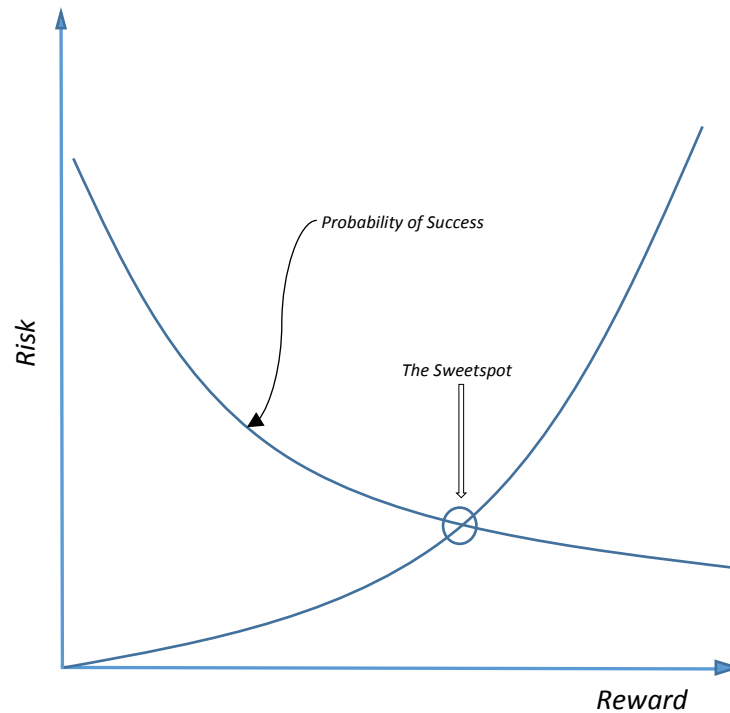# Risk vs Reward vs Probability Graph

By Kevin Moore

When I was sketching out this graph I wanted to illustrate that I do not think the relationship between risk and reward is directly correlated, or 1:1. In essence, I do not think that for every unit of risk there is an equal unit of reward. Rather, at a certain point, as the unit of risk increases the incremental increase in reward begins to decrease. And at a certain point, reaches a near maximum value.

On the other hand, as risk increases the probability of success decreases. There is a point at which these two curves intersect and you find the proverbial "sweetspot" which implies there is an optimum level of risk for an acceptable enough reward at favorable probability (i.e. greater than 50%).