

Investment

What's the point in investing your money?

Suitable for ages 7-12



How to use this activity sheet: In this collection of resources, we'll look at the reasons for investing money and the potential benefits and risks associated. These activities explore the different ways to invest and what makes companies high, low or medium risk investments.

There are four fun exercises. You can work through each of the activities in order or you can pick and choose what you would like to get stuck into.

Title of task	Page	Summary of the task	What you'll need to provide	The outcome
He chose... wisely	2	Many people and companies have invested their time or confidence in projects or companies, to great success. After reading an example, students will need to do some research and write a report.	Pen and paper Internet access	Students research a successful investment story.
You're the boss	5	Using the idea that any new company is likely to need investors to get started, students will create their own companies. They will need to decide on what they do/ sell, a name and logo for their company.	Pen and paper Coloured pens or pencils	Students create their own companies, considering the need for them to be appealing and professional, and to look successful and profitable.
Risky business	6	Using key information regarding their pros and cons, students will choose from a list of fictitious companies to invest 100 ducats. Then they'll use a spinner to see how their investment fared. They'll repeat this task after learning to diversify their investments and compare their success.	Pen and paper Internet access for the spinner	Students decide which company to invest in, based on risk factors. Students learn that there is always risk associated with investing money rather than saving it. Students diversify their investments and reflect on the difference this makes to their monetary return.
Investment dreams	12	Through a matching task, students will learn that different investments offer different benefits and risks and that they won't appeal to everyone. With given details of what they are looking for from their investments and key information regarding the companies, students will match the right investment for three different sets of people.	Pen and paper Internet access for the spinner	Students make links between the key features of investments and a selection of companies. Students identify the best investment for fictitious characters based on key information from them and the companies.

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Exercise 1

He chose... wisely!



Investing means putting your money into something, with the hope that how much it is worth will increase over time. There are a range of things you could invest in, for example, companies, property and artwork.

Investing is different from saving. When you 'save' money, it is usually in a savings account with a set interest rate at the bank, and the risk of losing your money is very low. (**Note:** You can find out more about savings and interest rates in the '**Saving money – what's the point of saving**' worksheet on our website)

Investing is riskier than saving. When you 'invest' money, you may not get back all the money you invested. How much you get back depends on how much your investment is worth at the time. For example, you could invest your money in a company and if the company is successful, your investment in the money could grow and be worth more than what you put in. But, if the company does not do so well, you could lose the money you invested.

So, why do people invest? Even though investing is riskier, the rewards could be better than saving.

For example:

F&C Investment Trust is a company that was set up in 1868 (that's over 150 years ago!). Today, it invests in a wide range of companies, some of which you may have heard of, such as Amazon, Apple and Facebook.

In the 1970's, F&C Investment Trust invested in the Andrew Lloyd Webber musicals "Cats" and "Starlight Express". When F&C Investment Trust invested both of these, it did not know whether they would be successful – it was a risk putting money into and investing in the musicals.

However, the musicals, in particular "Cats" was very successful and continued to play in the West End and Broadway. Because of the way F&C Investment Trust invested in the musicals, it still receives royalties (sum of money) paid from the musical 40 years later!

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Your task is to talk to people in your household and find out if they have invested in something and create a report.

If you can't find anyone who has invested in something, you could also look at some famous people who have invested in companies, for example:

- Dr Dre – Beats headphones
- Justin Bieber – Spotify music streaming service
- David Beckham – USA's Major League Soccer
- Oprah Winfrey – Weight Watchers
- Madonna – Vita Coco Coconut water

Use some of these questions to help you build your research:

- What did they invest in?
- When did they do it?
- How much money did they invest?
- How much did they get back/regularly bring in from their investments?
- Did they sell their investments? How much did they get from the sale?
- What did they do next?

The purpose of a report is to inform a reader. These types of reports do not need to be read from beginning to end, they

can be skimmed by the reader so consider ways you can break your information up on the page and draw the reader's attention to particular points.

Don't forget to use the key features of a non-chronological report:

- **Headings** – make the subject of your report clear from the beginning.
- **Sub-headings** – useful when breaking the report up into different sections. Give each new section a subheading.
- **Logical order** – ensure that you don't move back and forth across ideas but share them in a logical order.
- **Images and Captions** – find images to further illustrate your subject and include captions beneath to explain what the image is.
- **Technical vocabulary** – use subject specific language to keep it informative.
- **Formal language** – avoid using personal pronouns, use names and 'they' instead.
- **Fact boxes and bullet points** – stick to facts and include boxes of specific facts to draw the readers eye to the information. Bullet points are useful to break up the text.

