



Diversification

THE BOARD GAME – INSTRUCTION MANUAL



Creating wealth is simple - Work hard, Save, Invest!



Adults and children are faced with daily decisions around saving, dealing with money, and investing. Unfortunately we are not taught these lessons at school. Even basic money skills are left to parents to teach their children yet most adults have very little knowledge themselves when it comes to accumulating wealth.

In addition to teaching you key investment principles, this board game attempts to simplify the wealth creation process to give everyone the education required to reach their investment goals. Whatever your goal, you must first work hard, save, and invest. It is that simple.



“There seems to be some perverse human characteristic that likes to make easy things difficult.”

Warren Buffett

Why play this game?

Games are a powerful learning tool as they enable people to experience practical learning in a controlled, fun, and competitive environment. This board game creates a fun playing atmosphere to learn key investment fundamentals. This board game attempts to teach you;

- Investment concepts that you were never taught at school but wish you had been,
- The benefits and disadvantages of diversification,
- The magic of compound interest,
- Investment basics and the main asset classes available,
- How to maximise returns,
- How to manage investment risk,
- How to become independently wealthy.

About the Game

Theme:	Investment principles
Number of players:	2 - 8
Age group:	13 +
Estimated Game time:	2 hours
Objective of the Game:	Accumulate the most wealth

How to Play

Each player selects a player piece and places their piece on the **Start** square on the board.

Each player also requires their own Player Sheet. The Player Sheet acts as each player’s income and expense statement and balance sheet for the duration of the game. Each player completes their own player sheet.

Each player starts the game at **Age 20** with a **Salary of \$40,000** and with the same amount of **Normal Expenses of \$35,000**

Each player rolls the dice and moves around the board in a **clockwise** direction. Depending on where the player lands, their income, expenses, and therefore savings may be influenced.

Once the player has moved to their new destination on the board the player completes their Player Sheet for that year only. Each player rolls the dice just once per year.

How to complete the Player Sheet

Age

Every roll of the dice each player ages by one year.

Salary

Each player has a starting salary of \$40,000.

If the player lands on a **Pay Rise, Promotion,** or the **Graduation** square on the board their Salary is increased indefinitely by the amount specified on the specific square.

If a player lands on the square on the board titled **You lose your job,** the players Salary is reduced for \$5,000 for that year only.

Player Sheet Name _____

Age 20

Salary \$40,000

Other Income \$ _____ Total Income \$ _____

Annual Expenses \$ _____ Other Expenses \$ _____ Total Expenses \$ _____

Savings \$ _____ Investment Value \$ _____ Total Funds Available for Investment \$ _____

Investments

Allocation (\$)	Fixed Income		Domestic Shares	International Shares	Property	Speculative Investments	
	Cash	Other				Value	Value
Performance (%)	%	%	%	%	%	%	%
Return (\$)	\$	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$	\$

Age _____


Salary _____

Other Income \$ _____ Total Income \$ _____

Annual Expenses \$ _____ Other Expenses \$ _____ Total Expenses \$ _____

Savings \$ _____ Investment Value \$ _____ Total Funds Available for Investment \$ _____

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Other Income

If a player lands on a **Bonus** square on the board or receives an inheritance the amount is included in the Other Income space on the player sheet. This income is one off. That is, the amount only applies to that year only.

Player Sheet

Name _____

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Age **20**

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ 0	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

(Bonus, inheritance) (Salary + Other Income)

(Annual Expenses + Other Expenses) (Total Income - Total Expenses) (New Total Investment Value from previous year) (Savings + Investment Value)

Investments

Allocation (\$)	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Performance (%)	% _____	% _____	% _____	% _____	% _____	% _____
Return (\$)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
New Market Value	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

(e.g. Holidays, Home Repairs) (Annual Expenses + Other Expenses) (Total Income - Total Expenses) (New Total Investment Value from previous year) (Savings + Investment Value)

New Total Investment Value
(Summation of new market value for each asset class)

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____


Investments

Allocation (\$)	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Performance (%)	% _____	% _____	% _____	% _____	% _____	% _____
Return (\$)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
New Market Value	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Player Sheet

Name _____

Diversification

THE BOARD GAME 

Age **20**

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ 0	\$ 40,000	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

(e.g. Bonus, inheritance) (Salary + Other Income)

(Annual Expenses + Other Expenses) (Total Income - Total Expenses) (New Total Investment Value from previous year) (Savings + Investment Value)

Investments

Allocation (\$)	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Performance (%)	% _____	% _____	% _____	% _____	% _____	% _____
Return (\$)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
New Market Value	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

(e.g. Holidays, Home Repairs) (Annual Expenses + Other Expenses) (Total Income - Total Expenses) (New Total Investment Value from previous year) (Savings + Investment Value)

New Total Investment Value
(Summation of new market value for each asset class)

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Investments

Allocation (\$)	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Performance (%)	% _____	% _____	% _____	% _____	% _____	% _____
Return (\$)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
New Market Value	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Total Income

Total Income = Salary plus Other Income

Annual Expenses


Each player begins the game with Annual Expenses of \$35,000.

