Business & Personal Finance Unit 2 Test Review: Investing Name

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1.	In class, we made a point of contrasting savings and investing – they are different concepts. Please define each and explain how each differs from the other.
	a.
	b.
	U.
2.	What three ways companies raise money and investors earn money supporting the growth of a business, helping them raise money. Please identify an advantage and disadvantage of each:
	a.
	b.
	c.
3.	What are the 2 ways investors can make money when buying stocks? a.

b.

4.	What are the 2 basic kinds of stock that are sold to investors and how do they differ?
	a.
	b.
	o.
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٥.	Bonds often have a "call feature". How can this benefit both the company and the investor?
6.	What are TWO reasons that bonds might be issued by governments and municipalities –
	be sure to explain your answer to earn credit.
	a.
	b.
7.	What should be the first thing investors do before putting money from savings into
	investing (NOTE: Investing balances risk and rewards). Be sure to explain your answer
	to earn credit.

8.	We talked about an investment strategy called "short selling". What is this and why is it a risky investment strategy?
9.	Why is it a mistake to assume that an investment with higher risks will pay you higher returns?
10.	Why are demand deposits at a bank considered 'safe" (savings & checking accounts)? Please explain your answer to earn credit.
	Tiease explain your answer to earn credit.