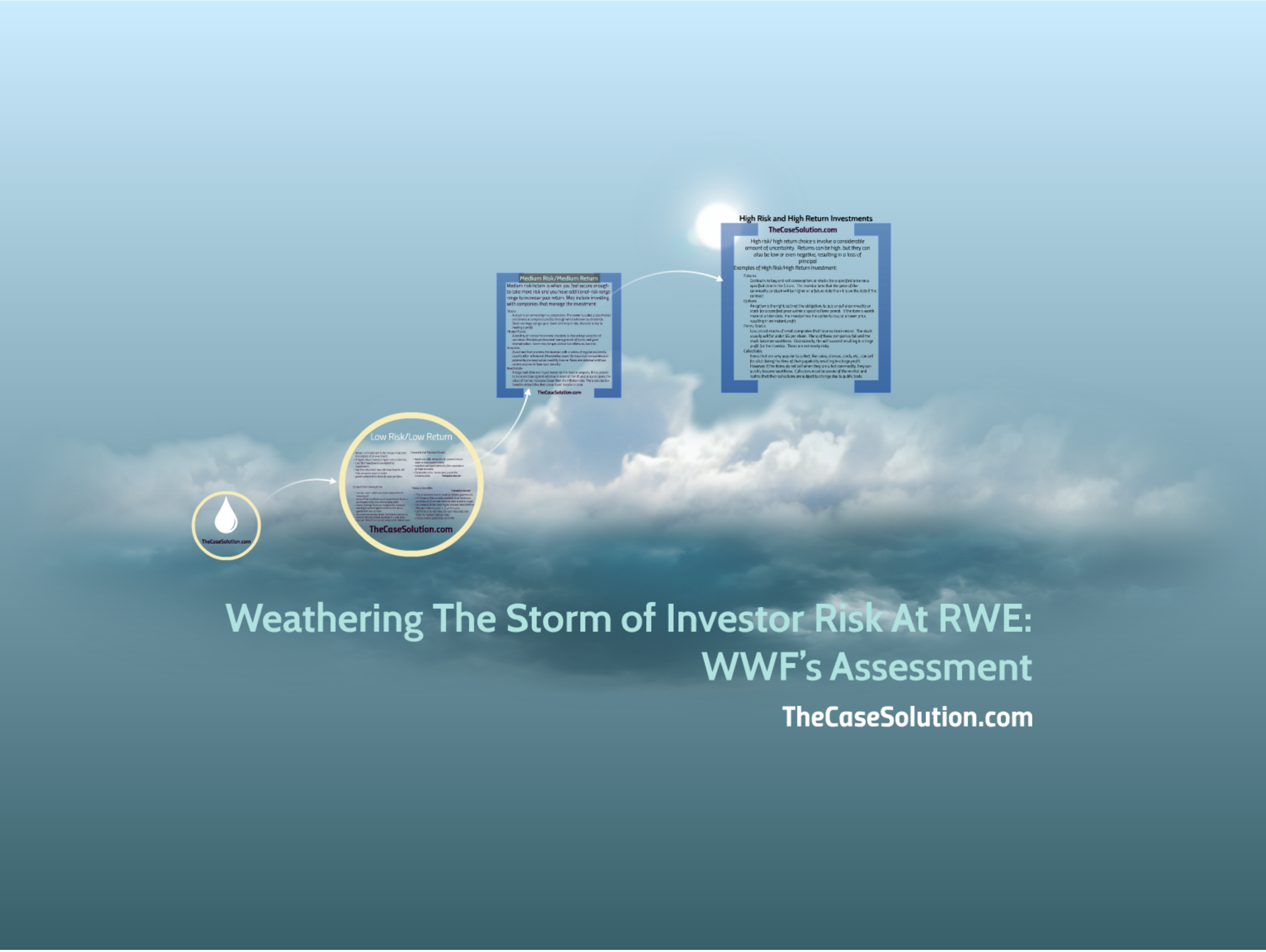

High Risk and High Return Investments
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High risk/ high return choices involve a considerable amount of uncertainty. Returns can be high, but they can also be low or even negative, resulting in a loss of principal
Examples of High Risk/High Return Investment:
Medium Risk/Medium Return
Medium risk/return is when you feel secure enough to take more risk and you have additional- risk range range to increase your return. May include investing with companies that manage the investment
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Low Risk/Low Return
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Weathering The Storm of Investor Risk At RWE:
WWF's Assessment
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Low Risk/Low Return