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You can use this template provided

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Exercise 2

You're the boss



Investments can be placed in a wide range of companies. Often companies need people to invest at the beginning so they can set up and (for example) start making their product, employ people or rent office space.

In this exercise, you're going to create your own company.

Remember that in order to attract investors, your company should be appealing and professional. You should also think about why people would want to invest in your company.

To create your own company, you'll need to do the following:

Your company name:	
What do you do? / Sell?	
Your company logo:	
Write down 3 reasons why people should invest in your company.	

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Exercise 3

Risky business

For this task, look at the list of companies below and decide which one you would like to invest in.

You will invest 100 ducats in that company and see what you get in return.

You'll notice that there is space for one more company on the sheet. This is for your own company so write the details in the space below.

Company name	What do they do?	Average length of investment short/medium/long term	Pros/Cons of investing
Goliath's Gold	A Gold mining company.	Long	Pros: People will always want gold; it doesn't lose its value. The company have been around for 200 years. Cons: There is a finite amount of gold to find and it is starting to run out.
Cryogenic 3000	A company that freezes you when you die so that you can be brought back to life in a thousand years' time.	Long	Pros: It is expensive to buy, and they make lots of money on each sale - it is very profitable. Cons: They only set up at the end of 2019 and have no proof that they will be successful.
Nine Lives	The best cat clothing and accessories store in the world!	Medium	Pros: The products are cheap to make, and they can make good profits. Cons: The items are limited to those who like cats.

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Company name	What do they do?	Average length of investment short/medium/long term	Pros/Cons of investing
Fidgety Fred	Fidget Spinners and other gadgets	Short	<p>Pros: Has had steady business since 2015 and an incredible year in 2018.</p> <p>Cons: Has not had very good years since fidget spinners lost their popularity.</p>
Best thing since sliced bread	Bakery	Medium	<p>Pros: Have been going for 110 years. They sell bread and everyday items so were very busy during lockdown.</p> <p>Cons: Small profits (cheap to make but sell products cheaply) and competition from supermarkets.</p>
Reality Bites	Virtual reality aming site	Medium	<p>Pros: Popular and in demand, steady increase in profits since they started in 2018.</p> <p>Cons: Technology moves so fast that it is impossible to know how quickly they will be out of date.</p>

Choose **one** company in which to invest all your 100 ducats. Highlight it on the table above. You can choose your own company.

Why did you choose that company?

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Unlike with interest from a bank, investing in companies is less predictable – these companies might do really well, and you may get lots of money back, or not so well, or they may even go bust. We’re going to find out now how the company you invested in has done.

To do this, we’ve made a spinner, courtesy of our friends at Tryptico. This spinner shows a wide range of outcomes for your investment. Here the outcome will be entirely random, which is not the case when investing in real companies, however, there is always risk involved.

Once you have selected the company to invest in, click this [link](#) to use the spinner and discover how your investment has done.

What happened to your investment? Did it halve, double, stay the same or reduce to zero?

Was it what you wanted to happen? Why or why not?

What is the best-case scenario for your investment?

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What is the worst-case scenario for your investment?

Was it what you wanted to happen? Why or why not?

It's possible that you lost all your investment and ended up with no money. Even if you didn't, it's possible that would happen in the future.

If you still wanted to invest but weren't limited to investing in one company, what could you do to minimise your risk?

This time choose four companies and split your 100 ducats to invest some in each, your company can be one of the ones you choose so add them into the table below.

It's up to you how you divide your ducats. Mark on the table below the companies you choose by writing how many ducats you put into each, play the spinner and note what happened to your investments.

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**You started with 100 ducats; how much did you end up with this time?
Mark this amount in the grand total box.**

Company name	How much will you invest?	What happened to your investment? (Double, halve, stay the same, reduce to zero.)	How much did you make from this company?
Goliath's Gold A Gold mining company.			
Cryogenic 3000 A company that freezes you when you die so that you can be brought back to life in a thousand years' time.			
Nine Lives The best cat clothing and accessories store in the world!			
Fidgety Fred Fidget Spinners and other gadgets			
Best thing since sliced bread Bakery			
Reality Bites Virtual reality gaming site			
Grand total:			

Play the spinner [here](#), write down your new total for each investment and totalise at the end.

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What happened to your 100 ducats this time?



Because you invested in different companies, this is called

Diversifying your investments

and by spreading your investment between companies you protected yourself from one investment doing badly.



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Exercise 4

Investment dreams



In real life some companies are riskier than others, or some companies might be a good choice for making a large amount of money quickly, but not a good choice for earning a regular, predictable amount of money over decades.

