

Investment Risk Management

A decorative graphic consisting of several parallel white lines of varying thicknesses, slanted diagonally from the bottom-left towards the top-right, positioned in the lower right quadrant of the slide.

- ▶ A security representing a loan of money from a lender to a borrower for a set time period, which pays a fixed rate of interest.

BONDS

- ▶ An investment that pools money from several investors to buy a particular type of investment, such as stocks.

MUTUAL FUNDS

- ▶ An investor buys pieces of property, such as land or a building, in hopes of generating a profit.

REAL ESTATE

SAVINGS/CERTIFICATES OF DEPOSITS

- ▶ A deposit that earns a fixed interest rate for a specified length of time.
 - ▶ The longer the time period the greater the rate of return.
 - ▶ There is a substantial penalty for early withdrawal.

- ▶ Unique items that are relatively rare or highly valued.
 - ▶ Art work
 - ▶ Baseball trading cards
 - ▶ Coins
 - ▶ Automobiles

COLLECTIBLES

Antiques

- ▶ On average, stocks have a high rate of return
 - ▶ The increase or decrease in the original purchase price of an investment
 - ▶ Higher rate of return = greater risk
 - ▶ Uncertainty about the outcome of an investment
 - ▶ Stocks provide portfolio diversification
- RISK VS. RETURN**
- ▶ Money invested in a variety of investment tools