Corporate and Municipal Bonds

US Government Saving Bonds

Treasury Securities

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Stocks

A stock is an ownership in a corporation. The owner is called a stockholder and shares a company's profits through what is known as dividends. Stock earnings can go up or down and vary in risk, diversity is key to making a profit

Mutual Funds

A pooling of money from many investors to buy a large selection of securities. Provides professional management of funds and good diversification. Some may be speculative but others as low-risk.

Annuities

A contract that provides the investor with a series of regular payments, usually after retirement. Provided by some life insurance companies and payments are received as monthly income. Taxes are deferred until you receive payments from your annuity.

Real Estate

A large and often non liquid investment in land or property. It has proven to be protection against inflation in most of the US and in some cases, the value of homes increases faster than the inflation rate. There are also tax benefits deductibles that cause lower taxable income

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Examples of High Risk/High Return Investment:

Futures

Contracts to buy and sell commodities or stocks for a specified price on a specified date in the future. The investor bets that the price of the commodity or stock will be higher on a future date than it is on the date if the contract

Options

An option is the right, but not the obligation, to buy or sell a commodity or stock for a specified price within a specified time period. If the item is worth more at a later date, the investor has the option to buy at a lower price, resulting in an instant profit

Penny Stocks

Low priced stocks of small companies that have no track record. The stock usually sell for under $5 per share. Many of these companies fail and the stock becomes worthless. Occasionally, the will succeed resulting in a large profit for the investor. These are extremely risky.

Collectibles

Items that are very popular to collect, like coins, stamps, cards, etc., can sell for a lot during the time of their popularity resulting in a large profit. However, if the items do not sell when they are a hot commodity, they can quickly become worthless. Collectors must be aware of the market and realize that their collections are subject to change due to public taste

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Corporate and Municipal Bonds

- bonds are debt obligation of corporations or state or local governments
- investors are paid interest by the corporation at fixed intervals
- Corporation also must repay you at the maturity date

Treasury Securities

maturity date

Treasury Securities

- This investment is only taxed by federal government
- US Treasury Bills are bills available for a minimum purchase of $100 and maturity date is within a year
- US Treasury Notes have higher interest rates that the Bills but maturities are 2, 5, or 10 years
- US Treasury Bonds have 30-year maturities and have the highest interest rates
- Interest Rates paid every six month

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axes

Low Risk/Low Return

- Return on Investment is the money made from the interest of an investment
- A higher return means a higher risk investment
- Low Risk Investments are safe first investments
- has low return but low-risk investments will help you grow as an investor
- good investment to diversify your portfolio

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- bonds are debt obligation of corporations or state or local governments
- investors are paid interest by the corporation at fixed intervals
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US Government Saving Bonds

- Savings bond is when you end money to the US Government
- Series EE Saving Bonds are discount bonds that are purchased for less than the maturity value
- Series I Savings Bonds are designed for investors wanting to protect against inflation and earn a guaranteed rate of return
- can purchase savings bonds from banks and saving bond certificates should be placed in a safe place
- interest of the bonds is only subjected to federal taxes

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  - An option is the right, but not the obligation, to buy or sell a commodity or stock for a specified price within a specified time period. If the item is worth more at a later date, the investor has the option to buy at a lower price, resulting in an instant profit
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  - Low priced stocks of small companies that have no track record. The stock usually sell for under $5 per share. Many of these companies fail and the stock becomes worthless. Occasionally, the will succeed resulting in a large profit for the investor. These are extremely risky.
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