If a player lands on a square titled **Baby Time**, the players Annual Expenses increases by \$5,000 for the rest of the game.

Player Sheet

Name _____

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Age 20

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ 0	\$ 40,000	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -
(e.g. Bonus, Inheritance)		(Salary + Other Income)	(e.g. Holiday, House Repairs)	(Annual Expenses + Other Expenses)	(Total Income - Total Expenses)	(New Total Investment Value from previous year)	(Savings + Investment Value)	


Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments	
Allocation (\$)	\$	\$	\$	\$	\$	\$	\$
Performance (%)	%	%	%	%	%	%	%
Return (\$)	\$	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$	\$

New Total Investment Value
(Summation of new market value for each asset class)

Player Sheet

Name _____

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Age 20

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ 0	\$ 40,000	\$ 35,000	\$ 0	\$ -	\$ -	\$ -	\$ -
(e.g. Bonus, Inheritance)		(Salary + Other Income)	(e.g. Holiday, House Repairs)	(Annual Expenses + Other Expenses)	(Total Income - Total Expenses)	(New Total Investment Value from previous year)	(Savings + Investment Value)	

Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments	
Allocation (\$)	\$	\$	\$	\$	\$	\$	\$
Performance (%)	%	%	%	%	%	%	%
Return (\$)	\$	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$	\$

New Total Investment Value
(Summation of new market value for each asset class)

Other Expenses

If a player lands on a square on the board titled; **Tax Time, Holiday Time, House Repairs, Car Problems, or Online Fraud**, the amount specified on the specific square is inserted into the Other Expenses space on the player sheet.


Other Expenses are for one year only and therefore NOT carried forward.

Player Sheet

Name _____

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Age 20

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ 0	= \$ 40,000	\$ 35,000	+ \$ 0	= \$ 35,000	\$	\$	= \$
(e.g. Bonus, Inheritance)		(Salary + Other Income)	(e.g. Holiday, House Repairs)		(Annual Expenses + Other Expenses)	(Total Income - Total Expenses)	(New Total Investment Value from previous year)	(Savings + Investment Value)

Investments	Cash		Fixed Income		Domestic Shares		International Shares		Property		Speculative Investments	
	Allocation (\$)											
Performance (%)		%	%	%	%	%	%	%	%	%	%	%
Return (\$)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

New Total Investment Value
(Summation of new market value for each asset class)

Total Expenses

Total Expenses = Annual Expenses plus Other Expenses

Savings

To calculate the Savings each player subtracts their Total Expenses from their Total Income.

That is, in year one a player's savings are calculated by;


$$\begin{aligned} \text{Savings} &= \text{Total Income} - \text{Total Expenses} \\ &= \$40,000 - \$35,000 \\ &= \$5,000 \end{aligned}$$

Player Sheet

Name _____

Diversification

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Age 20

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ 0	= \$ 40,000	\$ 35,000	+ \$ 0	= \$ 35,000	\$ 5,000	\$	= \$
(e.g. Bonus, Inheritance)		(Salary + Other Income)	(e.g. Holiday, House Repairs)		(Annual Expenses + Other Expenses)	(Total Income - Total Expenses)	(New Total Investment Value from previous year)	(Savings + Investment Value)

Investments	Cash		Fixed Income		Domestic Shares		International Shares		Property		Speculative Investments	
	Allocation (\$)											
Performance (%)		%	%	%	%	%	%	%	%	%	%	%
Return (\$)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

New Total Investment Value
(Summation of new market value for each asset class)

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Player Sheet Name _____

Age 20

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ 0	\$ 40,000	\$ 35,000	\$ 0	\$ 35,000	\$ 5,000	\$ 0	\$ -
(e.g. Bonus, Inheritance)		(Salary + Other Income)	(e.g. Holiday, House Repairs)		(Annual Expenses + Other Expenses)	(Total Income - Total Expenses)	(Total Investment Value from previous year)	(Savings + Investment Value)

Investments	Cash		Fixed Income		Domestic Shares		International Shares		Property		Speculative Investments	
	Allocation (\$)	Performance (%)	Allocation (\$)	Performance (%)	Allocation (\$)	Performance (%)	Allocation (\$)	Performance (%)	Allocation (\$)	Performance (%)	Allocation (\$)	Performance (%)
Return (\$)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

New Total Investment Value
(Summation of new market value from all asset class)

Total Funds Available for Investment

Investment Value

Investment Value is zero for the first year.

