

Please match the following type of investment with its description:

- A. Investments with very little risk, and correspondingly, very little return. Often used as a place to “park your money” or for an emergency fund of 3 to 6 months income.
- B. Speculative securities that derive their value from an underlying security or asset. Examples include options contracts and futures contracts.
- C. Securities that represent ownership in a corporation. Investors receive dividends and capital gains (or capital losses).
- D. Fixed-income securities that represent loans to corporations, municipalities (state & local governments and agencies), and the Federal government. Investors receive interest and a promise to repay the loan.
- E. Securities designed to offer the stability of fixed-income investments with the opportunity for capital growth of equity investments. Examples include preferred stock and convertible bonds.
- F. Investment companies that pool investors’ money and invest in a diversified portfolio of securities. Investors get diversification and professional money management.

(Hybrid securities and derivatives will be bonus questions on the first exam. We will look at these in detail at the end of the semester.)

_____ common stocks
_____ bonds
_____ short-term securities
_____ mutual funds
_____ hybrid securities
_____ derivatives

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