

Name: _____

Investigation Activity Risk and Rewards



This investigation involves identifying stocks and bonds based on how risky financial experts consider them. Below are the items to investigate using the internet.

Five bonds that financial experts consider **safe**

1. _____
2. _____
3. _____
4. _____
5. _____

Find five bonds that financial experts consider **moderately safe**

1. _____
2. _____
3. _____
4. _____
5. _____

Five find junk bonds that are considered **risky**

1. _____
2. _____
3. _____
4. _____
5. _____

Look at each category of your findings (safe, moderately safe, risky). Analyze the information to see whether there are any patterns or similarities for each category. In the space below, indicate what you notice from your research and why you think that the patterns, similarities, or differences occur?

Now let's look at stocks. Find two examples of companies that had well performing stocks and something happened that cause them to crash and become worthless.

1. _____
2. _____

In each of these instances, what caused the stocks to crash? _____

Find two examples of newer companies that had initially low valued shares that are now very high.

1. _____
2. _____

What was the initial price of the stock? What is the value today?

1. _____
2. _____

Think of 5 companies from which you regularly purchase products or services. See if they have stocks for sale. What is the cost to purchase one share of their stock?

Company	Stock Available (Yes/No)	Cost to Purchase 1 Share

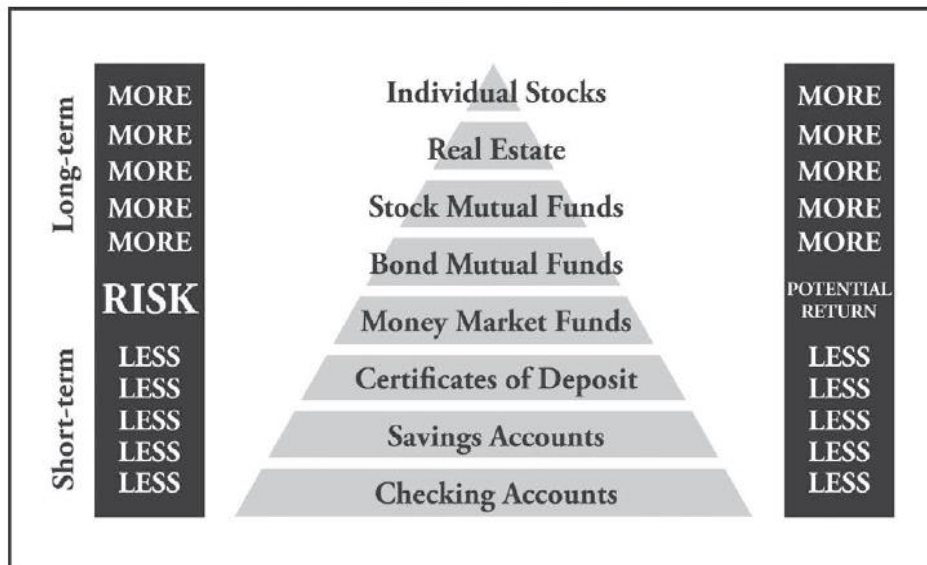
Look at the Risk-Return Pyramid below, where do you think your risk tolerance level is at?

_____ Do you think you will be an aggressive investor (someone with a high risk tolerance) who is willing to risk losing money to potentially get better results?

_____ Do you have a moderate risk tolerance and want to strike a balance between high risk and low risk investments?

_____ Do you think you will be a conservative investor (someone with a lower risk tolerance) who typically looks for safer investments and is okay losing some money, but not a lot?

The Risk-Return Pyramid



Why did you choose that tolerance level? _____