From age 21 onwards this amount is carried forward from the New Total Investment Amount calculated from the previous year.

Total Funds Available for Investing

Each player adds their Savings for the year to their Investment Value which is the Total Investment Value as calculated in the previous year. This is the amount each player has for investment purposes.

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Player Sheet Name _____

Age 20

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ -	\$ 40,000	\$ 35,000	\$ -	\$ 35,000	\$ 5,000	\$ -	\$ 5,000
(e.g. Bonus, Inheritance)		(Salary + Other Income)	(e.g. Holiday, House Repairs)		(Annual Expenses + Other Expenses)	(Total Income - Total Expenses)	(New Total Investment Value from previous year)	(Savings + Investment Value)

Investments	Cash		Fixed Income		Domestic Shares		International Shares		Property		Speculative Investments	
	Allocation (\$)	Performance (%)	Allocation (\$)	Performance (%)	Allocation (\$)	Performance (%)	Allocation (\$)	Performance (%)	Allocation (\$)	Performance (%)	Allocation (\$)	Performance (%)
Return (\$)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

New Total Investment Value
(Summation of new market value from all asset class)

Total Funds Available for Investment

Where can I invest my money?

There are five main types of asset classes available to invest in. Each asset class has different risk and return profiles. Within this game each player is limited to these five main asset classes. The table below highlights the characteristics of each asset class.

	Asset class	Characteristics	Income potential	Capital Growth Potential	Risk	Potential return
Defensive Assets (focus on capital preservation)	Cash	Suitable for investors who have a short term outlook, a low tolerance to risk, or if market volatility is high.	✓	✗	Low	Low
	Includes bank deposits, savings and cheque accounts	Provides a stable and low risk income, usually in the form of regular interest payments. No recommended minimum timeframe.				
	Fixed Interest	Can be more volatile than cash, but are still relatively stable.	✓	✗	Low	Moderate
	Includes government bonds, corporate bonds and hybrid securities	Income return is usually in the form of regular interest payments for an agreed period of time. Minimum suggested time frame: 1 – 3 years				

Asset class	Characteristics	Income potential	Capital Growth Potential	Risk	Potential return
Property	Has a higher risk than fixed interest but less risk than shares.	✓	✓	High	High
Includes direct residential, industrial and commercial property	Less liquid than other asset classes resulting in a higher recommended minimum timeframe. Entry and exit costs significantly higher. Minimum suggested timeframe: 7+ years				
Domestic Shares	Domestic shares involves owning part of a company. As a part owner shareholders share in the profits and future growth. Returns are derived from capital growth and income through what is called dividends. Shares are the most volatile asset class but over long periods of time, on average, have achieved high returns. Minimum suggested timeframe: 5 – 7 years	✓	✓	High	High
International Shares	Like Domestic Shares, International Shares derive their returns from capital growth and dividends. Like domestic shares this asset class is volatile but over long periods of time, on average, have achieved high returns. In addition to the risks associated with domestic shares, currency fluctuations can also affect performance of International Shares. Minimum suggested timeframe: 5 – 7 years	✓	✓	High	High

Growth Assets (focus on capital growth and income)

Allocation


When making investment decisions each player has the option to diversify across various asset classes or to adopt a concentrated portfolio. The player must adjust their balance sheet in accordance to their desired portfolio allocation.

As an example, a player may elect to diversify their savings across each asset class evenly.

That is, the player elects to invest \$1,000 in cash, \$1,000 in fixed income, \$1,000 in property, \$1,000 in domestic shares, and \$1,000 international shares.

Once the player has made their investment decisions their turn has concluded and the game moves to the next player.

Once every player has rolled the dice, moved to their new space on the board, calculated their savings for the year, and invested their wealth a performance card is turned over.



