



4. What are the 2 basic kinds of stock that are sold to investors and how do they differ?

a.

b.

5. 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.