

**1. Which type of stock could help you obtain your investment and financial goals?**

**Justify your choice?**

-I prefer speculative stock because it is appropriate to my age that can bear the high risk. The speculative stock would give me a higher return comparing to others. Although this type of stock is high risk but at my age if I lost, it not impact to my life so much because I doesn't have anybody behind me.

**2. Explain the relationship between earnings and a stock's market value?**

-The earnings is direct variation with stock's market value because when the earnings is higher the value in the market will increasing. When the company gives higher earnings, the more investors tend to buy a stock so the stock value is higher.

**3. What is the difference between the primary market and the secondary market?**

-The primary market is A primary market issues new securities on an exchange for companies, governments and other groups to obtain financing through debt-based or equity-based securities. The price of stock are issued at par value. But the secondary market is where securities are traded after the company has sold all the stocks and bonds offered on the primary market.Demand and supply of the traded-securities affect the prices in this market.

**4. Calculating Total Return. Tammy Jackson purchased 100 shares of All-American Manufacturing Company stock at \$31.50 a share. One year later, she sold the stock for \$38 a share. She paid her broker a \$28 commission when she purchased the stock and a \$42 commission when she sold it. During the 12 months that she owned the stock, she received \$160 in dividends. Calculate Ms. Jackson's total return on this investment.**

-Costs when purchased 100 shares @\$31.50 is \$3,150

Plus commission is 28 Total investment is \$3,178

Return when sold 100 shares @\$38 is \$3,800 Minus commission 42

Total return is \$3,842

**Transaction summary**

Total return is \$3,842 Minus total investment 3,178

Profit from stock sale \$664 Plus dividends 160

Total return from investment is \$824