

MY APPETITE FOR RISK

Name: Class/Block: Date:

Choose the answer that's closest to the response you would give in the situation. Then count up the points for your choices and see how you scored.

- 1) Your best friend says his uncle will give you a chance to invest in a gold property in northern B.C. He says the investment will more than double before the end of the year. What do you do?
 - a) Listen, but remind yourself that a fool and his money are soon parted.
 - b) Tell him to put you down for \$75, and mentally write it off as the price to keep on good terms with your buddy.
 - c) Find more information about the gold mining company. If it looks like it has good potential, invest \$500.
 - d) Take every last dime you've saved and buy as many shares as possible.
- 2) Your boss is going to pay a year-end bonus, and gives you a choice between \$500 cash or \$600 in stock. You can't sell the stock for at least 12 months, and in that time the stock price could go up or down. What do you do?
 - a) Grab the money while you can.
 - b) Take the stock. Hey, any company that employs me will make more money in the long run.
- 3) A friend invites you to join a hockey pool to the tune of \$20. You could win over \$500. What do you do?
 - a) Say no thanks, and invite your friend to a game of street hockey instead.
 - b) Ask another friend to split the cost, since a \$10 loss is better than a \$20 loss.
 - c) Study the NHL statistics, listen to your gut feeling, and place your bets.
 - d) Find out if you can purchase two pools to increase your odds of winning the jackpot.
- 4) Your parents decide to give you a gift of \$10,000, asking that you invest it wisely. What do you do?
 - a) Buy a flashy used car, and take the folks for a ride.
 - b) Put the cash in a safe term deposit earning 4% interest a year.
 - c) Invest it all in a high-tech company just starting out with huge potential reward (and risk).
 - d) Get a financial adviser to help you select several stocks, bonds and mutual funds that represent different risk levels.
- 5) A stock you bought over a year ago has suddenly increased in value by over 40%. What do you do?
 - a) Let her roll and keep things right where they are.
 - b) Borrow money to buy more stock, certain it will keep going up.
 - c) Sell, and stash your dough in a low- or no-risk investment now that you've made a cool profit.

MY APPETITE FOR RISK (cont'd)

Give yourself points for each of your answers as follows:

Question	Your answer	Points	Your answer	Points	Your answer	Points	Your answer	Points
1	a)	1	b)	4	c)	6	d)	15
2	a)	1	b)	4				
3	a)	1	b)	4	c)	6	d)	10
4	a)	10	b)	2	c)	15	d)	8
5	a)	6	b)	10	c)	2		

YOU SCORED:

15 points or less: You're careful! You'll be happiest with investments that offer some guarantees, or you'll lie awake at night thinking about it. You'll probably be most comfortable with a safe mix of investments including term deposits, treasury bills, guaranteed investment certificates and government bonds.

16 to 35 points: You're not afraid to risk a little, but you don't take risks unnecessarily. You'll risk a bit if there's a good payoff, but you don't want to put all of your savings on the line. That's a good strategy, though it won't double your savings overnight. You'll probably want a well-diversified portfolio that's balanced between cash, bonds and common stocks.

36 or more points: You're willing to risk everything on the right deal. Sometimes that's okay, as long as you know you really could lose it all. If you can handle the potential losses, you might have a chance at really good returns. You're likely to invest more heavily in stocks, maybe even some shares of new companies. You might also be the type to start your own business.