

Task 4: Performance Review

Time: 45-60 Minutes

Successful investing involves more than just making trades; it requires the discipline to step back, analyze your performance, and understand the “why” behind your results. This activity will guide you through how to evaluate your investing decisions so far. You will use your performance data from the Stock Game to decide whether to maintain your course or make any necessary adjustments.

Instructions

Step 1: Calculate Your Portfolio Return

First, you need to know your overall performance. PersonalFinanceLab automatically displays your [Return Percentage](#) in the summary bar at the top of the page. You should still complete the calculation below to learn the formula and confirm you understand how your performance is measured.

- Find your Initial Cash (\$100,000) and your Current Portfolio Value.
- Use the formula $((\text{Current Value} / \text{Initial Cash}) - 1) * 100 = \text{Portfolio Return \%}$.
- What is your return?

Step 2: Compare to A Benchmark

A return percentage doesn't mean much in isolation. You need to compare it to a benchmark to see how you're performing relative to the overall market.

- Go to your [Portfolio Summary](#) page on PersonalFinanceLab
- Find the performance chart at the bottom of the page. Use the dropdown menus to add a benchmark, such as the [S&P 500 Index](#).
- Analyze the two lines on the chart—your portfolio and the benchmark.
- In 2-3 sentences, describe your performance:
 - Are you [outperforming](#) (beating), [underperforming](#) (trailing), or [tracking](#) (matching) the S&P 500?
 - Was there a specific time when your portfolio's performance significantly changed compared to the market?

Step 3: Self-Reflection & Strategy

Based on your performance, reflect on your investing strategy and decide on your next moves.

A. Re-evaluating Your Strategy & Asset Allocation

- Look at your Investment Strategy Document (Task 1). How well have your trades and decisions so far aligned with your original objective and risk plan?
- Look at your current asset allocation (*your % in stocks, ETFs, etc.*). Does it still match the target you set in your plan? If it's different, is that because of your trades or because some investments grew much faster than others?

- How has your performance so far affected your personal comfort with risk? Are you feeling more cautious or more aggressive than when you started? Does your original risk plan still feel right for you?

B. Analyzing Your Holdings

- For your **best-performing investments**, do you believe they still have more room to grow, or is it time to consider selling to “lock in” your profits? Was their success due to your research or did you get lucky with a broader market trend?
- For your **worst-performing investments**, has the reason you invested in them changed, or is the whole market/sector down? Is this a signal to cut your losses and reinvest elsewhere, or an opportunity to buy more of another company at a lower price?
- Look at your portfolio holdings. Are you too concentrated in one or two stocks or a single industry? Has this concentration helped you or hurt you more than you expected?

C. Stay the Course or Correct Course?

Based on all your reflections above, you must now make a decision.

- **Option 1: Stay the Course.** If you choose this path, justify why you believe your original strategy is still the right one for the long run. What evidence from your performance or your research convinces you to remain patient and stick to the plan?
- **Option 2: Correct Course.** If you choose to make a change, explain at least one adjustment you will make. Justify why you believe this change will help you better achieve your original objective.

Submission Checklist

Before you submit your Performance Report, make sure you have completed all of the following:

- ☐ I have calculated and recorded my total Portfolio Return percentage.
- ☐ I have written 2-3 sentences comparing my performance to a market benchmark.
- ☐ I have thoughtfully reflected on my strategy, my best investment, and my worst investment.
- ☐ I have made a clear decision to either stay the course or make a specific change, and I have justified my reasoning.