

Risk vs. Return Activity

1. This activity introduces the concepts of investment risk versus potential return and investment philosophy.
2. Set-up:
 - a. Divide participants into groups of 3-5.
 - b. Pass out one standard, six-sided die and a large bag of candies (skittles, M&M's, or jelly beans) to every group.
 - i. Tip: Have participants begin the activity with a certain number (may vary per participant) of candies to reflect money invested.
 - ii. Tip: Play the activity "virtually" by not passing out candy until the end of activity. Make the point that this is how they could receive their return on a real investment – over time.
 - c. Pass out a *Risk versus Return Chart 2.4.4.A1* and a small plastic bag or disposable cup (to hold their candies throughout the activity) to every participant.
 - d. Participants will assign one group member to be the "referee." The referee will be in charge of rolling the die, ensuring participants are giving honest answers, and passing out candies after every round.

3. Play the activity:

- a. There will be five rounds of play. Before every round participants will guess as many numbers as they want (1-6). The number(s) chosen should be marked with an X on the appropriate round of the *Risk versus Return Chart 2.4.4.A1*.
- b. After all group members have selected their number(s), the referee will roll the die. If one of the numbers chosen is rolled, participants will receive candies in return for a correct guess. **However, the number of candies received is determined by the number of guesses made.** The winnings chart determines the number of candies won for each guess. The winnings chart is provided below and also on the *Risk versus Return Chart 2.4.4.A1*.

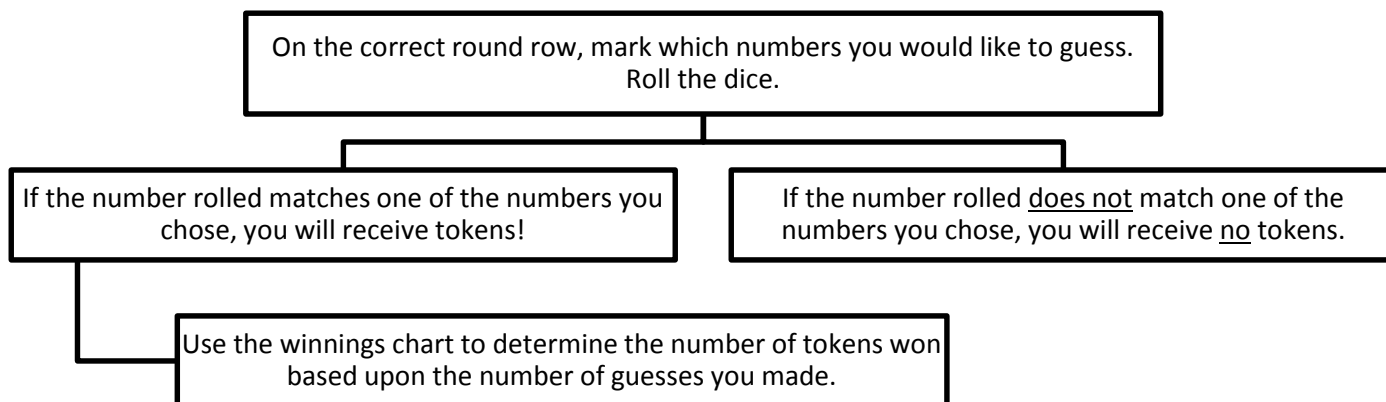
Winnings Chart						
Number of Guesses Made	6	5	4	3	2	1
Number of Candies Won	0	1	2	4	6	10

- c. Explain to participants that the more guesses the participant has made the fewer number of candies they will receive.
 - d. After each round, participants should record the number of guesses made, the number rolled by the die, and the number of candies won.
 - e. Two activity charts are provided on the *Risk versus Return Chart 2.4.4.A1*. It is recommended that the activity is conducted twice, so the referee can be rotated and results can be compared between both rounds.
4. Follow-up:
 - a. Instruct participants to total the number of guesses they made and the number of candies won for each activity.
 - b. Ask participants to share their guesses versus candies won ratios.
 - c. Ask participants the following discussion questions:

- i. How did the number of candies won relate to the number of guesses made?
- ii. Who had the largest return? Did you have a strategy for play?
- iii. Did anyone have a strategy for activity play? If so, did the strategy work?
- iv. Did anyone choose only one number every time? If so, how many candies did you win?
- v. Did anyone choose only one number every time? If so, how many candies did you win?
- vi. If you had to give up candies every time you chose a number would you have played differently?
- vii. What do you believe your investment philosophy was? Conservative? Moderate? Aggressive?
- viii. Did your investment philosophy change throughout the activity/activities?
- ix. Do you think that your investment philosophy during the activity reflected what your investment philosophy is/will be in real-life?

Risk versus Return Chart

Directions: Use the Activity 1 and Activity 2 charts to record guesses and winnings from the Risk versus Return activity. Follow the directions in the flow chart below for each round.



Winnings Chart						
Number of Guesses	6	5	4	3	2	1
Number of Candies Won	0	1	2	4	6	10

Activity 1									
Number on Die	1	2	3	4	5	6	Number Rolled	Number of Guesses	Candies Won
Round 1									
Round 2									
Round 3									
Round 4									
Round 5									
Total									

Activity 2									
Number on Die	1	2	3	4	5	6	Number Rolled	Number of Guesses	Candies Won
Round 1									
Round 2									
Round 3									
Round 4									
Round 5									
Total:									