



Introduction to Business
Chapter 31 Investing in Stocks

(A) Investing, (B) Preferred Stock, (C) Stock, (D) Yield, (E) Broker, (F) Stock Exchange,
(G) Mutual Fund, (H) Dividends, (I) Blue-Chip Stocks, (J) Capital Gain, (K) Speculative,
(L) Capital Loss (M) Common Stock

1. A(n) _____ is created by an investment company, which purchases the securities of many corporations by selling shares in the fund.
2. _____ are generally stocks in relatively new firms, and which don't have a track record for success.
3. A positive return on stock when you sell stock for more than the purchase price is called a(n) _____.
4. Stock that gives its holders certain privileges is called _____.
5. A(n) _____ is a share of ownership in a business.
6. _____ is using money to gain a return.
7. The rate of return on an investment or amount of money an investment earns is the _____.
8. IBM and General Motors are examples of _____.
9. A negative return on stock when you sell the stock for less than the purchase price is called a(n) _____.
10. A dealer who specializes in buying and selling stock is called a(n) _____.
11. _____ is the stock that
12. A market where stocks are bought and sold is the _____.
13. A share of the profits of a corporation paid to stockholders is called _____.

Review What you Learned

14. What is the difference between saving and investing?
15. What is one way that a corporation raises money to start or grow its business?

16. What privileges do preferred stockholders have?
17. What is the function of a stockbroker?
18. Why is the investment risk generally lower for mutual funds?
19. What is the Dow Jones Industrial Average?
20. Do you have more or less risk of losing your investment when you put your money into stocks rather than a savings account? Explain.
21. Describe day trading.
22. What are the differences between growth stocks and income stocks?
23. Are stocks considered liquid investments? Explain.
24. The DJIA index, what is it? How many companies?
25. S&P index, what is it? How many companies?
26. NASDAQ Heat Map, what is it? How many companies?

Individual investors have become far more powerful than anyone gives them credit for. Today, 85 million Americans invest in stocks. Collectively, that kind of buying and selling power can move markets.

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