Suchanya Kongcharoon 5904641973

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

The type of stock i would invest in would be growth stocks and speculative stocks because my financial goal is to make a lot of money for the future. Since i am still young and have enough knowledge for investing in equities, i am able to take a high risk in which high risk stocks like these two type of stocks can generate a higher return. Therefore, investing in growth stocks and speculative stocks would suitable for a person like me.

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

Earnings is how much a company generate and stock's market value is the market's perspective of the company performance, a high price stock can be indicate that the company is capable of significant future growth. The relationship between earnings and a stock's market value is known as the price per earnings ratio, or P/E. If a company has a lower growth than the market's expectation or lower its P/E ratio. Many investors might sell the stock and causes the stock's market value to decrease.

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

Primary market is the new securities from the company that issued and the company offers them to the public for the first time e.g. private placement, Initial Public Offering (IPO), rights issue ,etc.

Secondary market is the securities issued in the primary market are bought and sold. Investors trade among themselves or trade from a seller and the stock exchange or broker that acts as an intermediary between two parties e.g. auction market, dealer 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.

Buying 100 shares 100*31.50 = ($3,150) Selling 100 shares 100*38 = $3,800
Commission when purchased = ($28) Commission when sold = ($42)
Total cost = ($3,178) Dividend = $160

Total return(Selling price - Buying price - Commission when purchased - Commission when sold + Dividend) **$740**