

Individual Assignment 4

1. The relationship between earnings and stock's market value has positive relationship. If the company gains more earnings, it will increase the price of stock. On the other hand, it not necessary that the higher earning, the more stock market value because the major factors that influence stock price are current and future earnings.
2. Because I am risk aversion, I will choose the stock that paid dividend constantly and strong financial statement. Mostly I invests in well known company that I follows the news.
3. I evaluates the stock by using news, financial statement, annual report. I follow the stock's new via newspaper, internet, social media and evaluates the performance of the company.
4. Primary market is market for trading newly issued securities. The fund raise the fund by issuing the financial instrument. Secondary market is market for trading already issued securities among in the investors.
5. The purchase price is $(31.50 \times 100) - 28 = \$3,178$ and selling price is $(38 \times 100) - 42 = \$3,758$. We get capital gain $\$3,758 - \$3,178 = \$580$ plus dividend $160 = \$740$.