categorized by industry (e.g., Technology). What are the major industries included on the map?

* Put a star next to the three largest industries.

|  |
| --- |
|  |

Now, in the drop-down menu at the far left, select “1 Year Performance”. The map will then show how the stock price of each individual company has performed over the past 12 months.

1. Overall, when analyzing this map, has the past year been a good one for investing in stocks? Use information from the map to support your answer.

|  |
| --- |
|  |

1. What are three of the **top performing stocks** and their returns in the past year? What are three of the **worst performing stocks** and their returns in the past year?

|  |
| --- |
|  |

1. Look at the color key below the map that shows the overall performance range. What is the range for 1 Year Performance? How does it compare to the 1 Day Performance range?

|  |
| --- |
|  |

1. You see returns of the **individual** companies on this map. How do you think someone would calculate the return of the **entire** S&P 500 index fund?

|  |
| --- |
|  |

1. Even if some of the stocks have negative performances, why can investing in the whole S&P 500 still provide a decent return?

|  |
| --- |
|  |

**Part II: Dive Deeper Into Industries**

1. Go back to “1 Year Performance” and find the **Communication Services** industry → **Internet Content and Information** section underneath. (Tip: Bring your cursor over the different sections to view data.)

|  |
| --- |
| a. Who are the leading companies in this industry (based on size)? |
| b. Are all the companies in the industry about the same size? If not, how do they differ? |
| c. How would you assess the competitive situation in the industry? |
| d. Did all of the companies in this industry have a similar stock price performance over the past 12 months? What might explain the differences? |
| e. True or False: The largest companies performed the best over the past 12 months. Give evidence to support your answer. |

1. Choose one of the following industries and complete a similar analysis in the table below. Circle or highlight the industry you choose.

* Consumer Defensive - Discount Stores
* Consumer Cyclical - Restaurants
* Financial - Credit Services
* Consumer Defensive - Beverages - Soft Drinks
* Healthcare - Drug Manufacturers

|  |
| --- |
| a. Who are the leading companies in this industry (based on size)? |
| b. Are all the companies in the industry about the same size? If not, how do they differ? |
| c. How would you assess the competitive situation in the industry? |
| d. Did all of the companies in this industry have a similar stock price performance over the past 12 months? What might explain the differences? |
| e. True or False: The largest companies performed the best over the past 12 months. Give evidence to support your answer. |

1. Based on your analysis of these two industries (Internet Information Providers and the industry of your choosing), do you notice any trends about how companies within the same industry performed over the past year, how size might impact performance, or how performance might vary across industries?

|  |
| --- |
|  |

**Part IV: Reflection**

1. Why do you think people, like Warren Buffett, suggest young people invest in index funds like the S&P 500 for a long period of time instead of investing in individual stocks?

|  |
| --- |
|  |