

# INVESTMENT AND STOCK MARKETS

Whether you are buying shares in individual companies or you are placing your money with banks and other financial institutions with the aim of making a profit, you are involved in investment business. In finance this includes putting money into something with the expectation of gain after having analyzed all the factors of security of return within an expected period of time.

There are certain words and phrases you should be familiar with if you are involved in this area of business, such as:

- **Intermediaries** - banks, credit unions, brokers, lenders and insurance companies which make an investment using money from many individuals, each of whom receives a claim on the intermediary.
- **A credit union** - a member-owned financial cooperative, democratically controlled by its members, and operated for the purpose of promoting thrift, providing credit at competitive rates, and providing other financial services to its members.
- **Alternative investment** - investment in items other than stocks, bonds or other securities, for example wine, art and antiques.
- **Investment income** - income paid from an investment, such as dividends and interest, and rental income. The income might be taxable or tax-exempt.
- **Dividend** - the distribution of a part of a company's earnings to shareholders, usually twice a year (or even quarterly in the US).

## I Choose the best word to build compounds related to investment and stock markets.

1. A \_\_\_\_\_ plan /scheme is a financial plan that allows you to receive money after you or your employer have paid money into it for a number of years.  
a) *loyalty* b) *retired* c) *pension* d) *old age*
2. The \_\_\_\_\_ capital of a company is immediately available for business use.  
a) *working* b) *active* c) *flow* d) *selling*
3. \_\_\_\_\_ money is invested by experienced investors who know a lot about what they are doing.  
a) *Intelligent* b) *Clever* c) *Genial* d) *Smart*
4. \_\_\_\_\_ selling is when many people suddenly start to sell company shares that they own.  
a) *Sudden* b) *Nervous* c) *Panic* d) *Fast*

5. A \_\_\_\_\_ company is one whose shares can be traded on a country's main stock market.  
a) *market* b) *share* c) *listed* d) *stock*

6. An \_\_\_\_\_ asset is what a company owns which is not material, e.g. a good reputation.  
a) *intangible* b) *invisible* c) *abstract* d) *hypothetical*

7. Unearned \_\_\_\_\_ is obtained as a result of investments and property owned instead of working.  
a) *money* b) *income* c) *tax* d) *turnover*

8. Insider \_\_\_\_\_ is the illegal buying and selling of shares by people who have special secret knowledge.  
a) *handling* b) *merchandising* c) *trading* d) *managing*

9. A \_\_\_\_\_ market is a time when the prices of shares are generally rising.  
a) *bear* b) *bull* c) *lion* d) *horse*

10. A \_\_\_\_\_ market is a time when the price of shares is falling and a lot of people are selling them.  
a) *bear* b) *bull* c) *lion* d) *horse*

Key: 1c, 2a, 3d, 4c, 5c, 6a, 7b, 8c, 9b, 10a

## II Put in these words to build compounds related to investment and stock markets. There are some extra words you do not need to use.

*bond cat chip edged exchange holding income intangible listed rogue selling smart stripping time trust*

1. A blue- \_\_\_\_\_ company or investment is one that can be trusted and is not likely to fail.
2. A British unit \_\_\_\_\_ (US mutual fund) is an organisation which sells shares to the public and invests the money obtained in a range of different businesses.
3. A first- \_\_\_\_\_ buyer is someone who is buying his first house or flat.
4. A stock \_\_\_\_\_ is a place where shares in the ownership of companies are bought and sold.
5. A US Treasury \_\_\_\_\_ is a document showing that you have lent money to the US government.
6. A \_\_\_\_\_ company's main purpose is to control another company through owning shares in it.
7. A \_\_\_\_\_ trader loses a large amount of their employer's money after a bad or illegal investment.
8. Asset- \_\_\_\_\_ involves buying a company cheaply, selling its assets separately at a profit.
9. Gilt- \_\_\_\_\_ securities are low risk investments paying a regular interest.

Key: 1 chip, 2 trust, 3 time, 4 exchange, 5 bond, 6 holding, 7 rogue, 8 stripping, 9 edged



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