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Player Sheet

Name _____

Age 20

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ -	\$ 40,000	\$ 35,000	\$ -	\$ 35,000	\$ 5,000	\$ -	\$ 5,000

(e.g. Bonus, Interest) (Salary + Other Income) (Annual Expenses + Other Expenses) (Total Income - Total Expenses) (New Total Investment Value from investment) (Savings + Investments Used)

Investments

	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments	
Allocation (\$)	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 0	
Performance (%)							
Return (\$)							
New Market Value							New Total Investment Value <small>(Summation of new market value for each asset class)</small>

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$	\$	\$	\$	\$	\$	\$	\$	\$

Investments

	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments	
Allocation (\$)	\$	\$	\$	\$	\$	\$	
Performance (%)							
Return (\$)							
New Market Value							New Total Investment Value <small>(Summation of new market value for each asset class)</small>

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$	\$	\$	\$	\$	\$	\$	\$	\$

Investments

	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments	
Allocation (\$)	\$	\$	\$	\$	\$	\$	
Performance (%)							
Return (\$)							
New Market Value							New Total Investment Value <small>(Summation of new market value for each asset class)</small>

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$	\$	\$	\$	\$	\$	\$	\$	\$

Investments

	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments	
Allocation (\$)	\$	\$	\$	\$	\$	\$	
Performance (%)							
Return (\$)							
New Market Value							New Total Investment Value <small>(Summation of new market value for each asset class)</small>

Performance Cards

The performance cards show the return of each asset class for that year. These performance figures are based on actual historical performance. While past performance does not guarantee future performance, by using past performance players can learn how asset classes have actually performed historically.

The returns are the actual performance of each asset class from 1981 - 2015. The returns for each asset class are derived from

the following sources:

- Cash** – RBA 90 Day Bank Bill Rate
- Fixed Income** – UBS Australian Composite Bond - All maturities
- Domestic Shares** – ASX All Ordinaries Accumulation Index
- International Shares** – MSCI AC World Total Return Index
- Property** – S&P/ASX 200 Property Trust Accumulation Index


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Player Sheet

Name _____

Age 20

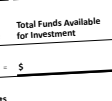
Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ -	\$ 40,000	\$ 35,000	\$ -	\$ 35,000	\$ 5,000	\$ -	\$ 5,000
<small>(e.g. Bonus, Inheritance)</small>		<small>(Salary + Other Income)</small>	<small>(e.g. Holiday, House Repairs)</small>		<small>(Annual Expenses + Other Expenses)</small>	<small>Total Income - Total Expenses</small>	<small>(New Total Investment Value from previous year) (Savings + Investment Value)</small>	



Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments	
Allocation (\$)	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 0	New Total Investment Value
Performance (%)	0%	2%	8%	10%	-5%		<small>(Summation of new market value for each asset class)</small>
Return (\$)	\$	\$	\$	\$	\$	\$	
New Market Value	\$	\$	\$	\$	\$	\$	

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$	\$	\$	\$	\$	\$	\$	\$	\$



Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments	
Allocation (\$)	\$	\$	\$	\$	\$	\$	New Total Investment Value
Performance (%)	%	%	%	%	%	%	<small>(Summation of new market value for each asset class)</small>
Return (\$)	\$	\$	\$	\$	\$	\$	
New Market Value	\$	\$	\$	\$	\$	\$	

Performance Card

Cash	Fixed Interest	Domestic Shares	International Shares	Property
0%	2%	8%	10%	-5%

Did you know? "Today people who hold cash equivalents feel comfortable. They shouldn't. They have opted for a terrible long-term asset, one that pays virtually nothing and is certain to depreciate in value." **Warren Buffett**

Performance

Once the performance card is turned over each player calculates the profit (or loss) for each asset class. To calculate the returns each player must first write down the returns achieved for each asset class. See above as an example.

Returns

Investment returns refers to the percentage change in value of the investment over a given period of time.

For simplicity reasons, this board game combines both income and capital growth over the duration of the year to calculate a total return figure. This is the amount used when calculating the returns achieved each year.