Why might you want to invest for a short amount of time and see a big increase in money?

Why might you want to invest for a long time – say 40 years – and have less risk?

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Using the companies from the previous task match up the statements below with the appropriate companies:

(If you didn't complete Risky Business, you'll need to look at the information about the companies in that section to complete this task.)

 Criteria Companies who...	 Which companies match? (There may be more than one)
Provide products which will appeal to the majority of people.	
Provide products people need, not want.	
Provide products that people will always like.	
Provide products that are very popular at a specific time (fashionable or faddy).	
Will require a long-term investment to see any increase in your money.	
Have records proving that they are successful and have loyal customer bases.	
Will bring in very large profits but may be risky to invest in.	
Bring in a regular income, but it is likely to be a small one.	

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If you still wanted to invest but weren't limited to investing in one company, what could you do to minimise your risk?

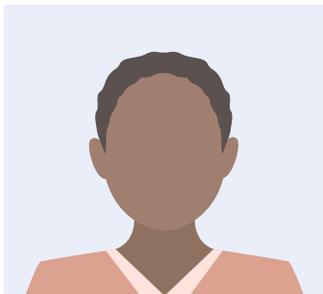
Which company from the list above would be good for long term investments (e.g. 40 years) with minimal risks?



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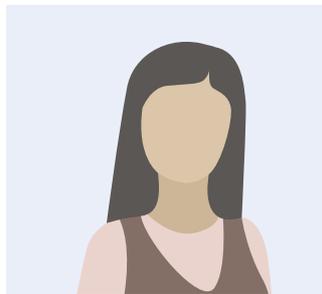
Meet some people who would like your advice on investing:



Demetrius
Age: 33

Reason for investing:
Demetrius is already saving for his retirement, but he has a long time to wait until he can retire. The current retirement age is 67 so he isn't worried about getting his money in a rush.

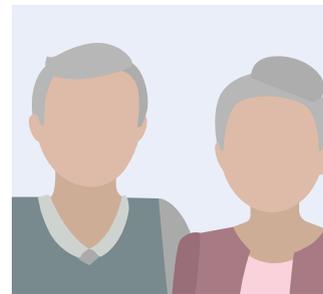
Extra information: He is willing to take some risks with his investment but wants a good monetary return for this. He would like your advice on what kind of risk he should take.



Helena
Age: 25

Reason for investing:
Helena is very interested in computer games and animation: she loves drawing and photography as a hobby. She has heard of a business that has set up a small virtual reality animation studio in her hometown.

Extra information:
Helena is lucky that she has recently inherited some money from her grandfather. She also has a good and secure job which means that she has quite a lot of extra money left over every month.



Mr and Mrs Lysander
Ages: 67 and 63

Reason for investing:
Both Mr and Mrs Lysander still work but are due to retire soon. They are investing money for their retirement.

Extra information: It's important to them that they are safe in their investments and don't put their money into anything too risky. They can't run the risk of losing their savings!

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Once you have read over their profiles carefully, write their names into the appropriate space on the table below.

When you do this, consider the following:

- The biographies that tell you what they are looking for from their investments
- The age of the people
- The risks associated with each of the companies

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Why did you choose these companies for the three sets of people?

I chose for **Demetrius** to invest in _____ because:

I chose for **Helena** to invest in _____ because:

I chose for **Mr and Mrs Lysander** to invest in _____ because:

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You can also...

Build a game where the objective of the game is to make as much money as possible through investments.

This could be a digital world, like through Minecraft or a board game like Monopoly or Snakes and Ladders.

There must be a risk that the players could lose their money and incentive that they can earn lots of money.

You could:

- use the fictitious companies on the resource or create your own.
- use the characters from the resource as your pieces to move around the board.
- use the spinner.
- include spaces on the board where you must play the spinner to add jeopardy or excitement.
- Decide that the first person to reach a target of money, or the last person to lose their money, is the winner.

Play Monopoly – this board game is all about investing in property (buying and building properties in locations to then rent out to others). What sort of investment decisions will you make now that you are an expert?

Make a plan – Think about the types of investments you would like to make - it's never too early to start! Talk to an adult about children's investments.

- Would you prefer to invest in low risk or high-risk companies?
- Would they have to be companies that you liked/you like their products?
- What would you spend your investment returns on?

Build a glossary of the frequently used words about savings and investing. Using everything that you have done in this set of tasks, a dictionary or the internet, find definitions to help other children learn about saving and investing. You could start with the following words but add as many as you like: saving; investing; compound interest; inflation; percentages.



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