

Name \_\_\_\_\_

Period \_\_\_\_\_

## Take a Risk on Investor Island (Part II)

### *Risk, Return and Liquidity: THINK ABOUT IT*

1. What investments would you recommend to an investor who wants a steady income?
2. Which investments have the highest risk?
3. The lowest risk?
4. The highest potential return?
5. The lowest potential return?
6. What is the relationship between risk and return?

### *Reducing Risk Through Diversification: THINK IT ABOUT IT*

1. What are the advantages of mutual funds?
2. Are there any disadvantages?