**6.6 Investment Portfolios**

**annual rate of return –**

**average annual rate of return –**

**depreciation –**

**average rate of depreciation –**

**appreciation –**

**average rate of appreciation –**

**investment portfolio –**

Jason and Malique are each hoping to buy a house in 10 years. They want their money to grow so that they can make a substantial down payment. Whose rate of return is better?

**Jason’s portfolio:**

* A 10-year $2000 GIC that earns 4.2%, compounded semi-annually
* A savings account that earns 1.8%, compounded weekly, where he saves $55 every week
* A 5-year $4000 bond that earns 3.9%, compounded quarterly, which he will reinvest in another bond at an interest rate of 4.1%

**Malique’s portfolio:**

* A tax-free savings account (TFSA) that earns 2.2%, compounded monthly, and has a current balance of $5600
* The purchase, each year, of a 10-year $500 Canada Savings Bond (CSB) that earns 3.6%, compounded annually
* A savings account that earns 1.6%, compounded monthly, where she saves $200 every month

Invested: Jason Malique

Jason’s Portfolio: GIC

Savings account

Bond

Total Value

Malique’s Portfolio: TFSA

CSB

Savings Account

Total Value

Rate of Return Jason Malique