To calculate the return for each asset class the following formula applies:

Return = Allocation x Performance

Example: Return = \$1,000 x 2%
= \$20



Player Sheet

Name _____

Age 20

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ -	\$ 40,000	\$ 35,000	\$ -	\$ 35,000	\$ 5,000	\$ -	\$ 5,000

(e.g. Bonus, Inheritance) (Salary + Other Income) (Annual Expenses + Other Expenses) (Total Income - Total Expenses) (New Total Investment Value from previous year) (Savings + Investments Used)

Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	Allocation (\$)	\$ 1,000	\$ 1,000 X	\$ 1,000	\$ 1,000	\$ 1,000
Performance (%)	0%	2%	8%	10%	-5%	
Return (\$)	\$ 0	\$ 20	\$ 80	\$ 100	\$ -50	
New Market Value	\$	\$	\$	\$	\$	\$

New Total Investment Value (Summation of new market value for each asset class)

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$	\$	\$	\$	\$	\$	\$	\$	\$

Investments

Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	Allocation (\$)	\$	\$	\$	\$	\$
Performance (%)	%	%	%	%	%	%
Return (\$)	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$

New Total Investment Value (Summation of new market value for each asset class)

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$	\$	\$	\$	\$	\$	\$	\$	\$

Investments

Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	Allocation (\$)	\$	\$	\$	\$	\$
Performance (%)	%	%	%	%	%	%
Return (\$)	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$

New Total Investment Value (Summation of new market value for each asset class)

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$	\$	\$	\$	\$	\$	\$	\$	\$

Investments

Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	Allocation (\$)	\$	\$	\$	\$	\$
Performance (%)	%	%	%	%	%	%
Return (\$)	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$

New Total Investment Value (Summation of new market value for each asset class)

New Market Value


To calculate the new portfolio value add the dollar return to the initial investment amount.

Example: To calculate the new value of the share portfolio the calculation is:

$$\begin{aligned} \text{New Value} &= \text{Investment Amount} + \text{dollar return} \\ &= \$1,000 + \$20 \\ &= \$1,020 \end{aligned}$$

For international shares, in this example the calculation is slightly different because the performance was a loss. To calculate the New Market Value you simply subtract the loss from the Allocation. That is, to calculate the new value when the performance is negative you can use the following calculation:

$$\begin{aligned} \text{New Value} &= \$1,000 - \$50 \\ &= \$950 \end{aligned}$$



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Player Sheet

Name _____

Age 20

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$ 40,000	\$ -	\$ 40,000	\$ 35,000	\$ -	\$ 35,000	\$ 5,000	\$ -	\$ 5,000

(e.g. Bonus, Inheritance) (Salary + Other Income) (e.g. Holiday, House Repairs) (Annual Expenses + Other Expenses) (Total Income - Total Expenses) (New Total Investment Value from previous year) (Savings + Investment Value)

Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	Allocation (\$)	\$ 1,000	\$ 1,000 +	\$ 1,000	\$ 1,000	\$ 1,000
Performance (%)	0%	2%	8%	10%	-5%	%
Return (\$)	\$ 0	\$ 20	\$ 80	\$ 100	\$ -50	\$
New Market Value	\$ 1,000	\$ 1,020	\$ 1,080	\$ 1,100	\$ 950	\$ 0

New Total Investment Value (Summation of new market value for each asset class)

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$	\$	\$	\$	\$	\$	\$	\$	\$

Investments

Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	Allocation (\$)	\$	\$	\$	\$	\$
Performance (%)	%	%	%	%	%	%
Return (\$)	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$

New Total Investment Value (Summation of new market value for each asset class)

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$	\$	\$	\$	\$	\$	\$	\$	\$

Investments

Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	Allocation (\$)	\$	\$	\$	\$	\$
Performance (%)	%	%	%	%	%	%
Return (\$)	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$

New Total Investment Value (Summation of new market value for each asset class)

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
\$	\$	\$	\$	\$	\$	\$	\$	\$

Investments

Investments	Cash	Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments
	Allocation (\$)	\$	\$	\$	\$	\$
Performance (%)	%	%	%	%	%	%
Return (\$)	\$	\$	\$	\$	\$	\$
New Market Value	\$	\$	\$	\$	\$	\$

New Total Investment Value (Summation of new market value for each asset class)

New Total Investment Value

Once the new Market Value has been calculated for each asset class each player must add all of the New Market Value for each asset class together to give each player their New Total Investment Value.

Once each player has calculated the New Total Investment Value the round has concluded.

For year two the exact same process is repeated. That is, once again each player earns a Salary.


This is the same salary as the previous year after taking into consideration adjustments based on where each player lands on the board i.e. If a player lands on the pay rise space they adjust their salary in accordance with their pay rise. Each player rolls the dice and moves along the board. Each players Total Income, Total expenses, and therefore Savings is again influenced by where they land on the board. Each player completes their Player sheet, calculates their Total Funds Available for Investment, and makes their desired investment allocation.

