

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

The EPS tells you how much income the company generated for each share of stock. For example -- and let's assume the company pays no dividends -- if a company has \$10,000 in earnings, and 1,000 shares, the EPS would be \$10,000 divided by 1,000, or \$10.

The direct relationship between the price of a stock and its earnings is known as the price per earnings ratio, or P/E. To calculate P/E, simply divide the stock price by the EPS, typically over the most recent four quarters. For example, if the price of a stock is \$50 and the EPS are \$1, the P/E would be 50.

The P/E tells you how much an investor must pay to capture \$1 of earnings for a company. A high P/E means that investors are paying more to capture \$1 of earnings, but also think the company is capable of significant future growth. Also, while a company can have negative EPS, it cannot have a negative P/E. If a company has lost money, a P/E cannot be calculated.

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

The type of investment that help me obtain my investment and financial goal the best I'd say it's "Income Stock" since it pays high dividends and low risk, price is not fluctuated and also have steady streams of revenue that allow for a high level of income **payout** to investors. Hence, it provide me an steady income in which I can calculate and manage my monthly income easier than other type of stock. Also it's issued by mature firms so it's hard to falls down so I can be confident in investing in this type of stock as well.

3. What sources of information would you use to evaluate a stock issue?

The sources of information I use for evaluating a stock is of course from many source and use many approach including : <https://www.set.or.th/set/mainpage.do?language=th&country=TH> by looking at the information like P/E ratio, P/BV ratio, MACD line, EMA line and RSI or by easily looking in "streaming pro" which is an application on smart phone so it'll be easy to look for information.

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

The primary market is where securities are created. It's in this market that firms sell or issue new stocks and bonds to the public for the first time. Primary market ia also the market where an **initial public offering** (IPO) takes place. Simply put, an IPO occurs when a **private company** sells stocks to the public for the first time. The primary market is also the market where governments or public sector institutions raise money through bond offerings. Where as secondary market is "stock market that investors trade among themselves. That is, in the secondary market, investors trade previously issued securities without the issuing companies' involvement.

Hence, the common difference is that in the primary market, investors buy securities directly from the company issuing them, while in the secondary market, investors trade securities

among themselves, and the company with the security being traded does not participate in the transaction.

5. 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.

As she received 160\$ as dividend so, Current Return = \$160 in dividends over the past 12 months

Purchase Price = \$31.50 of 100 shares + \$28 commission = \$3150 + \$28 = \$3,178

Selling Price = \$38 of 100 shares - \$42 commission = \$3,758

Capital gain = \$3,758 - \$3,178 = \$580

Hence, Total Return = \$160 Current Return + \$580 capital gain which is \$740.