

Investment Strategies
Career & Financial Management
Mrs. Wilson

Long-Term Techniques

•Statistics show that over a _____ stock investments have consistently beaten rates for savings accounts, CDs, and other conservative options.

Buy and Hold

•If you buy and hold, _____

•When you are ready to sell years later, most likely you stock will have _____

•In addition, many stocks pay _____, so you are earning income while you hold stock

•A stock split can also add value over time

–A stock split is an _____

Stock Split Example

If there were 1,000 shares outstanding with a market value of \$60 then...

- A 2:1 (two for one) split would result in 2,000 shares outstanding selling for \$30
- You will notice that the total stock is still worth \$60,000
- A stock split lowers the selling price, making the shares more affordable and encouraging investors to buy more
- Price often rises!

Dollar-Cost Averaging

•Involves the systematic purchase of an equal dollar amount of the _____ at regular intervals

•Usually results in a _____ average cost per share

•To calculate the average cost per share, divide the total amount invested by the total number of shares purchased, as shown in Figure 12-4 on page 345 in your book

Dollar Cost Averaging

Reinvesting Dividends

•You can save money by _____

•This means using dividends previously earned on the stock to buy _____

•This avoids _____

Reading the Stock Listings

- To make wise decisions, you will need _____ of your chosen investments to see how they are performing
- Keeping track of your stock portfolio (or holdings) can be as simple as checking the closing prices periodically

Stock Indexes

Stock index

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- Examples

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- Simply called _____

•It is an average of the price movements of 30 major stocks listed on the NYSE

- Provides a general overview of what stock prices are doing in the stock market as a whole

Standard & Poor's \ NASDAQ Composite

Two-Day Assignment

- Page 354
 - Answer questions 1 through 10
 - Counts as a test grade
 - Due tomorrow at the end of class