

5.8 - Investing Your Money

MBF3C – Unit Assignment

When choosing an investment, you must balance risk and return

Risk ☐ **How safe is the investment? Are you guaranteed to generate income from your investment, or is there a chance your investment decreases in value?**

Return ☐ **How much will the investment increase? In other words, what is the earning potential of the investment?**

Go online and research each of the investments and give an example of each type of investment listed below in the table. Describe the investment and explain how you earn money from the investment.

☐ What risks, if any, are associated with the investment?

☐ Does the investment earn interest? If so, what is the interest rate?

☐ If the investment does not earn interest, use current and past performance to estimate the earning potential

INVESTMENT ALTERNATIVES	Description of the investment	Examples of the investment
SAVINGS ACCOUNTS (including Tax Free savings accounts, TFSAs)	Risk	Return (actual or potential)
STOCKS	Risk	Return (actual or potential)
MUTUAL FUNDS	Risk	Return (actual or potential)
CANADA SAVINGS BONDS	Risk	Return (actual or potential)
GIC (GUARANTEED INVESTMENT CERTIFICATES)	Risk	Return (actual or potential)
REAL ESTATE	Risk	Return (actual or potential)

Now that you have filled in the table, in the RISK column, rank each investment from 1 to 6, where 1 is the safest investment. Repeat for the return column, where 1 represents the lowest earning potential

Is there a relationship between risk and potential return? Explain the relationship.

Extension: Suppose you inherited \$10000 today. How would you diversify your investments to get the best possible return in 5 years?

State any assumptions you are making. Include any fees associated with each investment. Include a best and worst case scenario for your investment plan. SHOW ALL INTEREST CALCULATIONS!

Investment Task Rubric				
Expectations/Criteria	Level 1	Level 2	Level 3	Level 4
Knowledge and Understanding				
Expectation: Demonstrate an understanding of a diversified investment plan Includes all interest calculations	The student: • demonstrates a limited understanding Basic calculations	The student: • demonstrates some understanding with some calculations	The student: • demonstrates considerable understanding with most calculations completed	The student: • demonstrates a thorough understanding with relevant/accurate calculations
Communication				
Expectation: Produces an appropriate presentation using technology	The student: • produces a presentation with limited effectiveness.	The student: • presentation is somewhat effective, addresses some of the required elements	The student: • produces a presentation with visuals and most information is relevant.	The student: • produces an excellent presentation, including great visuals. Covers all required topics and poses additional questions for further consideration
Application				
Expectation: Demonstrates an ability to choose the best investment opportunities with a proper balance of risk vs. return	The student: • Gives limited reason/analysis for choices	The student: • Give some accurate reasons/analysis for choices	The student: • Gives solid reasons/analysis for choices	The student: • Gives excellent reasons, supported by evidence, analysis of calculations, etc.