

The Basics Of ETFs

This activity helps students understand the building blocks of ETFs and why they are valuable to investors who are trying to diversify their investments by asking students to create ETFs from a basket of stocks and then explain their value.

INSTRUCTIONS:

Students may work independently or in groups to build 5 ETFs with 4 stocks each, using the 20 stocks listed below. Please fill in the table below to record your choices. Each stock should be assigned to an ETF. Then answer the questions below.

Companies To Organize

APPL , Apple	MCD , McDonalds
UNH , UnitedHealth Group	TGT , Target
WMT , Walmart	JNJ , Johnson & Johnson
YUM , Yum! Brands	AMZN , Amazon
MRNA , Moderna	AZO , Autozone
HD , Home Depot	INTL , Intel
SNAP , Snapchat	DG , Dollar Genero
PFE , Pfizer	PZZA , Papa Johns
SBUX , Starbucks	CVS , CVS Health
NFLX , Netflix	APPL , Dominos Pizza

Retail ETF	Technology ETF	Healthcare ETF	Fast Food ETF

1. Would you rather purchase shares of Apple or the technology ETF? Explain your reasoning.
2. Which do you think will be more consistent, the performance of an individual stock or an ETF? Why?
3. Why is it important to look at the expense ratio of an ETF?
4. Why do you think investors like buying shares of an ETF instead of a specific stock?