Once each player has rolled the dice and made their investment allocation a Performance Card is turned over. Each player calculates their return, the New Market Value and their New Total Investment Value.

This process is completed for 40 years up until the age of 60.

The player with the most wealth at age 60 wins the game.

The real winner of the game is the person who applies the lessons learnt by playing this game to their real life. If applied the lessons can make a huge difference to your net wealth!



Diversification

THE BOARD GAME

Player Sheet

Name _____

Age	Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
20	\$ 40,000	\$ -	\$ 40,000	\$ 35,000	\$ -	\$ 35,000	\$ 5,000	\$ -	\$ 5,000
	<small>(e.g. Bonus, Inheritance)</small>		<small>(Salary + Other Income)</small>	<small>(e.g. Holiday, House Repairs)</small>		<small>(Annual Excesses + Other Expenses)</small>	<small>(Total Income - Total Expenses)</small>	<small>(New Total Investment Value from previous year)</small>	<small>(Savings + Investment Value)</small>

Investments	Cash		Fixed Income		Domestic Shares		International Shares		Property		Speculative Investments		New Total Investment Value <small>(Summation of new market value for each asset class)</small>			
	Allocation (\$)	Performance (%)	Return (\$)	Allocation (\$)	Performance (%)	Return (\$)	Allocation (\$)	Performance (%)	Return (\$)	Allocation (\$)	Performance (%)	Return (\$)				
	\$ 1,000	% 0	\$ 0	\$ 1,000	% 2	\$ 20	\$ 1,000	% 8	\$ 80	\$ 1,000	% 10	\$ 100	\$ 1,000	% -5	\$ -50	\$ 0
New Market Value	\$ 1,000		\$ 1,020	\$ 1,080		\$ 1,100	\$ 950		\$ 0				\$ 5,150			

Age	Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
21	\$	\$	\$	\$	\$	\$	\$	\$ 5,150	\$

Investments	Cash		Fixed Income		Domestic Shares		International Shares		Property		Speculative Investments		New Total Investment Value <small>(Summation of new market value for each asset class)</small>
	Allocation (\$)	Performance (%)	Return (\$)	Allocation (\$)	Performance (%)	Return (\$)	Allocation (\$)	Performance (%)	Return (\$)	Allocation (\$)	Performance (%)	Return (\$)	
	\$	%	\$	\$	%	\$	\$	%	\$	\$	%	\$	\$
New Market Value	\$		\$	\$		\$	\$		\$			\$	\$

Investment Opportunity cards

If a player lands on an investment opportunity space on the board they select a card from the investment opportunity stack.

These cards offer the player the right to take advantage of a unique speculative investment such as a property development, speculative share, art, friends business, etc. If the player takes up the opportunity they adjust their investment allocation accordingly. Any speculative investment made cannot be invested in any other asset class for that year as it has been invested within the speculative investment.

Depending on the speculative investment opportunity the risk / return potential vary.

After reading the card and the investment risk / return potential the player can decide to invest or to pass on the opportunity. If the

player elects to pass the card is returned to the bottom of the deck and the game continues. If the player elects to make a speculate investment they write down their investment amount under the speculative investment section on their balance sheet making an announcement of the dollar amount of their speculative investment. The player then rolls the dice. Depending on what the player rolls the returns vary. The player can lose all of their investment or make a return. This is depicted by the type of investment which is displayed on each speculative investment card. After they roll the dice, the investment return is calculated and their balance sheet adjusted. The card is returned to the bottom of the deck and the game moves to the next player.

Example: Biotech opportunity. The player loses all of their money if they roll a 1 or 2. If they roll a 3 or 4 they make no money, but lose nothing. If the player rolls a 5 the player makes 50%. If they roll a 6 the player makes 100% profit.

Speculative Share Market Opportunity

Company Name: Cancer Solutions Pty Ltd

Industry: Biotech

Company Description: Cancer Solutions is a company with one cancer treatment drug currently going through the drug approval process. Highly speculative.

