

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

- In my opinion, the growth stock or the speculative stock could help me obtain my investment and financial goals because my financial goal is to save up to buy a car and save some part for the future. These stocks are very suitable for young investors who just started working, like myself in 2 years, they have high risk but also serves a high return, these stocks are often sold by smaller companies and has a massive potential growth. However, when I have more working and investing experience, investing in blue-chip stocks could be a good option for long-term investment because they are usually issued by well-known companies which have a steady returns.

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

- Earnings and a stock's market value has a positive relationship as if the earnings increases, the investors will be more willing to invest in a stock because it is a sign that the company is doing well so the stock's market value will also increase.

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

- The differences between the primary market and the secondary market is that the primary market are market for trading newly issued securities, for example, when firms sell bonds or stocks for the first time, while the secondary market is markets for trading already issued securities, for example, SET.

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.

<u>Cost when purchased</u>		<u>Return when sold</u>	
100 shares @\$31.50	-\$3150	100 shares @\$38	-\$3800
Plus commission	+28	Minus commission	-42
 Total investment	 \$3178	 Total Return	 \$3758

Transaction summary

Total Return	\$3758
<u>Minus total investment</u>	<u>\$3178</u>
Profit from stock sale	\$580
<u>Plus dividends</u>	<u>+ 160</u>

Total return on the transaction \$ 740