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

   For short-term to midterm, my financial goal is to have high return from investment so I can have large amount of money. Hence, I will invest in speculative stocks which is high risk, high return stock.

For long-term, since my financial goal is having certain income for supporting my family and also myself, I will choose to invest in blue-chip stocks which is stocks of large well-known company paying stable or rising dividends and income stocks which is a low risk stock paying regular dividends.

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

   - If the earnings, which are net income, generated by the company, increase causing more incentive for investors to buy the stock, the stock's market value also increases as rising in demand for the stock. On the other hand, if the earnings decrease, the stock's value also decreases.

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

   - Primary market is market that stocks and bonds are sold at for the first time by the company. While the secondary market is the market that stocks and bonds sold in primary market are traded between investors.

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.**

Cost at purchase	
100 shares (@$31.50 a share)	$3,150
+ Commission fee	$28
Total investment	$3,178
Return at sale	
100 shares (@$38 a share)	$3,800
- Commission fee	$42
Total return	$3,842
Transaction summary	
Total return	$3,842
- Total investment	$3,178
Profit from sale of stock	$664
+ Dividends	$160
Total return in investment	$824