Minimum investment amount: \$5,000

- 1 - The company has gone broke, you have lost your entire investment
- 2 - The company has had a bad profit announcement - share price falls 100%
- 3 - The company has failed to meet forecasts - share price stays the same
- 4 - The company has just hit market estimates - share price stays the same
- 5 - The company exceeds market estimates - share price increases by 50%
- 6 - The company exceeds market estimates - share price increases by 100%

Diversification

THE BOARD GAME

Name _____

Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
-	\$ 40,000	\$ 35,000	-	\$ 35,000	\$ 5,000	-	\$ 5,000
(Bonus, inheritance)	(Salary + Other income)	(e.g. Mortgage, Interest Repaid)	(Annual Expenses + Other Expenses)	(Total Income - Total Expenses)	(New Total Investment - Old Investment)	(Gains + Investment Value)	

Fixed Income	Domestic Shares	International Shares	Property	Speculative Investments	New Total Investment Value
\$	\$	\$	\$	\$ 5,000	\$
%	%	%	%	%	%
\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$

Age _____

Salary	Other Income	Total Income	Annual Expenses	Other Expenses	Total Expenses	Savings	Investment Value	Total Funds Available for Investment
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Millionaire

The shorter version of Diversification

The full game of diversification should take approximately 2 hours depending on how many players and the experience level of each player. If you do not have 2 hours to play the game there is another alternative.

The shorter version of the game is called Millionaire.

The same process as described above is followed, however rather than playing for 40 years the winner is the first person to accumulate \$1,000,000. That is, the winner is the first person to have their New Market Value exceed \$1 million.

The Millionaire version of the game should take only 45 minutes.

Key Investment Principles

Diversification

Diversification is the main investment technique used to reduce investment risk. A common description of the importance of diversification is “Don’t put all of your eggs in one basket”. If you had all of your eggs in one basket, and if you dropped that basket unfortunately all of your eggs will break. By placing each egg in a different basket there is a higher chance of losing one egg, but less risk of losing all of them.

This ethos explains the importance of diversification when it comes to investing as it highlights the risk of having all of your wealth invested in just one asset class.

When it comes to investing, having all of your wealth invested within just one asset class would be considered risky. This investment approach is risky as it is not unusual for a single asset class to fall a significant amount. It is much less uncommon, for all asset classes to fall at the same time. By investing in just one asset class, and in the event that asset class falls you will lose a large portion of your wealth.

While risk is reduced by implementing diversification, so too is the potential returns. By diversifying, an investor loses the chance of maximising their returns as their exposure to the best performing asset is less. BUT, the investor also avoids having invested solely in the asset that comes out worst. Thus is the role of diversification; Diversification need not either help or hurt returns, it merely narrows the range of possible outcomes thus reduces risk.

Diversification strives to smooth out the performance of an investment portfolio by reducing the negative performance of some investments with that of the positive performance of others.

If diversification reduces risk at the cost of returns is there an alternative?

The Opposite to Diversification – Portfolio Concentration

While diversification can be defined as “Don’t put all your eggs in one basket” another common statement is “Nothing ventured, nothing gained”. The aim of all prudent investing is to find the right balance between these two adages.

Does diversification come at a cost in terms of returns?

Perhaps the best expression that we have of the dangers of diversification comes from one of the greatest investment thinkers of all time, John Maynard Keynes, who wrote in 1934:

“As times goes on, I get more and more convinced that the right method of investment is to put large sums into assets which one thinks one knows something about. It is a mistake to think one limits one’s risk by spreading too much between asset classes about which one knows little and has no reason for special confidence.”

Maynard Keynes

The insights provided by Keynes are supported by many successful investors including Warren Buffett, who is also a big believer in portfolio concentration;

“Diversification preserves wealth, concentration builds wealth.”

Warren Buffett

While both argue the benefits of adopting a concentrated investment portfolio when it comes to maximising returns both highlight the need to have an in-depth knowledge about the asset class you have a large portion of your wealth.

“Wide diversification is only required when investors do not understand what they are doing. Diversification is a protection against ignorance. It makes very little sense for those who know what they’re doing.”

Warren Buffett

Whilst a concentrated portfolio offers higher potential returns, the investor must be aware of the higher risk associated.

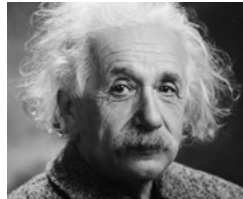
The investor who adopts a highly concentrated portfolio for short term thrill usually suffers financially over the long term, or will they? This board game is designed to teach you that lesson.

Compound Interest

Albert Einstein described compound interest as the eighth wonder of the world.

“Compound interest is the eighth wonder of the world. He who understands it, earns it... he who doesn't... pays it.”

