

THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

1. What factors are commonly considered when evaluating a company's stock?

2. What are the advantages of investing in mutual funds?

3. What factors affect bond prices?

4. When a company changes the number of shares of stock to bring the current market price down, this is called _____.
 - a. selling short
 - b. an initial public offering
 - c. a stock split
 - d. a mutual fund

5. An investment that allows a person to own a variety of companies is called _____.
 - a. a corporate bond
 - b. preferred stock
 - c. a mutual fund
 - d. a municipal bond

6. True or False? _____ Only discount brokers allow investors to buy and sell stocks online.

7. True or False? _____ As interest rates rise, bond prices tend to rise.

8. A person interested in current income would select a mutual fund emphasizing _____.
 - a. technology stocks
 - b. dividends
 - c. long-term growth
 - d. foreign government bonds

9. The yield to maturity of a bond would be highest when the bond is _____.
 - a. sold at a discount
 - b. sold at a premium
 - c. sold at par
 - d. tax deductible

TEAMWORK

Discuss in pairs or small groups and then write your conclusions below.

10. Discuss various business and economic trends. Prepare a list of stocks which your group believes would be good investments. Explain what factors influenced the selection of these companies.