

EXPLAINING DIVERSIFICATION TO KIDS

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Mother Hen, Her Eggs and The Boy

A story about the importance of diversification - for kids

an original story by Investor Kiddo

There once lived a little boy on a farm with his family. His favourite thing to do was to visit the chicken coop every morning after breakfast. He wanted to see if the hen has laid any eggs. But more importantly, he wanted to see the eggs hatch into little chicks.



Everyday he will transfer the eggs to a special straw nest in an incubator so that the conditions are right for the chicks to develop in the eggs and hatch.



He had accumulated 14 eggs over a period of 2 weeks. The boy wanted to bring the eggs for a walk around the farm. Mother Hen didn't like that idea. She preferred her eggs to be safely tucked in the incubator as some of her eggs would only need 1 more week before they hatch into chicks!

The boy insisted he would keep the eggs safe. He would bring them altogether in one basket. He believed the little chicks growing inside those eggs would appreciate the walk around the farm. He was doing this out of love. He couldn't wait to see all those chicks come out and name them. He was super excited to meet every single one of them.

Mother Hen said, "dear boy, could you please bring them in batches? If something were to happen, I would hate to lose ALL of my eggs"

The boy replied, "Mother Hen, don't you worry. I will take very good care of your eggs. I love them as much as you do, that's why I'm bringing them for a walk."

So the boy gathered up all 14 eggs and put them gently in the basket in his hand. Off he went. The first place he visited was the pig sty.

"Little pigs," the boy said to the piglets in the sty, "say hello to Mother Hen's eggs, they're taking a walk with me around the farm."



Mother Pig saw the eggs and asked "Are those all of her eggs?" and the boy replied excitedly "yes they are, all 14 of them!"

"What a risky thing to do my dear boy! If something bad were to happen, Mother Hen would lose all of her chicks!" Mother Pig said in horror.

The boy didn't understand why Mother Hen and Mother Pig were so worried about something bad happening. The farm was a safe place, there were no wolves or other wild animals. And he believed in his own ability to take good care of those eggs.

He walked on, visited the cows, the sheep and headed back to the chicken coop. As he was walking, he looked up at the sky, while talking to the eggs in his basket "Little chicks, I can't wait for you to open your eyes and see how beautiful the sky is. Have you ever seen anything as beautiful as a clear blue sky dotted with white fluffy cl--" when suddenly he screamed "ahhhhh!" and his hands raised up in the air, the basket went flying out of his grasp, the eggs flew out of the baskets and all dropped onto the ground.

Not a single egg was spared from the fall when the boy tripped over a boulder he didn't see.

The boy cried and cried. Now he understood what Mother Hen and Mother Pig meant. If he had not put all the eggs in the same basket but walked them at different times instead, he wouldn't have lost all of them. He would still have had some eggs left in the incubator when he tripped over a boulder.

Mother Hen was distraught to learn that all her eggs had cracked and didn't survive the fall. Now both the boy and Mother Hen had lost what they loved so much, all of them.

The End



Questions To Make Your Children Think and Understand The Importance of Diversification in Investing

Questions About The Story

1. What did The Boy and Mother Hen love the most?

2. What were The Boy and Mother Hen looking forward to?

3. Did The Boy think there could be a possibility of him losing all the eggs?

4. Did low risk mean zero risk?

5. Was he too confident in himself about keeping the eggs safe?

6. Is there such a thing as "unforeseen circumstances"? In this case, what was it?

7. What do you think he could have done better to minimise the loss of eggs?

Questions Relating to Investment

1. Let's say you have \$1000 to invest, is it wise to invest all of that money into your very favourite company?

2. What are you looking forward to when you invest your money in a company?

3. Is there a possibility of you losing all of your \$1000 in that company?

4. Does low risk mean zero risk?

5. Is there such a thing as "unforeseen circumstances"? What could they be?

6. How could you reduce the risk of losing all of that \$1000?

7. Now do you understand the meaning of "Don't put all your eggs in one basket?" What is it?

8. Now do you know the importance of not putting all of your eggs in one basket? Why is it important?

The adult word for "not putting all of your eggs in one basket" is to *diversify*.

Well done! You have just learnt a very important concept as an Investor Kiddo!