

Study Guide Unit 1

What is a big advantage of a mutual fund?

If I received an interest rate of 6%, how long would it take for my money to double?

If I wanted my money to double in 7 years, what interest rate would I need?

Calculate a capital gain from the following info: Bought 20 shares for 10.50, sold them for 15. A \$5 fee per transaction was charged.

Why would people choose risky investments?

What is the definition of a stock?

How is a stock different from a bond?

What is a dividend and how is it calculated?

What are the advantages of contributing to your 401(k)?

What are the 2 largest stock exchanges in the US?

How is a mutual fund like a variety pack of chips?

What is the difference between a privately and publicly owned company?

How often is a mutual fund valued?

What does a mutual fund ticker always end with?

What is a market cap and how is it calculated?

What does a market cap tell you about the price movement of the stock?

Use dollar cost averaging to invest \$1200 over the course of a year. Determine the number of shares purchased. This is a mutual fund, so round to the nearest hundredth.

Investment date	Amount invested	Price per share	# Shares purchased
January		\$13.21	
February		\$15.70	
March		\$14.83	
April		\$12.10	
May		\$12.71	
June		\$15.08	
July		\$19.04	
August		\$18.17	
September		\$17.92	
October		\$15.83	
November		\$16.42	
December		\$18.18	
	TOTAL	AV	TOTAL

How many shares would you have purchased if you have invested the entire \$1200 in January? _____ Did it benefit you to dollar cost average? _____

52W high	52W low	Stock	Ticker	Div	Yield %	P/E	Vol 00s	High	Low	Close	Net chg
s45.39	19.75	ResMed	RMD			52.5	3831	42.00	39.51	41.50	-1.90
11.63	3.55	Revlon A	REV				162	6.09	5.90	6.09	+0.12
77.25	55.13	RioTinto	RTP	2.30	3.2		168	72.75	71.84	72.74	+0.03
31.31	16.63	RitchieBr	RBA			20.9	15	24.49	24.29	24.49	-0.01
8.44	1.75	RiteAid	RAD				31028	4.50	4.20	4.31	+0.21
s38.63	18.81	RobtHalf	RHI			26.5	6517	27.15	26.50	26.50	+0.14
51.25	27.69	Rockwell	ROK	1.02	2.1	14.5	6412	47.99	47.00	47.54	+0.24

Column 1 Column 2 Column 3 Column 4 Column 5 Column 6 Column 7 Column 8 Column 9 Column 10 Column 11 Column 12

Which of the companies in the stock table should an investor expect the highest growth?

If you were looking to invest in a company with a high dividend yield, which would you likely choose, from this list?

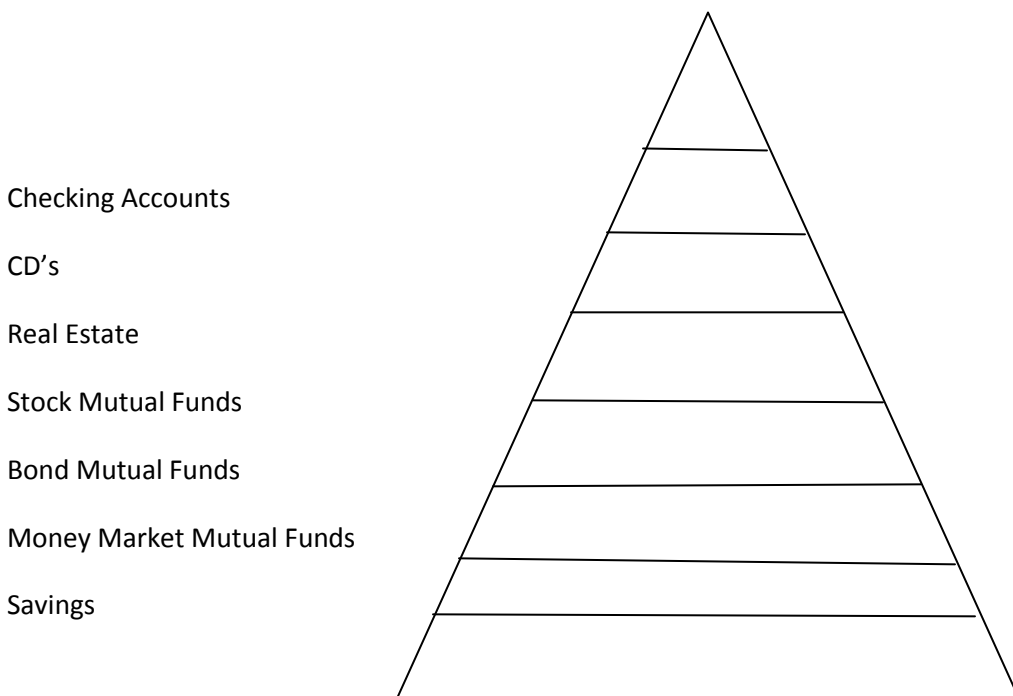
Which company had the most shares traded on this day?

Which stock(s) lost value on this day?

Which stock had the great range of high and low price during the day?

Explain the risk/reward relationship.

Label this investing pyramid.



What are the two types of bonds and how do people earn profits from each?

Explain 3 ways an individual could lower their investment risk. (in other words, give 3 ways a person could diversify)

How is a percentage change calculated?

How can you tell which exchange a stock is traded on?