Albert Einstein



The most important trait to create wealth is that of TIME. Investors usually learn the hard way through the school of hard knocks that creating wealth takes patience. When most investors realise the importance of taking a long term view it is way too late for them to create financial freedom.

Most people underestimate what can be achieved over the long term, but overestimate what can be achieved in the short term. There is no better example of this than when it comes to investing.

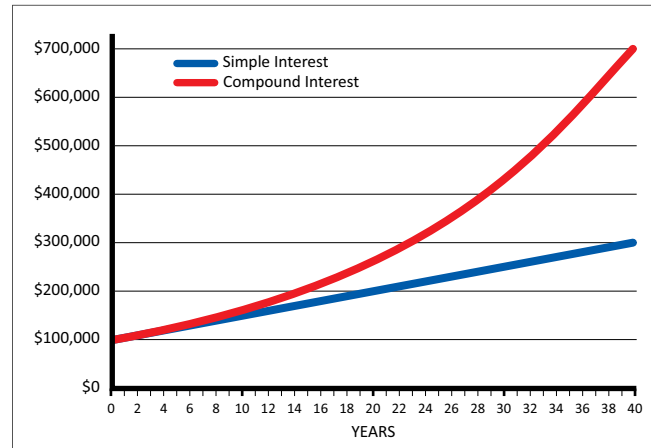
Simple Interest v Compound Interest

Simple interest is interest earned over a period on an initial investment amount. 5% simple interest on a \$100,000 investment is \$5,000 per year.

Compound interest is in simple terms interest on interest. That is,

your return should ‘compound’ as time passes as the return from your investment increases at a growing rate. This occurs as you enjoy the return not just on the initial investment but also on returns achieved during previous periods. Compound interest can therefore significantly boost investment returns over the long term.

Example: A \$100,000 investment that receives 5% simple interest would earn \$200,000 in interest over 40 years. Compound interest of 5% on \$100,000 would amount to \$603,999 over the same period. A very big difference as depicted in the chart below.



The investor has earned \$403,999 in interest due to the benefits of compounding.



How to win this board game according to Warren Buffett

Warren Buffett is the CEO and Chairman of Berkshire Hathaway with a net worth of around \$US70 billion as at March 2015. Warren Buffett is known as the greatest investor of all time, and he has a simple solution that could help you not just win this board game but also become financially free and independently wealthy.

Tip No. 1 - Stick to what you know

Rule No. 1: Never lose money. **Rule No. 2:** Never forget rule No. 1.

Risk comes from not knowing what you're doing.

Warren Buffett

Tip No. 2 - Be patient

To accumulate wealth and to win this board game you must be patient. Do not be tempted by short term speculating. Creating wealth takes time.

Someone is sitting in the shade today because someone planted a tree a long time ago.

Warren Buffett

Tip No. 3 - Invest for the long term

Investing is not like placing a bet on number 32 on the roulette wheel. Instead it's buying a tangible piece of an asset.

You buy an asset that you are happy to own for 10 years.

Warren Buffett

Tip No. 4 - Stay away from cash

Today people who hold cash equivalents feel comfortable. They shouldn't. They have opted for a terrible long-term asset, one that pays virtually nothing and is certain to depreciate in value.

Warren Buffett

Diversification Website

For further information about the board game Diversification please visit our website www.diversification.com.au

This website will be constantly updated with key investment principles, investment tips, online player blog, interactive online investment games, and other alternatives to playing the board game Diversification.

You can also download the instruction manual to playing an alternative of the board game Diversification that incorporates LEVERAGE. Introducing leverage to the game, like in life, adds another exciting dimension to the game. You only need to download from the website the additional instruction booklet and revised playing sheets to play Leverage.

Additional playing sheets can also be downloaded from this website.

HAPPY INVESTING!

Diversification

THE BOARD GAME – INSTRUCTION MANUAL



Calculations

Total Income = Salary + Other Income

Total Expenses = Annual Expenses + Other Expenses

Savings = Total Income - Total Expenses

Investment Value = Total Investment Value carried forward from previous year

Total Funds Available for Investing = Investment Value + Savings

Return = Allocation x Performance

New Market Value = Allocation +/- Return

If a profit, you add the profit to the investment amount (Profit of 10%) eg. \$1,000 + \$100 = \$1,100

If a loss, you subtract the loss from the investment amount (Loss of 5%) eg. \$1,000 - \$50 = \$950

New Total Investment Value = Summation of New Market Value for each asset class

Creating wealth is simple - Work hard, Save, Invest!