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LEARNING TO INVEST

LET'S LEARN ABOUT RISK AND REWARDS



UNDERSTANDING RISK AND REWARDS



Investing your money can be really fun and help it grow bigger, but you need to know that it also has some risks and rewards. But what do these terms really mean? Think of risk as the chance of something going wrong with your money, while rewards are the benefits you get from investing wisely.

HOW RISK AND REWARDS WORK IN INVESTMENTS

Imagine investing as planting seeds in a garden. If you plant seeds in a garden, there's a risk that they might not grow well. But if they do grow well, you'll have a beautiful garden. Similarly, when you invest, there's a chance you might not get back all the money you put in. However, if your investments grow, you can earn more money over time.

For example, if you invest RM50 in a new toy company, there's a risk that the company might not succeed, and you could lose your money. But if the company becomes profitable, your RM50 could grow to RM100!

Different types of investments have different levels of risk. Some, like savings accounts, have low risk but also lower rewards. Others, like stocks, have higher risk but potentially higher rewards.

TIPS FOR IDENTIFYING RISKS

RESEARCH

Before investing, research the company or product you're interested in. Look at its history and how it performed in the past.

DIVERSIFY

Don't put all your eggs in one basket. Invest in different things to spread out your risk. This way, if one company doesn't do well, you still have others that might succeed.

SEEK ADVICE

Talk to your parents or someone who knows about investing. They can help you understand the risks involved. They might share stories about investments that worked out and others that didn't.

QUESTIONS TO ASK BEFORE INVESTING



What are the potential risks and rewards of this investment?

How much risk am I comfortable with?

How long do I plan to invest for?

What is my goal for investing?

EARNING INTEREST ON SAVINGS

Another way to grow your money is through savings accounts. When you put money in a savings account, the bank pays you interest, which is like a reward for keeping your money with them. The longer you keep your money in the account, the more interest you can earn.

Learning about risk and rewards is an important step in becoming financially savvy.

By understanding these concepts and making informed decisions, you can start on the path to financial independence.

Remember, it's okay to take risks, as long as you're aware of them and make wise choices.

Happy investing!