

Name \_\_\_\_\_

Date \_\_\_\_\_

## Calculating Your Return on Investment (ROI)

Many times when investing money; people lose sight of why they are investing that money. The point is to make more money from your current money.

It's great to get a \$100 return from an investment. Would you rather have someone give you \$100 of their money for \$9 of your money or \$99 of your money? \$9 would put you in a much better position. In this case you are risking a lot less of your own money.

You can calculate the return of money on your investment using this calculation:

$$\text{ROI \%} = \frac{\text{Gain From Investment} - \text{Money Invested}}{\text{Money Invested}} \times 100$$

For example if Judy invests \$350 in a bond fund and after one year that investment is now worth \$430 her ROI can be calculated by:

$$\frac{430 - 350}{350} \times 100 = 22.86\%$$

1. Calculate the ROI of an investment that you purchased at \$5,382 and sold at \$7,129.

2. What is the ROI of your mutual funds that you buy at \$35,982 and sell at \$41,938?

3. You purchase 12 shares of Bobby Toy Corp. stock at \$31.25. You sell all the shares at \$42.93, what is your ROI?

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### Answer Key

1. 32.46%
2. 16.55%
3. 37.38%